GEL, Mr. BEGICH, Mr. BINGHAM, Mr. WYATT, Mr. HALPERN, Mr. HANLEY, Mr. HARRINGTON, Mr. HICKS of Washington, Mr. ROUSH, Mr. COUGHLIN, Mr. KASTENMEIER, Mr. MCDADE, Mr MCKAY, and Mr. OBEY):

H.R. 16614. A bill to expand the Youth Conservation Corps pilot program, to authorize assistance for similar State programs, and for other purposes; to the Committee on Education and Labor.

By Mr. MIZELL:

H.R. 16615. A bill to aid the conservation of natural water resources and protect the scenic New River by prohibiting the Federal licensing of the construction of certain types of projects on or directly affecting a certain portion of the New River in North Carolina and Virginia; to the Committee on Interstate and Foreign Commerce.

By Mr. PERKINS:

H.R. 16616. A bill to authorize the Midland and local protection project, Kentucky; to the Committee on Public Works.

By Mr. PEYSER (for himself and Mr. ANDERSON of Illinois, Mr. BADILLO, Mr. BELL, Mr. CLAY, Mr. COLLINS of Illinois, Mr. FORSYTHE, Mr. HEINZ, Mr. KEMP, Mr. LANDGREBE, Mr. LENT, Mr. MCCLORY, Mr. MAZZOLI, Mr. MICHEL, Mr. MURPHY of New York, Mr. ROBISON of New York, and Mr. WAGGONNER):

H.R. 16617. A bill to prevent the use of heroin for any drug maintenance program; to the Committee on Interstate and Foreign Commerce.

By Mr. PODELL:

H.R. 16618. A bill to amend the Internal Revenue Code of 1954 to provide that there shall be allowed as an increase tax deduction those contributions on the part of civil service employees toward personal retirement annuities; to the Committee on Ways and Means.

By Mr. PURCELL (for himself and Mr. PICKLE):

H.R. 16619. A bill to authorize the Secretary of Agriculture to reimburse owners of equines and accredited veterinarians for certain expenses of vaccinations incurred for protection against Venezuelan equine encephalomyelitis; to the Committee on Agriculture.

By Mr. REID:

H.R. 16620. A bill to strengthen and expand the Headstart program, with priority to the economically disadvantaged, to amend the Economic Opportunity Act of 1964, and for other purposes; to the Committee on Education and Labor.

By Mr. SCHNEEBELI:

H.R. 16621. A bill to amend the Internal Revenue Code of 1954 to preserve an estate tax charitable deduction when there is a failure to take against the will by the surviving spouse; to the Committee on Ways and Means.

By Mr. STAGGERS (for himself and Mr. SPRINGER):

H.R. 16622. A bill to amend the Communications Act of 1934, as amended, with respect to penalties and forfeitures; to the Committee on Interstate and Foreign Commerce.

By Mr. STEELE (for himself, Mrs. ABZUG, Mr. BADILLO, Mr. BELL, Mrs. CHISHOLM, Mr. FRASER, Mr. FRENZEL, Mr. GOLDWATER, Mr. GUDE, Mr. HALPERN, Mr. HARRINGTON, Mr. HATHAWAY, Mr. HEINZ, Mr. HELSTOSKI, and Mr. HORTON):

H.R. 16623. A bill to amend the Clean Air Act to prohibit tampering with any device or element of design installed in or on a motor vehicle or motor vehicle engine in compliance with regulations under section 202 of the Clean Air Act; to the Committee on Interstate and Foreign Commerce.

By Mr. STEELE (for himself, Mr. KEMP, Mr. MAILLIARD, Mr. PEPPER, Mr. PODELL, Mr. MANN, Mr. RANGEL, Mr. RIEGLE, Mr. REES, Mr. ROBINSON of Virginia, Mr. RODINO, Mr. SCHEUER, Mr. SCHWENGEL, and Mr. WARE):

H.R. 16624. A bill to amend the Clean Air Act to prohibit tampering with any device or element of design installed in or on a motor vehicle or motor vehicle engine in compliance with regulations under section 202 of the Clean Air Act; to the Committee on Interstate and Foreign Commerce.

By Mr. THOMSON of Wisconsin:

H.R. 16625. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for periodic flu shots; to the Committee on Ways and Means.

By Mr. PERKINS:

H.J. Res. 1298. Joint resolution to authorize the President to designate the period March 4, 1973, through March 10, 1973, as "National Nutrition Week"; to the Committee on the Judiciary.

By Mr. SHIPLEY:

H.J. Res. 1299. Joint resolution proposing an amendment to the Constitution to permit the imposition and carrying out of the death penalty in certain cases; to the Committee on the Judiciary.

By Mr. DERWINSKI (for himself, Mr. CRANE, and Mr. COLLIER):

H. Con. Res. 699. Concurrent resolution expressing the sense of the Congress that the Soviet Union should be condemned for its policy of demanding payment from educated and skilled Jews who desire to emigrate to Israel: to the Committee on Foreign Affairs.

By Mr. GREEN of Pennsylvania:

H. Con. Res. 700. Concurrent resolution expressing the sense of the Congress that all American aid, loans, commerce, and air service to the host countries of guerrilla groups responsible for acts of international terrorism and to the countries offering sanctuary to and refusing to extradite or prosecute such groups should be terminated; to the Committee on Foreign Affairs.

By Mr. MOSS (for himself, Mr. JOHNSON of California, and Mr. LEGGETT):

H. Con. Res. 701. Concurrent resolution commending the 1972 U.S. Olympic team for their athletic performance and Mark Andrew Spitz, in particular, for his unparalleled achievement in the 1972 Olympic games in Munich, Germany; to the Committee on the Judiciary.

By Mr. NIX:

H. Con. Res. 702. Concurrent resolution expressing the sense of Congress that the United Nations should impose sanctions against countries harboring terrorists; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MCFALL:

H.R. 16626. A bill to provide for the payment of death benefits in lieu of servicemen's group life insurance benefits to the eligible survivors of certain individuals killed while participating in the Air Force Reserve Officers' Training Corps flight instruction program; to the Committee on the Judiciary.

By Mr. COLLIER:

H.R. 16627. A bill to provide for the payment of death benefits in lieu of servicemen's group life insurance benefits to the eligible survivors of certain individuals killed while participating in the Air Force Reserve Officers' Training Corps flight instruction program; to the Committee on the Judiciary.

By Mr. SISK:

H.R. 16628. A bill to provide for the payment of death benefits in lieu of servicemen's group life insurance benefits to the eligible survivors of certain individuals killed while participating in the Air Force Reserve Officers' Training Corps flight instruction program; to the Committee on the Judiciary.

By Mr. SHRIVER:

H.R. 16629. A bill to provide for the payment of death benefits in lieu of servicemen's group life insurance benefits to the eligible survivors of certain individuals killed while participating in the Air Force Reserve Officers' Training Corps flight instruction program; to the Committee on the Judiciary.

By Mr. LUJAN:

H.R. 16630. A bill to provide for the payment of death benefits in lieu of servicemen's group life insurance benefits to the eligible survivors of certain individuals killed while participating in the Air Force Reserve Officers' Training Corps flight instruction program; to the Committee on the Judiciary.

By Mr. SCHWENGEL:

H.R. 16631. A bill for the relief of William M. Kornman; to the Committee on the Judiciary.

SENATE—*Monday September 12, 1972*

The Senate met at 9 a.m. and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

PRAYER

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

Eternal Father, giver of every good and every perfect gift, Thou hast blessed the Nation with great natural and human resources and through toil of hand and brain has made us stewards of great wealth. Guide us now, that in sharing the wealth of a common treasury we may also share the wealth of our spiritual heritage.

We beseech Thee, O Lord, so to dispose our hearts that we may distribute the revenue of the mind and heart, the lofty idealism of the Founding Fathers, a new sense of national purpose, and a common dedication to truth, to justice, and to brotherhood.

Show us that we must first be our brother's brother before we can become our brother's keeper. Replace all covetousness and jealousy with trust and love. Draw all citizens together in the comradeship of patriots, in the fellowship of the Spirit, and in the bonds of peace.

In the Redeemer's name, we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a comunication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 12, 1972.
To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. JAMES B. ALLEN, a Senator from the State of Alabama, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. ALLEN 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 Monday, September 11, 1972, 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; the Committee on Commerce; the Committee on Public Works; the Subcommittee on Indian Affairs of the Committee on Interior and Insular Affairs; the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary; the Subcommittee on Internal Security of the Committee on the Judiciary; and the Subcommittee on Compensation and Pensions of the Committee on Veterans' Affairs may be authorized to meet during the session of the Senate today.

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

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 1044 and 1045.

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

SGT. GARY L. RIVERS

The bill (H.R. 12638) for the relief of Sgt. Gary L. Rivers, U.S. Marine Corps, 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. 92–1101), 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 Sgt. Gary L. Rivers, U.S. Marine Corps, retired, of liability of $1,153.86 for overpayments of compensation during his period of active service.

STATEMENT

The facts of this case, as contained in House Report 92–1137, are as follows:

The Comptroller General in his report to the committee on the bill indicated that the General Accounting Office would have no objection to the bill with the amendments recommended by the committee.

Sergeant Rivers enlisted in the Marine Corps on December 17, 1963, and reported for active duty on December 27, 1963. He was promoted to E–2 on July 16, 1964; to E–3 on April 1, 1965; to E–4 on April 16, 1966; and to E–5 on March 20, 1967. On May 12, 1967, he reenlisted for 4 years and was paid a reenlistment bonus of $1,034.40 (basic pay of $258.60 times 4 years) and was authorized a variable reenlistment bonus, multiple of two, for a total of $2,068.80 to be paid in four equal installments of $517.20. The first installment was paid on May 12, 1967, and the second installment was paid on May 12, 1968.

Sergeant Rivers had four tours of foreign duty; (1) between June 20, 1964, and February 9, 1965, at Vieques Island, P.R.; (2) from July 18, 1965, to July 30, 1966, in Southeast Asia which included Vietnam service from July 24, 1965, through June 30, 1966; (3) from November 29, 1966, through May 1, 1967, at Guantanomo Bay, Cuba; and (4) from April 14, 1968, through October 6, 1968, in Southeast Asia and Vietnam. He was wounded in action on September 20, 1968, and evacuated to the U.S. Naval Hospital, Philadelphia, Pa., reporting on October 7, 1968. He was ordered home to await retirement orders on June 13, 1969. On July 21, 1969, he was released from active duty and transferred to the permanent disability retired list, effective July 22, 1969, with a 100-percent disability. Effective November 1, 1969, he waived his retired pay in full in favor of Veterans' Administration compensation.

During the period Sergeant Rivers was hospitalized, he was authorized to be paid the balance of his variable reenlistment bonus in a lump sum. On November 26, 1968, he was erroneously paid $1,710 instead of $1,034.40 ($517.20 times 2).

Sergeant Rivers' regular pay record opened July 1, 1968, at his overseas activity apparently did not accompany him when he was evacuated to the United States and the disbursing officer at the U.S. Naval Hospital, Philadelphia, Pa., opened a temporary pay record at his request based on information furnished by him. The temporary pay record covered the periods from July through December 1968, from January through June 1969, and from July 1 to 21, 1969.

On recovery of the original pay record closed December 31, 1968, the Examination Division, Marine Corps Finance Center, adjusted the temporary pay record based on entries on the original pay record. They found that a savings bond (B) allotment for $18.75 per month, a savings (S) allotment for $20 per month, and a charity (C) allotment of $3 per month had been omitted from the temporary pay record. A copy of the adjusted temporary pay record was forwarded to the disbursing officer on May 20, 1969, showing that Sergeant Rivers had been overpaid $239.31 and containing a notation to adjust the renewed temporary pay record opened January 1, 1969. However, the temporary pay records for the period from January 1, 1969, through July 21, 1969, were closed by the disbursing officer and submitted to the Marine Corps Finance Center without the necessary adjustments being made.

A complete analysis of Sergeant Rivers' pay record account shows him to be indebted by reason of the following errors:

1. Adjusted temporary pay record closed December 31, 1968, shows member overpaid $239.31 which amount was not brought forward to temporary pay record opened January 1, 1969	$239.31
2. Member was paid the balance of his variable reenlistment bonus installment in the amount of $1,710, whereas correct amount due was $517.20 times 2 or $1,034.40	675.00
3. Savings bond (B) allotment of $18.75 per month, and savings (S) allotment of $20 per month, not charged against earned pay for the period January through June 1969 ($38.75 times 6)	232.50
4. Member was on unauthorized absence between April 7 and 9, 1969, a period of 3 days, which is considered lost time and necessitates recoupment of a pro rata share of the reenlistment bonus and variable reenlistment bonus paid	6.45
Total amount of indebtedness	1,153.86

Sergeant Rivers is 100-percent disabled due to the loss of his right arm, his right leg and his left eye. He has a family to support and the Comptroller General has reported to the committee that there is no evidence that he has any income other than his veteran's disability compensation. The Comptroller General has stated that the General Accounting Office has no objection to favorable consideration of the bill. The committee feels that under these circumstances, legislative relief is clearly merited. It is recommended that the amended bill be considered favorably.

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

STATE OF IOWA—CITY OF CLINTON BRIDGE COMMISSION

The Senate proceeded to consider the bill (S. 3822) authorizing the City of Clinton Bridge Commission to convey its bridge structures and other assets to the State of Iowa and to provide for the completion of a partially constructed bridge across the Mississippi River at or near Clinton, Iowa, by the State Highway Commission of the State of Iowa, which had been reported from the Committee on Public Works with an amendment, on page 5, after line 17, insert: "No toll shall be charged officials or employees of the highway commission, nor shall toll be charged officials of the Government of the United States while in the discharge of duties to their office or employment, nor shall toll be charged members of the fire department or peace officers when engaged in the performance of their official duties."; so as to make the bill read:

S. 3822

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to facilitate interstate commerce by expediting the completion of interstate bridge facilities across the Mississippi River in the vicinity of the city of Clinton, Iowa, the City of Clinton Bridge Commission (hereafter referred to as the "commission"), created and operating under the Act approved December 21, 1944, as revived, amended, and reenacted, is hereby authorized to sell, convey, and transfer to the State of Iowa all of its real and personal property, books, records, money, and other assets, including all existing bridges for vehicular traffic crossing the Mississippi River at or near the city of Clinton, Iowa, and the substructure constituting the partially constructed new bridge which has been designed to replace the older of the two existing vehicular bridges, together with all easements, approaches, and approach highways appurtenant to said bridge structures, and to enter into such agreements with the State Highway Commission of the State of Iowa (hereafter referred to as the "highway commission"), and the Department of Transportation of the State of Illinois as may be necessary to accomplish the foregoing: *Provided, however,* That at or before the time of delivery of the deeds and other instruments of conveyance, all outstanding indebtedness or other liabilities of said com-

mission must either have been paid in full as to both principal and interest or sufficient funds must have been set aside in a special fund pledged to retire said outstanding indebtedness or other liabilities and interest thereon at or prior to maturity, together with any premium which may be required to be paid in the event of payment of the indebtedness prior to maturity. The cost to the highway commission of acquiring the existing bridge structures by the State of Iowa shall include all engineering, legal, financing, architectural, traffic surveying, and other expenses as may be necessary to accomplish the conveyance and transfer of the properties, together with such amount as may be necessary to provide for the payment of the outstanding indebtedness or other liabilities of the commission as hereinbefore referred to, and permit the dissolution of the commission as hereinafter provided, less the amount of cash on hand which is turned over to the highway commission by the commission.

SEC. 2. The highway commission is hereby authorized to accept the conveyance and transfer of the above-mentioned bridge structures, property and assets of the City of Clinton Bridge Commission on behalf of the State of Iowa, to complete the construction of the new replacement bridge, to repair, reconstruct, maintain, and operate as toll bridges the existing bridges so acquired until the new replacement bridge has been completed, to dismantle the older of the two existing bridges upon completion of the new replacement bridge, and to thereafter repair, reconstruct, maintain, and operate the two remaining bridges as toll bridges. There is hereby conferred upon the highway commission the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such privately owned real estate and other property in the State of Iowa and the State of Illinois as may be needed for the location, construction, reconstruction, or completion of any such bridges and for the operation and maintenance of any bridge and the approaches, upon making just completion therefor to be ascertained and paid according to the laws of the State in which such real estate or other property is situated, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes by said State. The highway commission is further authorized to enter into agreements with the State of Illinois and any agency or subdivision thereof, and with any agency or subdivision of the State of Iowa, for the acquisition, lease, or use of any lands or property owned by such State or political subdivision.

The cost of acquiring the existing bridge structures, of completing the replacement bridge and of dismantling the bridge to be replaced and paying expenses incidental thereto as referred to in section 1 of this Act may be provided by the highway commission through the issuance of its revenue bonds pursuant to legislation enacted by the General Assembly of the State of Iowa, or through the use of any other funds available for the purpose, or both. The above described toll bridge structures shall be repaired, reconstructed, maintained, and operated by the highway commission in accordance with the provisions of the General Bridge Act of 1946, approved August 2, 1946, and the location and plans for the replacement bridge shall be approved by the Secretary of Transportation in accordance with the provisions of said Act, as well as by the Department of Transportation of the State of Illinois. The rates and schedule of tolls for said bridges shall be charged and collected in accordance with said General Bridge Act of 1946 and applicable Iowa legislation and shall be continuously adjusted and maintained so as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridges and approaches under economical management, to provide a fund sufficient to pay the principal of and interest on such bonds as may be issued by the highway commission as the same shall fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity, and to repay any money borrowed by any other means in connection with the acquisition, construction, reconstruction, completion, repair, operation, or maintenance of any of said bridge structures. All tolls and other revenues from said bridges are hereby pledged to such uses. *No toll shall be charged officials or employees of the highway commission, nor shall toll be charged officials of the Government of the United States while in the discharge of duties to their office or employment, nor shall toll be charged members of the fire department or peace officers when engaged in the performance of their official duties.* No obligation created pursuant to any provision of this Act shall constitute an indebtedness of the United States.

SEC. 3. After all bonds or other obligations issued or indebtedness incurred by the highway commission or loans of funds for the account of said bridges and interest and premium, if any, have been paid, or after a sinking fund sufficient for such payment shall have been provided and shall be held solely for that purpose, the State of Iowa shall deliver deeds or other suitable instruments of conveyance of the interest of the State of Iowa in and to those parts lying within Illinois of said bridges to the State of Illinois or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same, and thereafter the bridges shall be properly repaired, reconstructed, maintained, and operated, free of tolls by the State of Iowa and by the State of Illinois, or any municipality or agency thereof, as may be agreed upon.

SEC. 4. The interstate bridge or bridges purchased, constructed, or completed under the authority of this Act and the income derived therefrom shall, on and after the effective date of this Act, be exempt from all Federal, State, municipal, and local property and income taxation.

SEC. 5. After all of the property, books, records, money, and other assets of the City of Clinton Bridge Commission have been conveyed and transferred to the State of Iowa as contemplated by this Act, such commission shall cease to exist, without the necessity for any hearing, order, or other official action.

SEC. 6. The right to alter, amend, or repeal this Act is hereby expressly reserved.

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. 92–1102), explaining the purposes of the measure.

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

COMMITTEE AMENDMENT

The 1944 act (P.L. 78–526) which created the City of Clinton Bridge Commission provided that "no toll shall be charged officials or employees of the Commission, nor shall toll be charged officials of the Government of the United States while in the discharge of duties incident to their office or employment, nor shall toll be charged members of the fire department or peace officers when engaged in the performance of their official duties." The Federal Highway Administration recommended that the same provision be incorporated in this measure. The Committee believes that it would not be proper to exact charges for official use of this structure and accordingly has added this provision as an amendment to the bill.

The Committee notes also that other amendments recommended by the Federal Highway Administration during the drafting of the bill have been included in the bill before it was introduced.

GENERAL STATEMENT

The Clinton Bridge Commission is a Federal bridge commission created December 21, 1944, by Public Law 526–78 which authorized the Bridge Commission to construct, maintain and operate bridges for vehicular traffic across the Mississippi River at or near the cities of Clinton, Iowa, and Fulton, Illinois. The Bridge Commission presently owns and operates at this location two toll bridges commonly referred to as the Gateway Bridge and the Old North Bailey Bridge. Because the latter is substandard and has been deteriorating rapidly, a replacement bridge is in the process of being constructed. Unfortunately, however, the Bridge Commission has been unable to secure funds necessary to complete the new structure.

Three factors apparently account for the failure to secure necessary funds: (1) limitations on bridge revenues; (2) a legally-fixed 6% rate of interest on bonds issued by the Bridge Commission; and (3) a ruling by the Internal Revenue Service that the interest on bonds issued by the Bridge Commission are subject to Federal taxation.

After the Bridge Commission undertook construction on the new bridge, it discovered that it was unable to market bonds to support its entire cost. A loan to complete the substructure of the bridge was obtained with the intent of borrowing additional amounts for other sections of the bridge after the first obligation has been paid. Construction has been halted for several years, however, and the Bridge Commission has made little progress in securing essential financing. In the meantime, structural safety of the Old North Bridge continues to be of growing concern.

The Bridge Commission has been unable to devise a workable plan to proceed with the project under its interest rate and revenue limitations. This bill would allow the Highway Commission of the State of Iowa to assume complete responsibility for operating and maintaining the existing bridges, completing construction on the new structure, removing the old bridge, and operating the two remaining crossings as toll facilities until all outstanding obligations have been paid or a sinking fund sufficient for retiring outstanding obligations has been established. Thereafter, the bridges would be operated as toll free facilities and would be maintained under agreements to be reached by the States of Iowa and Illinois. The Clinton Bridge Commission would cease upon conveyance of bridge structures, property and assets to the Highway Commission of the State of Iowa.

Legislation passed during the 64th General Assembly of the State of Iowa authorized the Iowa Highway Commission to assume responsibility for completing this project. The Committee believes that this would be a feasible undertaking. Since the interest on bonds issued by the Highway Commission would not be subject to Federal taxation, they could be sold at lower cost.

The Clinton situation appears to be unique; existing federal statutes do not contemplate either the acquisition of existing bridge structures by the State of Iowa or the completion of the partially built structure. Passage of this bill would help solve a critical financing problem and provide the required consent of Congress for completing an interstate bridge over navigable waters.

The Committee understands that the Iowa Highway Commission and the Clinton Bridge Commission are in favor of this legislation. Included in this report are copies of letters received by Senator Miller from these two agencies.

COST OF LEGISLATION

There would be no cost to the Federal Government by the enactment of S. 3822. The total financial obligation would be borne by the State of Iowa until construction of the new bridge is completed and all outstanding obligations are either paid or an adequate sinking fund established to retire them. Thereafter, the cost of maintaining and operating both bridges as toll free facilities would be the task of the States of Iowa and Illinois according to an agreement between the two States.

HEARINGS

Although no formal hearings were held on the bill, Senator Miller, sponsor of the legislation, appeared in executive session of the Committee to explain its terms and purpose. The Senator also presented supporting documents for the Committee's consideration.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the acting Republican leader desire recognition at this time?

Mr. HANSEN. No, I do not.

The ACTING PRESIDENT pro tempore. At this time, in accordance with the previous order, the Chair recognizes the distinguished Senator from Texas (Mr. BENTSEN) for 15 minutes.

UNEMPLOYMENT IN THE UNITED STATES

Mr. BENTSEN. Mr. President, I rise today to address myself to a problem which has plagued that Nation for the past 2½ years, but one which must continue to claim our most serious attention. I am talking about the lack of jobs for Americans who want to work.

In the past few months, much of the economic news has been favorable, which has been a result of programs, policies, and authorities given to the President by a Democratic Congress and urged upon him by a Democratic leadership.

The rapid growth of real output and the reduction in the rate of inflation during the second quarter of this year indicates that we are at last beginning to experience a true recovery from the recession of 1969 and 1970. However, despite these gains, we have not made a significant gain in the reduction of unemployment in this Nation. After enduring an unemployment rate at the unreasonably high rate of 6 percent for a year and a half, in June we saw it go down to 5½ percent, but in August it crept back up to 5.6 percent.

But far more alarming to me than the August increase are the statements of administration spokesmen about the building of excess demand and the need for restraints to prevent rekindling the flames of inflation.

Mr. President, this Nation still has almost 5 million people unemployed and is using only 76 percent of its manufacturing capacity. We are a long way from having shortages of plant and labor that would cause price escalations. Having finally adopted an expansionary monetary and fiscal policy, let us not repeat the mistakes of the 1950's and put the brakes on too soon. In both 1955 and 1959 healthy recoveries from recessions were underway. Restraints were imposed too quickly and both recoveries were prematurely terminated. In the case of the 1959 recovery, the economy was heading back down within a year. During the present upswing, there will be a time for restraints to be imposed, but that time has not yet arrived.

Mr. President, in 1969 a recession was created by policies in Washington. We must not allow the present recovery to stagnate in 1973, because of those same policies. Instead, we should make a commitment to be satisfied with nothing less than 4 percent unemployment as an interim goal and set a national, long-range unemployment goal of no more than 3 percent. This is the recommendation of the Joint Economic Committee in its midyear report—a document I recommend to my colleagues on both sides of the aisle.

The President has said that this Nation must remain No. 1 in the world economically. I wholeheartedly agree with him on that. But if we are to remain No. 1 and compete against other nations, let us take a look at how we use our manpower as compared to those other nations.

The unemployment rate in Japan in 1971 was 1.3 percent. Here we have ours at 5.6 percent. It was 2.7 percent in France, 1.6 percent in Australia, 3.4 percent in Italy, and in West Germany, the unemployment rate was less than 1 percent. I am totally convinced, as I am sure every Member in this Chamber is, that ours is the best form of government and that our economy is envied around the world. Yet in the employment of human resources, other nations have done a better job than we have. We just must start making better utilization and more efficient use of our human resources if we are to compete in the world today.

Yet, the administration wll not make a commitment to achieving even the 4 percent unemployment level which was advocated by President Eisenhower's Commission on National Goals in 1960. In fact, the only time the administration mentions the 4-percent figure is in its calculation of the so-called full employment budget. A "full employment budget" calculation can be a useful device in analyzing Federal expenditures. But it is only useful if one intends to achieve that level of unemployment at some point. The administration has yet to say when, if ever, it intends to achieve it. The President's economic advisers prefer to talk about unemployment in the neighborhood of 5 percent and hint that it may no longer be possible to achieve 4 percent and maintain acceptable price stability.

Let us dwell for just a moment on what settling for 5 percent instead of 4 percent unemployment means. It means the Nation as a whole will be giving up $35 billion of economic growth every year. It means giving up $10 billion a year in profits for our businesses. It means giving up $10 to $12 billion a year in Federal tax revenues which we badly need. But most importantly, it means telling almost 1 million Americans who want to earn their own living, who want to stand tall, who want to support their families, and who want to contribute to our society, that their society has no productive work for them to do—that their economy has no jobs for them.

Administration witnesses have testified before the Joint Economic Committee that because more women and young people are seeking jobs, our labor force has undergone a basic structural change making low unemployment far more difficult. Mr. President, I reject the notion out of hand that women and the young are inherently less employable. In fact, they are more highly skilled today than at anytime in our history. If they are educated and skilled in the wrong fields, this is a challenge which our educators can and must meet. It is not a reason for throwing up our hands and settling for the status quo. The unemployment rate for Vietnam veterans is 7.7 percent. Would any Member of this body care to tell one of those young men he is not needed, because there is no demand for a good machinegunner in the civilian job market?

Mr. President, I have been shown job application sheets and the requests for people to come to work that appear in the want ads. The trouble with this simplification is that we have not fitted these people for the available jobs and given them the kind of education and training they ought to have.

Mr. President, while there are some differences between our economy and the countries of West Germany, France, and Japan, the low levels of unemployment in these countries—substantially lower than 3 percent—convinces this Senator that a 3-percent unemployment level is a realistic goal for the United States.

There are those who would try to dismiss talk about high unemployment as election year politics. But the Committee for Economic Development released in July a publication entitled, "High Employment Without Inflation," part of which insisted:

> We thus emphatically reject the advice of those who would have us give up the battle for simultaneous achievement of high employment and price stability even before a comprehensive effort has been mounted to win the battle.

The document goes on to set a goal of reducing unemployment until the number of job openings matches the number of those seeking jobs at reasonable wages. Mr. President, the Committee for Economic Development is composed of 200 presidents of corporations and universities. As a former member, I can assure the Senate they are not all Democrats.

The normal expansion of our economy if supported by a proper balance of fiscal and monetary policy should bring us close to the interim goal of a 4-percent unemployment level. As President Kennedy once said, "A rising tide lifts all boats." Past experience has demonstrated that a vigorious expansion helps many of the so-called structurally unemployed to find jobs when they would have otherwise been passed over. And, we know that when vacancies are more abundant, transitional unemployment is also reduced, because it takes less time to find a job.

To lower unemployment below 4 per-

cent and to reach those groups in our society who have always suffered high unemployment we must continue to break down the barriers of discrimination, language, and lack of training which hinder their entry into the labor force. Their initial entry will require a healthy dose of public service employment. Publicly financed employment is more productive for both the individuals involved and the society which pays for it than continually extending unemployment benefits and providing welfare to those who can and want to work. This public employment must not be dead end, make-work but rather, employment which provides training and experience for eventual entry into the private job market. For, while this public employment will be a necessary interim measure, we must continue to seek ways of increasing private employment to insure that the private sector expands rapidly enough to absorb our growing labor force. The suggestion of the Labor Department that the present high unemployment can be excused, because we have more people employed today than ever before is like saying we do not have a drug problem, because we have more nonaddicts this year than last. When we have a growing population, it is obvious that we are always going to have more people at work. Mr. President, the question is, Do we have enough?

We must continue to seek ways of stabilizing private employment to insure that when hard times do come, the payroll is not the first item cut. A job is more than another item on the debit side of an income statement. These efforts may require new and creative approaches, but it is a job which must be done. We must not allow a high level of unemployment to become an accepted condition of American life.

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

TRANSACTION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. ROBERT C. BYRD). Under the previous order, there will now be a period for the transaction of routine morning business for 15 minutes, with a limit of 3 minutes on the statements therein.

UNEMPLOYMENT IN THE UNITED STATES

Mr. HANSEN. Mr. President, while the distinguished Senator from Texas is still on the floor, I wonder if he would have time to exchange views with me for a few moments.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. BENTSEN. The Senator from Texas would be very willing to exchange views with the distinguished Senator from Wyoming.

Mr. HANSEN. Mr. President, I am very much impressed with the concern that has been shown on repeated occasions by the distinguished Senator from Texas. I would like to ask the Senator from Texas what his views are. He touched upon two subjects inferentially—on those persons who have few skills and thus find it difficult to get into the labor market, and the impact that discrimination may have on employment.

With respect to those subjects, I would like to ask my distinguished colleague if he feels that there may be a difference in contrasting the economy and the employment policy of the United States with that of the other countries around the world. I believe that the Senator mentioned Japan, France, West Germany, Italy, and I have forgotten the others, each of which, as I recall, has a lower level of unemployment than we have in this country.

My question is whether the distinguished Senator from Texas feels that the great difference between wages paid in this country and the wages paid in those other countries may be a factor in our being able to compete in the American market with American made goods as contrasted to those coming from abroad.

Mr. BENTSEN. Mr. President, I would say to the distinguished Senator from Wyoming that that gap is narrowing with each year and that wage rates in those countries that have been enumerated have escalated substantially faster in the last 5 years than they have in this country.

One of the problems we run into is, for example, let us take the country of Japan. Between the years 1967 and 1970, wage rates went up at a compounded rate of 15.1 percent a year but productivity went up 14.9 percent a year, so the unit cost basis remains almost constant.

There are differences in the economics of those countries and our economy, but I chose a wide breadth and spectrum of countries to cite. Each of them has its advantages and disadvantages, as compared to our economy. For example, we could get into the question of natural resources as between our country and Japan. We can find many differences but I think the pluses and minuses finally balance themselves out and I think one can be correlated to the other, and we must use our resources, both human and natural, more efficiently than we have.

Mr. HANSEN. I wish to ask the distinguished Senator from Texas if it is not true that a number of multinational corporations that operated in the past in this country are going abroad. We had testimony before the Committee on Finance indicating that is the case, despite the fact that wage scales have been rising, as the Senator accurately pointed out, in Japan and in other countries around the world. Germany is an example of one country. There is still a wide disparity between American salaries and salaries paid in other countries. I know this is true with respect to steel.

Despite the fact that the gap is closing between Japanese and American steel, there is a wide separation there, and as a consequence, I have been inclined to note that multinational corporations which are operating in the United States are being forced to go abroad. They are moving abroad, I am told, simply because there is such a great difference between wages paid in the United States and wages paid in any other country in the world. I am told that the reason for their moving some of their operations abroad—it is true in the electronics industry and in many other industries—is purely and simply because there is so much difference between wages paid in those countries and wages paid here, and so much difference between the relative cost of production over there as compared with the relative cost of production here.

Mr. BENTSEN. I would say to the distinguished Senator from Wyoming that I think when they give that answer it is much too simplistic. The rest of the story must be told.

I think in a number of those instances one sees advantages our own tax structure has given them to go abroad. We will have to take a close look at this as we look at our tax structure in coming years.

Mr. HANSEN. I am told that in recent years we lost 100,000 jobs in the textile industry, an industry noted in the past for providing employment for those with few labor skills, and particularly for minorities in America. I am disturbed and distressed, as I suppose many others are, that here is an industry that has historically provided the first job opportunity for many people. They have not always stayed in the textile industry, but that has been their first job and their first opportunity for gainful employment. Yet for a number of reasons, some of which include the unavailability of newer, technologically sophisticated machinery used in the textile industry and the fact that we have minimum wages in this country that far exceed by a magnitude of 10 times those paid in the Far East and in some European countries, we are losing jobs instead of gaining jobs in this country as we rely more and more on foreign exports, fabrics, and textiles. At the same time we witness a further deterioration in the textile industry.

Does my friend have any feelings on that?

Mr. BENTSEN. I recognize some of the problems raised by my distinguished friend, but I believe that there are better ways to approach the problem than we have used thus far. We could do some of the things Japan does, for example. They do not export their jobs, but their production. There one sees government assist business, not by giving the the tax havens in Japan, but by assisting them with long-term credits to be able to sell and to keep their jobs at home.

That kind of cooperation rather than a tax break is a much more meaningful way and would help employment in this country.

The PRESIDING OFFICER (Mr. Moss). The time of the Senator from Wyoming has expired.

Mr. MANSFIELD. Mr. President, if the Chair will recognize me, I yield my 3 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for an additional 3 minutes.

Mr. BENTSEN. Mr. President, the other problem the Senator from Wyoming addressed himself to is the question of lack of skills sometimes matching job opportunities. In this country we must do a great deal more to make people recognize that every job has an ex-

cellence in it; and not every person in this country needs to go to college. Of all job opportunities, three-fourths of them do not require a college degree. So we have to have some pride in crafts that require handwork. I think we have to reinstill that principle. We must spend a great deal more on vocational education than we have in the past. I can give an example for the Senator. In my State, officials of the Texas State Technological Institute, a vocational school which I visited, said 93 percent of their graduates had been receiving welfare in one form or another; that they are now receiving an average of six job offers apiece as they graduate; they were good jobs, and they were becoming contributing members of our society. This is where we can help.

In addition, I think every man who wants to work should be able to work. I think that is an obligation of our Government, and if we have to provide interim employment until we can fit a person into the private employment sector, we should do it. I think there should be jobs available for every able-bodied man who wants to work.

Mr. HANSEN. Mr. President, I find that I share a great many views with my colleague from Texas. I would like to make one further observation.

It is true that Japan does a far better job in encouraging and assisting industry than our Government does in assisting American industry. I am told that 80 percent of the capital investment in manufacturing in Japan comes from the Japanese Government, contrasted with 20 percent in this country. From this one can get some idea of the Government's attitude toward business in both Japan and in the United States.

Second, it should be observed that Japan has undertaken worldwide ranging surveys of markets and market potentials for its products. Instead of looking askance at business, as we seem so eager to do in this country, the Japanese Government encourages business to sort of divide up the world in order to have one industry concentrate on a particular product in one place and another manufacturing operation concentrate in another place. In this country we bend over backward to see if we can find different ways to harass business.

I am for treating business fairly and impartially, but I think we have gone off the deep end to see how difficult we can make it.

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

Mr. ROBERT C. BYRD. Mr. President, if the Chair will recognize me, I yield my 3 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 3 additional minutes.

Mr. HANSEN. Mr. President, I think that in this country we have gone too far overboard in making it difficult for business to operate; not that we should not try to enforce all the laws on the books in this country, but rather that we should be more keenly aware, as the distinguished Senator from Texas pointed out, of the end result of some of our attitudes.

Actually, we have a great need for many kinds of services in this country. We in the United States look demeaningly on essential service jobs which are respected and held in high esteem elsewhere around the world. I think that is too bad.

It is also important to recognize that if we are to compete with the Japanese, the West Germans, the French, the Italians, or the people of any other country, I think we have got to recognize that the governments in those nations have been working hand in hand with the manufacturers and have been trying their very best to expand the opportunity for sales, and as a result make more jobs available.

I thank my distinguished colleague for bringing to our attention a very important subject, and I thank the distinguished assistant majority leader for yielding his time to me.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Need for a National Earthquake Research Program" (with an accompanying report); to the Committee on Government Operations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HART, from the Committee on Commerce, without amendment:

H.R. 13025. An act to amend the Act of May 19,1948, with respect to the use of real property for wildlife conservation purposes (Rept. No. 92–1108).

By Mr. MUSKIE, from the Committee on Government Operations, with amendments:

S. 3140. A bill to improve the financial management of Federal assistance programs to facilitate the consolidation of such programs; to provide temporary authority to expedite the processing of project applications drawing upon more than one Federal assistance program; to strengthen further congressional review of Federal grants-in-aid; and to extend and amend the law relating to intergovernmental cooperation (Rept. No. 92–1109).

By Mr. FANNIN (for Mr. ANDERSON), from the Committee on Interior and Insular Affairs, without amendment:

H.R. 7701. An act to amend the act of August 9, 1955, to authorize longer term leases of Indian lands located outside the boundaries of Indian reservations in New Mexico (Rept. No. 92–1110).

By Mr. FANNIN (for Mr. METCALF), from the Committee on Interior and Insular Affairs, without amendment:

H.R. 10702. An act to declare that certain federally owned land is held by the United States in trust for the Fort Belknap Indian Community (Rept. No. 92–1111).

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. BAYH:

S. 3979. A bill to establish an independent Board of Parole, to provide for fair and equitable Federal parole procedures, to study the parole procedures provided for released prisoners, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. MOSS (for himself, Mr. MCGEE, and Mr. HANSEN):

S. 3980. A bill for the relief of William Allen, and Marie Allen, his wife, Rock Springs, Wyo. Referred to the Committee on Interior and Insular Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOUTIONS

By Mr. BAYH:

S. 3979. A bill to establish an independent Board of Parole, to provide for fair and equitable Federal parole procedures, to study the parole procedures provided for released prisoners, and for other purposes. Referred to the Committee on the Judiciary.

PAROLE REORGANIZATION AND REFORM ACT OF 1972

Mr. BAYH. Mr. President, I am introducing today the "Parole Reorganization and Reform Act of 1972," which is designed to restructure and reform the U.S. Board of Parole. While this bill will directly affect only those offenders who are incarcerated in the Federal prison system, it should serve as a useful model to the States in their efforts to improve parole procedure. The Federal prison system has traditionally been viewed as a leader in prison reform, and I hope that this bill will place the U.S. Board of Parole in a similar position of leadership.

Since its inception 95 years ago in New York, parole has become an integral part of correctional and rehabilitative efforts. As currently constituted, there are three principal elements in the parole process. The first is the courts and the prison system which supply information about individual offenders. The second element is the Parole Board which uses that information to decide who should be released, under what conditions of parole, and when to revoke parole. The third element is the probation officers who supervise parolees as well as probationers. The legislation which we are introducing today touches all parts of the process but deals primarily with the Parole Board because it has primary responsibility.

Last year, the Board held approximately 12,000 hearings and made an additional 5,000 determinations based upon written progress reports. This tremendous volume of decisions was accomplished by eight board members and eight hearing examiners on a budget of approximately $1.2 million. Such an enormous number of decisions reached on such minimal resources has frequently resulted in methods of action which often appear arbitrary or casual. The Board has not established detailed rules or standards to guide its decision-making process. Neither does it follow the philosophy of stare decisis and thus develop general standards on a case-by-case basis. The most specific decisional standard is the statutory provision, that the Board "may in its discretion" release a prisoner on parole if it finds "a reasonable probability that such pris-

oner will live and remain at liberty without violating the laws" and that "such release is not incompatible with the welfare of society." The Board has never publicly stated any substantive principles that guide it in making this determination. Nor has it publicly listed the criteria which it considers.

The Parole Board does not make decisions as a group. Instead, each member votes individually without discussing the case with his colleagues. Memoranda relating to the factors considered in releasing eligible prisoners are not prepared. The Board does not articulate the reasons for any particular determination, nor does it inform prisoners why parole was denied.

It is hard to believe that any administrative agency would make decisions in such a haphazard fashion, yet the Parole Board openly admits to these practices. In a pamphlet published by the Board entitled "Functions of the United States Board of Parole," the decisionmaking process is described as follows:

> Voting is done on an individual basis by each member and the Board does not sit as a group for this purpose. Each member studies the prisoner's file and places his name on the official order form to signify whether he wishes to grant or deny parole. The reasoning and thought which led to his vote are not made a part of the order, and it is therefore impossible to state precisely why a particular prisoner was or was not granted parole.

The hearing process is as casual as the decisionmaking process. According to testimony before a House Judiciary Subcommittee, parole hearings are usually conducted in the Federal institution by a hearing examiner, and only occasionally by a Board member. Hearings typically last from 10 to 15 minutes, although some testimony indicated that most hearings lasted between 2 and 5 minutes. Present at the hearing along with the Parole Board official is the prisoner, the prison counselor, and a stenographer. The prisoner is never represented by counsel. After the hearing when the prisoner has left the room, the examiner dictates his recommendation to the stenographer. Because no transcript is prepared, this recommedation serves as the only record of the parole hearing.

Because hearings are so short, heavy reliance must be placed upon the prisoner's file. Yet one witness at the House hearings testified that he was advised by an examiner that each man's record could be adequately appraised in 5 minutes. Furthermore, although the contents of the file are crucial, the prisoner is not allowed to review the file to insure that it is accurate. The same witness testified that "this is in itself disturbing, because prison files are not consistent or accurate records. I have seen black men listed as white, and Harvard graduates listed with borderline IQ's." Although there is serious dispute over the extent of access a prisoner should have to his own file, even the Administrative Conference of the United States has supported relatively broad disclosure. In testimony before the House subcommittee, the Conference recommended that:

> The prison counselor should disclose the file to the prisoner or his representative in advance of the parole hearing, except for any information as to which disclosure is clearly unwarranted or which has been determined by the sentencing judge to be improper. The prisoner should be given an oral summary or indication of any relevant adverse information which is not directly disclosed to him.

While many of the Board's practices are open to severe criticism, the courts have generally refused to enter the parole decisionmaking process. In certain areas related to the procedure for revoking parole and conditions of parole as imposed by the Board, courts have felt more free to attempt reform. However, even in these peripheral areas of the parole process, the Board has steadfastly resisted outside intervention.

As recently as last year, the Board maintained that it had exclusive jurisdiction in the area of parole. In that case, *Sobell* v. *Reed*, 327 F. Supp. 1294 (S.D.N.Y. 1971), the Chairman of the Parole Board refused to appear in court to testify, arguing that the court had no power to review the Board's decisions. The court flatly rejected that claim, and rebuked the Board in language which clearly points to the need for thorough reform in this area:

> But it is urged that the Board's action is outside the court's power of review. It would be surprising, and gravely questionable, if Congress has meant to confer such final authority upon any administrative agency particularly one that makes no pretense to learning in constitutional law. It would be bizarre to hold, as the Government's position ultimately entails, that assertions of constitutional rights like those made here may be overridden without ever being faced and decided by any tribunal of any kind. But there is no occasion to become upset over such implications. The Government's position is not soundly based.

In Sobell against Reed the issue was the infringement of plaintiff's first amendment right to freedom of speech by overly restrictive conditions of parole. However, in an earlier case, *Reed* v. *Butterworth*, 297 F.2d 776 (D.C. Cir. 1961), the court threw out a Board decision because it refused to follow the parole revocation procedures which Congress envisioned when it enacted the parole statute. Further, the court indicated that the Board's refusal to follow these procedures was a matter of long-standing, and the court's warning was clear:

> The Parole Board apparently still has the notion, which we criticized in *Fleming* v *Tate* [156 F. 2d 848 (D.C. Cir. 1946)], that revocation hearings are mere formalities, and the result a foregone conclusion. As long as the Board evidences this philosophy by denying fundamental procedural safeguards, we will be compelled to order new hearings, and, in cases of grievous injustice, to order such further relief as the circumstances may warrant.

Mr. President, while individual court cases have brought relief to a few plaintiffs and reform to isolated areas of Board practice, they have not changed the Board's attitude toward constitutional rights and statutory guarantees. The criticisms made by the courts which I have just referred to are still valid. The legislation which we introduce today clarifies the rights of prisoners and parolees. It specifies in detail the scope of the Parole Board's discretion and the responsibilities of courts for judicial review. Let me discuss a few of the major reforms proposed in this legislation:

RESTRUCTURED, INDEPENDENT PAROLE BOARD

Since the effectiveness of any reform depends upon the organization mandated with implementing that reform, restructuring of the Parole Board itself was the first priority. My bill establishes a National Board which will perform the appeals and policymaking functions of the Board of Parole. It also establishes four regional boards which will conduct parole determination and parole revocation hearings. This decentralization of the decisionmaking process will alleviate the oppressive caseload currently borne by each member of the Board.

Additionally, the Board of Parole is taken out of the Department of Justice and established as an independent agency within the executive branch because I feel that the Board should exercise its discretion free from the influence of the prosecutor and the prison administrator. Because it is essential that the Board be composed of highly qualified personnel, the bill also provides that Board appointees represent different areas of expertise in the criminal justice system, such as correctional officers and former parolees.

ELIGIBILITY FOR PAROLE

The bill retains the present practice which leaves the date of eligibility for parole substantially in the hands of the sentencing authority. In general, a prisoner may be considered for parole only after serving one-third of his maximum term. However, unlike the present practice, the bill creates a presumption of parole. The Parole Board must grant parole to eligible prisoners unless there is substantial reason to believe that a prisoner will engage in further criminal conduct or will not conform to conditions of parole. This is intended to circumscribe the wide discretion presently exercised by the Board. A similar presumption of parole was recommended by the National Commission on Reform of the Federal Criminal Laws. Of course, prisoners who are ineligible for parole under any other provision of law will not be made eligible by the operation of this legislation.

HEARING PROCEDURE AND FREQUENCY

The proposed legislation specifies the frequency of parole hearings and other reconsiderations of the prisoner's status. An effort was made to balance the right of the prisoner to have his progress frequently judged against the administrative realities of implementing such a right. Therefore, my bill provides that each prisoner must be given a hearing at least every 2 years after an initial parole rejection. Additionally, I have accepted the recommendations of the Association of the Bar of the City of New York which include: First, a right to counsel at all parole hearings; second, a written transcript of all hearings; and third, the publication of criteria for granting, denying, and revoking parole. While some experts do not recommend formalized hearing procedures and written, reasoned decisions, I believe that the parole proc-

ess has suffered over the years from too little formal structure. I accept the judgment of the Association of the Bar of the City of New York that the key problem with the parole process is the Board's over-broad discretionary power:

The present rules are extremely scanty, with the result that the Parole Board possesses today almost unbridled, and unreviewable powers. The problem, as we noted before, is even greater than in the area of probation, where the power over prisoners is exercised within the judicial structure. There is no such control over the Parole Board, whose members are not necessarily even lawyers, and whose procedures are loose, to say the least. (A.B.C.N.Y. Report on the Title 18 revision recommended by the National Commission on Reform of the Federal Criminal Laws.)

SUPERVISION WHILE ON PAROLE

Three separable issues are raised when a prisoner is placed on parole. The first is the conditions of parole. The second is the procedure for revoking parole. The third is how much additional time a parolee should serve when he is returned to prison after a parole revocation.

The freedom of the Parole Board to establish conditions of parole presents extremely difficult problems. On the one hand, the Board must retain sufficient flexibility to meet the individual needs of the parolee. On the other hand, the parolee must be protected from unrealistic or abusive conditions of parole. While the proposed legislation allows the Board substantial freedom in this area, it does specify some general guidelines for the Board's consideration. In addition, it requires the Board to supply the parolee with a written list of conditions at the moment of release. Since the courts have already expressed an interest in this area, the bill relies on judicial review to correct any abuses.

Parole revocation proceedings have received considerable attention in the courts since 1946 when the right to representation by counsel was guaranteed in *Fleming* v. *Tate* 156 F.2d 848 (D.C. Cir. 1946). As recently as June 29, 1972, the United States Supreme Court in *Morrissey* v. *Brewer* (40 LW 5016), reviewed in detail the rights constitutionally required at such hearings. The Court declared that, in parole revocation hearings, minimum standards of due process include: first, written notice of the claimed violations of parole; second, disclosure to the parolee of the evidence against him; third, opportunity to be heard in person and to present witnesses and documentary evidence; fourth, the right to confront and cross-examine witnesses; fifth, a "neutral and detached" hearing officer; and sixth, a written statement by the fact-finders as to the evidence relied on and reasons for revoking parole. This legislation incorporates these due process requirements.

In addition, it prohibits arbitrary and unreasonably long imprisonment prior to hearing in proper circumstances. My bill also requires that counsel be appointed if the parolee is indigent.

Under current law, a parole violator who is returned to prison is given no credit for the time he has spent "on the street" successfully fulfilling his parole conditions. The prisoner's paroled status may continue during good behavior until his maximum sentence expires. However, if he is returned to prison, his maximum sentence is not reduced by the time he spent on parole. This is extremely unfair, and ironically places a greater burden on the model prisoner who is released early in his sentence than on other prisoners who are considered worse risks and consequently are released at a later point in their sentence. To rectify this injustice, I have accepted the National Commission on Reform of the Federal Criminal Laws' recommendation that a portion of a parolee's time on the street, prior to parole violation, should be subtracted from his maximum sentence. As a result, the consequences of parole violation would be no more serious for the model prisoner than for other prisoners released later in their term.

APPEAL

The proposed legislation provides a formal, internal process of review. Prisoners or parolees who are dissatisfied with Regional Board determinations may appeal to the National Board. Considerations of administrative efficiency weighed heavily in our consideration of this area. We finally concluded that a written appeal would be adequate.

Finally, the bill requires that the Parole Board initiate a study of parole services and report to Congress annually with recommendations for reform.

Mr. President, last year the Parole Board made 17,000 determinations. Approximately 5,000 individuals were granted parole, 2,000 warrants were issued against parole violators, and 10,000 people remained under the Board's supervision. Fair and equitable procedures must be instituted to protect the rights of these individuals. As the U.S. Court of Appeals for the District of Columbia and in *Fleming* v. *Tate*, 156 F. 2d 848 (D.C. Cir. 1946) over 25 years ago:

The parole system is an enlightened effort on the part of society to rehabilitate convicted criminals. Certainly no circumstance could further that purpose to a greater extent than a firm belief on the part of such offenders in the impartial, unhurried, objective, and thorough processes of the machinery of the law. And hardly an circumstance could with greater effect impede progress toward the desired end than a belief on their part that the machinery of the law is arbitrary, technical, too busy, or impervious to facts.

The legislation which I am introducing today is designed to achieve the kind of parole system called for so many years ago. Our bill also reflects many of the reforms suggested by Congressman KASTENMEIER and the numerous witnesses who recently appeared before his subcommittee to discuss the problems of parole.

I ask unanimous consent that a copy of the bill and a summary be printed in the RECORD at the conclusion of my remarks.

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

S. 3979

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Parole Reorganization and Reform Act of 1972."

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Sec. 101. Board of Parole; parole procedures conditions, etc.
Sec. 102. Conforming amendments.
Sec. 103. Effective date of title.
Sec. 104. Savings provisions and transitional rules.
Sec. 105. Authorization of appropriations.

BOARD OF PAROLE; PAROLE PROCEDURES, CONDITIONS, ETC.

SEC. 101. Chapter 311 of title 18 of the United States Code (relating to parole) is amended to read as follows:

"Chapter 311.—PAROLE

"Sec.
"4201. Board of Parole; members; terms of office; etc.
"4202. Authority of the Board of Parole.
"4203. Administrative powers of the Board of Parole.
"4204. Time of Eligibility for release on parole.
"4205. Release on parole.
"4206. Certain prisoners not eligible for parole.
"4207. Factors taken into account in parole determination.
"4208. Information considered by the Regional Board.
"4209. Parole determination hearing; time.
"4210. Setting release date.
"4211. Procedure of parole determination hearing.
"4212. Conditions of parole.
"4213. Period of parole.
"4214. Parole good time.
"4215. Discharge from parole.
"4216. Aliens.
"4217. Time for revocation of parole; period of reimprisonment; retaking parolee.
"4218. Parole revocation hearing.
"4219. Appeals to the National Board.
"4220. Fixing eligibility for parole at time of sentencing.
"4221. Young adult offenders.
"4222. Warrants to retake Canal Zone violators.
"4223. Report.
"4224. Definitions.

"BOARD OF PAROLE; MEMBERS; TERMS OF OFFICE; ETC.

"SEC. 4201. (a) There is hereby established, as an independent establishment in the executive branch, a Board of Parole to consist of a National Board and four Regional Boards.

"(b) The National Board shall be composed of nine members appointed by the President by and with the advice and consent of the Senate. Each of the Regional Boards shall be composed of three members appointed by the President by and with the advice and consent of the Senate. A vacancy in either Board shall be filled in the manner in which the original appointment was made.

"(c) Not more than five members of the National Board and not more than two members of each Regional Board shall be of the same political party (as determined by the last voting registration within the four years immediately prior to appointment). There shall be at least one member of the National Board appointed from each of the following categories, and each of the Regional Boards shall consist of members appointed from any three of these categories:

"(1) individuals who have been imprisoned in a Federal or State prison, released on parole, and discharged from such parole;

"(2) attorneys having experience in the field of criminal justice;

"(3) social or behavioral scientists expert in the field of criminal studies;

"(4) individuals experienced in the education or training of handicapped or disadvantaged persons;

"(5) individuals having supervisory experience in law enforcement, as defined in section 3731(a) of title 42, United States Code; and

"(6) individuals having experience as

guards or correctional officers in a correctional institution or facility, as defined in section 3781(1) of title 42.

"(d)(1) Except as provided in paragraphs (2), (3) and (4), the members of both the National Board and the Regional Boards shall be appointed for terms of six years.

"(2) Of the members of the National Board first appointed under this section—

"(A) three shall be appointed for terms of two years,

"(B) two shall be appointed for terms of three years,

"(C) two shall be appointed for terms of four years, and

"(D) two shall be appointed for terms of five years, from the effective date of this title.

"(3) Of the members of each of the Regional Boards first appointed under this section—

"(A) one shall be appointed for a term of one year,

"(B) one shall be appointed for a term of three years,

"(C) one shall be appointed for a term of five years, from the effective date of this title.

"(4) Any member of the Board of Parole who is appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his term until his successor has taken office.

"(5) The President shall from time to time designate one of the members of the National Board to serve as Chairman of the Board of Parole and shall delegate to him the necessary administrative duties and responsibilities. The Chairman of the Board of Parole shall designate one of the members of each Regional Board to serve as Chairman of such Regional Board. The Chairman of each Regional Board shall have such administrative duties and responsibilities with respect to the Regional Board as may be necessary to carry out the purposes of this chapter. The term of office of the Chairman of the Board of Parole and of the Chairman of each Regional Board shall be not less than three years, but not more than six years, as specified at the time of designation as Chairman.

"(6) Each Regional Board shall have such geographical jurisdiction as the National Board may provide in order to assure efficient administration.

"(7) The respective rates of pay for members of the Board of Parole (other than the Chairman of the Board of Parole) shall be equal to the maximum rate, as in effect from time to time, for GS–17 of the General Schedule of section 5332 of title 5. The rate of pay of the Chairman of the Board of Parole shall be at the rate prescribed for level III of the Executive Schedule.

"AUTHORITY OF THE BOARD OF PAROLE

"SEC. 4202. (a) The National Board shall have such powers and shall perform such functions and duties as may be provided for the Board of Parole or the National Board under this chapter or under any other provision of law.

"(b) Except as otherwise specifically provided by law, when so authorized by the National Board, any member or agent of the Board of Parole may take any action which the National Board is authorized to take.

"(c) The Regional Boards shall conduct parole determination hearings (in accordance with section 4209) and parole revocation hearings (in accordance with section 4218) and perform such other functions and duties as may be provided under this chapter.

"(d) Except as otherwise provided by law, when so authorized by a Regional Board, any member or agent of the Regional Board may take action which the Regional Board is authorized to take.

"ADMINISTRATIVE POWERS OF THE BOARD OF PAROLE

"SEC. 4203. (a) The National Board shall have the power to—

"(1) appoint and fix the compensation of personnel of the Board of Parole;

"(2) procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5;

"(3) prescribe such administrative rules and regulations as may be necessary for the operation of the Board of Parole;

"(4) utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal, State, local, and private agencies and instrumentalities with or without reimbursement therefor;

"(5) without regard to section 529 of title 31, United States Code, enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its functions, with any public agency, or with any person, firm, association, corporation, educational institution, or nonprofit organization;

"(6) accept voluntary and uncompensated services, notwithstanding the provisions of section 665(b) of title 31;

"(7) request such information, data, and reports from any Federal agency as the Board of Parole may from time to time require and as may be produced consistent with other law;

"(8) arrange with the heads of any other Federal agency for the performance by such agency of any function of the Board of Parole, with or without reimbursement; and

"(9) request probation officers and other individuals, organizations and public or private agencies to perform such duties with respect to any person released on parole as the National Board deems necessary for maintaining proper supervision of, and assistance to, such persons, provided that in no case shall a probation officer or other individual caseworker maintain an average caseload in excess of 50 individuals.

"(b)(1) The Board of Parole shall have power to issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter with respect to which the National Board or any Regional Board is empowered to make a determination under this chapter. Such attendance of witnesses and the production of evidence may be required from any place within the United States at any designated place of hearing within the United States.

"(2) If a person issued a subpena under paragraph (1) of this subsection refuses to obey such subpena or is guilty of contumacy, any court of the United States within the judicial district within which the hearing is conducted, or within the judicial district within which such person is found or resides or transacts business may (upon application by the Board of Parole) order such person to appear before the National Board or any Regional Board to produce evidence or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(3) the subpena of the Board of Parole shall be served in the manner provided for subpenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

"(4) All process of any court to which application may be made under this section may be served in the judicial district wherein the person required to be served resides or may be found.

"(c) Upon the request of the Chairman of the Board of Parole, each Federal agency is authorized and directed to make its services, equipment, personnel, facilities, and information available to the greatest practicable extent to the Board in the performing of its functions.

"(d) The National Board may delegate to the Regional Boards such powers as may be appropriate other than—

"(1) the power to establish general policies for the Board of Parole, and

"(2) the power to prescribe administrative rules and regulations.

"(e) Except as otherwise provided by law, any action taken by the National Board or any Regional Board shall be taken by a majority vote of all individuals currently holding office as a member of the National Board or the Regional Board taking the action.

"TIME OF ELIGIBILITY FOR RELEASE ON PAROLE

"SEC. 4204. (a) Whenever confined and serving a definite term or terms of over one hundred and eighty days, a prisoner shall be eligible for release on parole after serving one-third of such term or terms or after serving fifteen years of a life sentence or of a sentence of over forty-five years unless his sentence provides that parole shall not be granted.

"(b)(1) Any prisoner whose eligibility for release on parole is fixed under section 4220(a)(1) at the time of sentencing shall be eligible for release on parole as provided in that provision.

"(2) Any prisoner whose eligibility for release on parole is specified under section 4220(a)(2) at the time of sentencing to be at such time as the Regional Board may determine shall be eligible for release on parole no less than ninety days after the date of his imprisonment or on such other date prior thereto as the Regional Board may determine.

"(c) Any prisoner not referred to in subsection (a) or (b) (including a prisoner released on parole and subsequently reimprisoned) shall be eligible for release on parole ninety days after the date of his imprisonment or on such other date prior thereto as the Regional Board may determine.

"RELEASE ON PAROLE

"SEC. 4205. The Regional Board shall release a prisoner on parole upon the date of his eligibility for parole (as prescribed by section 4204) unless the Regional Board determines that he should not be released on such date, or that he should be released on a later date, for one or both of the following reasons:

"(1) there is substantial reason to believe that the prisoner will engage in further criminal conduct; or

"(2) there is substantial reason to believe that the prisoner will not conform to such conditions of parole as may be established under section 4212.

"CERTAIN PRISONERS NOT ELIGIBLE FOR PAROLE

"SEC. 4206. Nothing in this chapter shall be construed to provide that any prisoner shall be eligible for release on parole if such prisoner is ineligible for such release under any other provision of law.

"FACTORS TAKEN INTO ACCOUNT IN PAROLE DETERMINATION

"SEC. 4207. In making a determination under section 4205, the Regional Board may take into account any of the following factors:

"(1) the prisoner's ability and readiness to assume obligations and undertake responsibilities;

"(2) the prisoner's family status, including whether his relatives display an interest in him or whether he has other close and constructive associations in the community;

"(3) the prisoners' employment history and his occupational skills;

"(4) the prisoner's vocational, educational, and other training;

"(5) the adequacy of the prisoner's plans or prospects upon release;

"(6) the prisoner's past use of controlled substances or past habitual and excessive use of alcohol;

"(7) any recommendations made by the sentencing court;

"(8) the prisoner's conduct during his term of imprisonment;

"(9) the prisoner's behavior and attitude during any previous experience of probation or parole, and the recency of such experience;

"(10) the availability of community resources to assist the prisoner; and

"(11) any other factor which the Regional Board determines to be relevant if prior to the parole determination hearing held under section 4209, the Regional Board has provided the prisoner with adequate and timely written notice of such factor.

"INFORMATION CONSIDERED BY THE REGIONAL BOARD

"SEC. 4208. In taking into account the factors specified in section 4207 the Regional Board shall consider the following information:

"(1) any reports prepared by any institutional case worker relating to the prisoner's personality, social history, and adjustment to authority;

"(2) any recommendations which the staff of the facility may make;

"(3) any official report of the prisoner's prior criminal record, including a report or record of earlier probation and parole experiences;

"(4) any presentence investigation report;

"(5) any recommendation regarding the prisoner's parole made at the time of sentencing by the sentencing judge or thereafter;

"(6) any reports of physical, mental, or psychiatric examination of the offender; and

"(7) such other relevant information concerning the prisoner as may be reasonably available.

"PAROLE DETERMINATION HEARING; TIME

"SEC. 4209. (a) In making a determination relating to release on parole under section 4205, the Regional Board shall hold a hearing (referred to in this chapter as a 'parole determination hearing') at which a member of the Regional Board shall preside.

"(b) In the case of any prisoner eligible for parole on a date provided by section 4204, an initial parole determination hearing shall be held at a time prescribed by the Regional Board. Whenever feasible, such time shall be not later than sixty days before such date of eligibility as provided by section 4204, and in the case of a prisoner referred to in section 4204(b)(2) the time of such hearing shall be not later than thirty days following such prisoner's imprisonment.

"(c) In any case in which release on parole is denied at the prisoner's initial parole determination hearing, a second parole determination hearing shall be held not later than two years following such initial hearing. If release on parole is denied at such second hearing, subsequent parole determination hearings shall be held not less frequently than every two years thereafter.

"SETTING RELEASE DATE

"SEC. 4210. In no case shall the Regional Board set any date for the release of a prisoner on parole which is more than one year following the date of the parole determination hearing at which such release date is set.

"PROCEDURE OF PAROLE DETERMINATION HEARING

"SEC. 4211. (a) Within a reasonable time prior to any prisoner's parole determination hearing, the Regional Board shall (1) provide the prisoner with written notice of the time and place of the hearing and (2) make available to the prisoner any file or report or other document to be used by the Regional Board in making its determination.

"(b) Clause (2) of subsection (a) of this section shall not apply to any file, report, or other document, or any portion thereof, which—

"(1) is not relevant to the determination of the Regional Board;

"(2) is a diagnostic opinion which might seriously disrupt a program of rehabilitation; or

"(3) contains sources of information which may have been obtained on a promise of confidentiality.

Whenever the Regional Board finds that this subsection applies to any file, report, or other document, or any portion thereof, to be used by the Regional Board in making its determination, the Regional Board shall state such finding (including the reasons therefor) on the record and shall provide the prisoner (or any representative of the prisoner referred to in subsection (c)(2) of this section) with written notice of such finding (including the reasons therefor). Whenever feasible, the Regional Board shall make available to the prisoner the substance of any information contained in any file, report, or other document, or any portion thereof, to which this subsection applies, except that specific names may be withheld in the case referred to in paragraph (3).

"(c)(1) At any time prior to the parole determination hearing and after having received written notice of such hearing, a prisoner may consult with his attorney, and by mail (or otherwise as provided by the Regional Board) with any person concerning such hearing.

"(2) The prisoner shall, if he chooses, be represented by an attorney or by an employee of the Federal Bureau of Prisons or by any other qualified person, unless he intelligently waives such representation. Such attorney may be retained by the prisoner or appointed pursuant to section 3006A of title 18, United States Code.

"(d) The prisoner shall be allowed to appear and testify on his own behalf at the parole determination hearing.

"(e) A full and complete record of the parole determination hearing shall be kept, and not later than thirty days after the date of the hearing the Regional Board shall (1) notify the prisoner in writing of its determination and (2)—

"(A) furnish the prisoner with a formal notice stating with particularity the grounds on which such determination was based, indicating which of the factors specified in section 4207 were taken into account, and indicating the conclusion of the Regional Board with respect to such factors taken into account, and

"(B) furnish the prisoner with a formal notice of the date prior to which he shall be entitled under section 4209(c) to another parole determination hearing. Where that date is more than one year from the present date the Regional Board must state which factors in Section 4207 motivated the Regional Board's determination.

"CONDITIONS OF PAROLE

"SEC. 4212. (a) The Regional Board shall impose such conditions of parole as it deems reasonably necessary to insure that the parolee will lead a law-abiding life or to assist him in doing so. In every case the Regional Board shall impose as a condition of parole that the parolee not commit any criminal offense during his parole. The Regional Board may require as a condition of parole that the parolee reside in or participate in the program of a residential community treatment center, or similar facility, for all or part of the period of parole if the Attorney General or director in the case of such similar facility, certifies that adequate treatment facilities, personnel, and programs are available. If the Attorney General, or director in the case of such similar facility, determines that the parolee's residence in the center, or participation in its program, should be terminated, because his residence or participation adversely affects the rehabilitation of other residents or participants, he shall so notify the Regional Board, which shall thereupon make such other provision with respect to the parolee as it deems appropriate. A parolee residing in a residential community treatment center may be required to pay such costs incident to residence as the Regional Board deems appropriate.

"(b) In imposing conditions of parole, the Regional Board shall consider the following:

"(1) there should be a reasonable relationship between the condition imposed and the prisoner's previous conduct and present situation;

"(2) the conditions should provide for the minimum deprivation of liberty and freedom of association; and

"(3) the conditions should be sufficiently specific to serve as a guide to supervision and conduct.

"(c) Upon release on parole, a prisoner shall be given a certificate setting forth the conditions of his parole.

"PERIOD OF PAROLE

"SEC. 4213. (a) In the case of any parolee released on parole, the period of time to be served on parole shall end upon the expiration of the maximum term for which he was sentenced, reduced by the amount of parole good time allowed as a reduction under section 2214, except that in the case of any prisoner deemed as if released on parole under section 4164 (relating to mandatory release), the period of time to be served on parole shall be the period provided by section 4164, reduced by the amount of parole good time allowed as a reduction under section 4214. The parole of any parolee may, at the discretion of the sentencing authority, run concurrently with any period of imprisonment, parole, or probation under any other Federal, State, or local sentence. In the case of any parolee who has intentionally refused or failed to respond to any request, order, or warrant of the Board of Parole during any time, and for any reason which the Regional Board determines to be invalid, the period of time to be served on parole may be extended for such period as the parolee so refused or failed to respond.

"(b) The parole of any prisoner sentenced before June 29, 1932, shall be for the remainder of the term or term specified in his sentence, less good time allowances provided by section 4161 through 4165 of this title.

"PAROLE GOOD TIME

"SEC. 4214. (a) Except as provided in subsection (b), the Board of Parole shall allow each parolee whose record of conduct shows that he has faithfully observed all the conditions of his parole a reduction from his parole, computed as follows:

"(1) five days for each month of parole, if the period (determined as of the date of release on parole) is more than six months but not more than one year;

"(2) six days for each month of parole, if such period of parole is more than one year but less than three years;

"(3) seven days for each month of parole, if such period of parole is more than three years but less than five years;

"(4) eight days for each month of parole, if such period of parole is more than five years but less than ten years;

"(5) ten days for each month, if such period of parole is ten years or more.

"(b) Reduction from parole for good conduct may be forfeited or withheld by the Board of Parole only if the Regional Board finds a violation of the conditions of parole pursuant to a hearing as provided in section 4218.

"(c) Any reduction forfeited or withheld under the preceding subsection may be restored by the Regional Board at any time.

"DISCHARGE FROM PAROLE

"SEC. 4215. (a) the Board of Parole may terminate the parole of any parolee or may release him from any condition of parole imposed under section 4212 at any time after the expiration of one year of parole, if

warranted by the conduct of the parolee and the ends of justice.

"(b) Upon the expiration of the period of time to be served on parole, as provided by section 4213, the Board of Parole shall terminate the parole of any parolee.

"(c) Upon the termination of the parole of any parolee, the Board of Parole shall issue a certificate of termination to such parolee and to such other agencies as the Board of Parole may determine.

"ALIENS

"SEC. 4216. When an alien prisoner subject to deportation becomes eligible for parole, the Board of Parole may authorize his release on condition that he be deported and remain outside the United States. Such prisoner, when his parole becomes effective, shall be delivered to the duly authorized immigration official for deportation.

TIME FOR REVOCATION OF PAROLE; PERIOD OF REIMPRISONMENT; RETAKING PAROLEE

"SEC. 4217. (a) The regional board may revoke the parole of any parolee under section 4218 (e) or (f) at any time prior to the expiration of the period of time to be served on parole, except in such cases as an extended period may be reasonably necessary for the adjudication of matters arising before such expiration as a result of an approved request by the parolee for postponement of his compliance with any order or warrant of, or any other action taken by, the regional board under subsection (c).

"(b) No order issued under section 4218 (e) or (f), including an order resulting in imprisonment, shall apply for any period following the expiration of the period of time to be served on parole as prescribed by section 4213, except that an order may also apply for the extended period referred to in subsection (a).

"(c) In the case of any parolee believed to have violated a condition of his parole, the regional board may—

"(1) order such parolee to appear at a revocation hearing not later than twenty-one days from the date of the issuance of the order;

"(2) retake the parolee by means of a warrant issued and executed as provided in this section; or

"(3) take such other action as may be appropriate.

Any order or warrant issued under this section shall be issued as soon as practicable following the date of the alleged violation of the condition of parole.

"(d) A warrant for the retaking of a parolee who has violated a condition of his parole may be issued only by the Regional Board, or at least two members thereof, and only prior to the last date on which parole may be revoked as provided by subsection (a).

"(e) Any officer of any Federal penal or correctional institution, or any Federal officer authorized to serve criminal process within the United States, to whom a warrant for the retaking of a parole violator is delivered, shall execute such warrant by taking such prisoner and returning him to the custody of the Regional Board.

"(f) A parolee retaken under this section may be returned to the custody of the Attorney General and imprisoned if the Regional Board determines, after a preliminary hearing, that there is substantial reason to believe that the parolee will not appear for his parole revocation hearing under section 4218 when so ordered. The preliminary hearing shall be held as soon as possible following the retaking of the parolee; and the parolee shall be advised of the charges against him and shall be allowed to testify at such hearing. In no case shall any parolee retaken under this section be imprisoned or otherwise released by the court having jurisdiction over an alleged criminal offense which constitutes the alleged violation of parole with respect to which the parolee has been retaken.

PAROLE REVOCATION HEARING

"SEC. 4218. (a) If any parolee (other than a parolee referred to in subsection (f)) retaken or ordered to appear under section 4217 contests the revocation of his parole, a hearing (hereinafter referred to in this chapter as a 'parole revocation hearing') shall be held (1) on the date specified in such order or (2) not later than twenty-one days after the date of execution of the warrant for his retaking, which ever is later. Such hearing shall be held at a place reasonably near the location where the alleged violation of parole occurred. At least one member of the Regional Board shall be in attendance at such hearing.

"(b) Prior to the parole revocation hearing, the Regional Board may, subject to section 4217(f), impose such interim modifications of the conditions of parole as may be necessary.

"(c) Upon the issuance of an order or the execution of a warrant under section 4217, the Regional Board shall provide the parolee with written notice of—

"(1) the conditions of parole he is alleged to have violated;

"(2) the time, date, place, and circumstances of the alleged violation;

"(3) the time, date, and place of the scheduled hearing; and

"(4) his rights under this section.

"(d) The hearing procedures shall include—

"(1) proper and timely opportunity for the parolee to examine any evidence on which the order or warrant is based;

"(2) representation by an attorney (retained by the prisoner or appointed pursuant to section 3006A of title 18, United States Code, or such other qualified person as the parolee shall retain, unless the parolee intelligently waives such representation;

"(3) opportunity for the parolee to appear and testify on his own behalf;

"(4) opportunity for the parolee to compel the appearance of witnesses and to confront and cross-examine witnesses; and

"(5) maintenance of a full and complete record of the hearing.

"(e) If the Regional Board finds substantial reason to believe that the parolee violated a condition of his parole, the Regional Board shall inform the parolee in writing not later than ten days after such hearing, stating with particularity the bases for such finding. In such case the Regional Board may order that—

"(1) the parolee receive a reprimand and a warning;

"(2) parole supervision and reporting be intensified;

"(3) the parolee be required to conform to one or more additional conditions of parole imposed in accordance with the provisions of section 4212.

"(4) parole good time allowed under section 4214 be forfeited or withheld; and

"(5) the parolee be assigned to reside in or participate in the program of a residential community treatment center, or similar facility, if the Attorney General, or director in the case of such similar facility, certifies that adequate residential community treatment facilities, personnel, and programs are available. If the Attorney General, or director in the case of such similar facility, determines that the parolee's residence in the center or facility, or participation in its program should be terminated, because the parolee can derive no further significant benefits from such residence or participation or because his residence or participation adversely affects the rehabilitation of other residents or participants, he shall so notify the Regional Board which shall thereupon make such other provision with respect to the parolee as it deems necessary. A parolee residing in a residential community treatment center or similar facility pursuant to this subsection may be required to pay such costs incident to residence as the Regional Board deems appropriate.

"(f) In the case of any parolee retaken or ordered to appear under section 4217 on the grounds of an alleged act constituting a violation of parole, for which such act the parolee is charged with a criminal offense under any authority of law, no hearing shall be held but the Regional Board shall make a determination with respect to the revocation of such parolee's parole within a reasonable time after final order or judgment has been entered by the trial court having jurisdiction over the criminal offense. If such parolee is found not guilty or acquitted by such trial court or if the charges against him have been dismissed, the order or warrant issued under section 4217 shall be rescinded. If the parolee is convicted of such criminal offense, such conviction shall constitute prima facie evidence of the violation of the conditions of parole by such parolee, and the Regional Board may make any order referred to in subsection (e) and may, in addition, order that the parolee be reimprisoned.

"APPEALS TO THE NATIONAL BOARD

"SEC. 4219. (a) A parolee whose parole is revoked and who is subject to an order issued under section 4218(e) (4) or (5), may appeal the determination or order by submitting a notice of appeal not later than fifteen days after being informed of such revocation and by submitting appeal papers not later than forty-five days after being so informed. Such appeal shall be considered by no less than five members of the National Board. The parolee shall be allowed to consult with an attorney or any other person concerning such appeal. The National Board shall decide the appeal within a reasonable period of time and shall inform the parolee in writing of its decision and the reasons therefor. Any member of the Regional Board who was present at the parole revocation hearing may present to the National Board such materials as he deems relevant.

"(b) Whenever a prisoner is denied release on parole under section 4205; whenever conditions of parole are imposed under section 4212; or whenever parole is revoked and an order is issued under section 4218(e)(3), the prisoner or parolee may appeal such conditions or order by submitting a notice of appeal not later than fifteen days after his being informed of such denial or conditions and by submitting appeal papers not later than forty-five days thereafter. Such appeal shall be considered by no less than three members of the National Board. The prisoner or parolee shall be allowed to consult with an attorney, an employee of the Bureau of Prisons, or any other person concerning such appeal. The National Board shall decide the appeal within a reasonable period of time and shall inform the prisoner in writing of its decision and the reasons therefor.

"FIXING ELIGIBILITY FOR PAROLE AT TIME OF SENTENCING

"SEC. 4220. (a) Upon entering a judgment of conviction, the court having jurisdiction to impose sentence, when in its opinion the ends of justice and best interests of the public require that the defendant be sentenced to imprisonment for a term exceeding one year, may (1) designate, in the sentence of imprisonment imposed, a minimum term at the expiration of which the prisoner shall become eligible for parole, which term may be less than, but shall not be more than one-third of the maximum sentence imposed by the court, or (2) the court may fix the maximum sentence of imprisonment to be served in which event the court may specify that the prisoner may become eligible for parole at such time as the Board of Parole may determine.

"(b) If the court desires more detailed information as a basis for determining the sentence to be imposed, the court may commit the defendant to the custody of the Attor-

ney General, which commitment shall be deemed to be for the maximum sentence of imprisonment prescribed by law, for a study as described in subsection (c) hereof. The results of such study, together with any recommendations which the Director of the Bureau of Prisons believes would be helpful in determining the disposition of the case, shall be furnished to the court within three months unless the court grants time, not to exceed an additional three months, for further study. After receiving such reports and recommendation, the court may in its discretion: (1) Place the prisoner on probation as authorized by section 3651 of this title, or (2) affirm the sentence of imprisonment originally imposed, or reduce the sentence of imprisonment, and commit the offender under any applicable provision of law. The term of the sentence shall run from the date of original commitment under this section.

"(c) Upon commitment of a prisoner sentenced to imprisonment under the provisions of subsection (a), the Director, under such regulations as the Attorney General may prescribe, shall cause a complete study to be made of the prisoner and shall furnish to the Board of Parole a summary report together with any recommendations which in his opinion would be helpful in determining the suitability of the prisoner for parole. This report may include but shall not be limited to data regarding the prisoner's previous delinquency or criminal experience, pertinent circumstances of his social background, his capabilities, his mental and physical health, and such other factors as may be considered pertinent. The Board of Parole may make such other investigation as it may deem necessary. It shall be the duty of the various probation officers and Government bureaus and agencies to furnish the Board of Parole information concerning the prisoner, and, whenever not incompatible with the public interest, their views and recommendations with respect to the parole disposition of his case.

YOUNG ADULT OFFENDERS

"SEC. 4221. In the case of a defendant who has attained his twenty-second birthday but has not attained his twenty-sixth birthday at the time of conviction, if, after taking into consideration the previous record of the defendant as to delinquency or criminal experience, his social background, capabilities, mental and physical health, and such other factors as may be considered pertinent, the court finds that there are reasonable grounds to believe that the defendant will benefit from the treatment provided under the Federal Youth Corrections Act (18 U.S.C., chap 402) sentence may be imposed pursuant to the provisions pursuant to the provisions of such Act.

WARRANTS TO RETAKE CANAL ZONE PAROLE VIOLATORS

"SEC. 4222. An officer of a Federal penal or correctional institution, or a Federal officer authorized to serve criminal process within the United States, to whom a warrant issued by the Governor of the Canal Zone for the retaking of a parole violator is delivered, shall execute the warrant by taking the prisoner and holding him for delivery to a representative of the Governor of the Canal Zone for return to the Canal Zone.

REPORT

"SEC. 4223. The Board of Parole shall investigate the services provided to paroled prisoners and shall submit to Congress an annual report which shall include recommendations for reforming the services currently provided. The initial report shall be submitted not later than twelve months after the effective date of this title.

DEFINITIONS

"SEC. 4224. As used in this chapter—

"(a) The term 'prisoner' means a Federal prisoner other than a juvenile delinquent or a committed youth offender.

"(b) The term 'parole' means the legally sanctioned release of an offender from a correctional institution to the open community under temporary restrictions for the community's protection and under professional guidance and supervision directed at reintegrating him into society.

"(c) The term 'parolee' means any prisoner released on parole or deemed as if released on parole under section 4164 (relating to mandatory release)."

CONFORMING AMENDMENTS

SEC. 102. (a)(1) Section 5314, United States Code, relating to level III of the Executive Schedule, is amended by adding at the end thereof the following new item:

"(58) Chairman, United States Board of Parole."

(2) Section 5108(c)(7) of title 5, relating to classification of positions at GS–16, 17, and 18, is amended to read as follows:

"(7) The attorney General, without regard to any other provision of this section, may place a total of ten positions of warden in the Bureau of Prisons;".

(b)(1) Section 3655 of title 18, United States Code, relating to duties of probation officers, is amended by striking out "Attorney General" in the last sentence and inserting in lieu thereof "Board of Parole".

(2) Section 3006A(a) of title 18, relating to adequate representation by counsel, is amended by striking out "who is subject to revocation of parole" and inserting in lieu thereof "who is eligible for release on parole or subject to revocation of parole".

(3) Section 3006A(g) of title 18, relating to representation by counsel, is amended by striking out "subject to revocation of parole,".

(4) Section 5005 of title 18, relating to the Youth Correction Division, is amended by striking out "Attorney General" and inserting in lieu thereof "Chairman of the Board of Parole."

(5) Section 5008 of title 18, relating to officers and employees of the Youth Correction Division, is amended by striking out "Attorney General" and inserting in lieu thereof "Chairman of the Board of Parole."

(c) Section 509 of title 28, United States Code, relating to functions of Attorney General, is amended by—

(1) inserting "and" at the end of paragraph (2);

(2) striking out "and" at the end of paragraph (3); and

(3) striking out paragraph (4).

(d) Clause (B) of section 504(a) of title 29, United States Code, relating to prohibition against certain persons holding offices, is amended by striking out "of the United States Department of Justice".

EFFECTIVE DATE OF TITLE

SEC. 103. The amendments made by this title shall apply—

(a) to any person sentenced to a term of imprisonment at any time after one hundred and eighty days after the date of the enactment of this Act, and

(b) except as otherwise may be provided by rule or regulation prescribed under section 104(b), to any person—

(1) sentenced to a term of imprisonment at any time prior to the date one hundred and eighty-one days after the date of the enactment of this Act; or

(2) released on parole at any time prior to the date one hundred and eighty days after the date of the enactment of this Act. For any purpose other than a purpose specified in the preceding provisions of this section, the effective date of this title shall be the date one hundred and eighty days after the date of the enactment of this Act.

SAVINGS PROVISIONS AND TRANSITIONAL RULES

SEC. 104. (a) Section 4220 and 4221 of title 18, United States Code, shall not apply to any offense for which there is provided a mandatory penalty.

(b) If, by reason of any computation of (1) eligibility for parole, (2) time of entitlement to release on parole, (3) expiration of parole, or (4) parole good time, or by reason of any other circumstances, the application of any amendment made by this title to any individual referred to in section 103(b) is impracticable or does not carry out the purposes of this title, the National Board established under section 4201 of title 18, United States Code, as amended by this title may prescribe such transitional rules and regulations for the application of the amendments made by this title to such individuals as may be fair, equitable, and consistent with the purposes of this title.

(c) Nothing in this title shall apply to, or be construed to change or affect in anyway, any provision of law contained in chapter 314 of title 18, United States Code (relating to narcotic addicts).

AUTHORIZATION OF APPROPRIATIONS

SEC. 105. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

SECTION-BY-SECTION ANALYSIS OF THE PAROLE REORGANIZATION AND REFORM ACT OF 1972

Sec. 101: Amends Chapter 311 of Title 18 as follows:

Section 4201. *Board of Parole; members; terms of office.*

This section establishes the Board of Parole as an independent agency consisting of a nine member "National Board" and four "Regional Boards" of three members each. The Board, whose members are appointed by the President for six-year terms, must be broadly representative of persons who have had extensive experience in corrections, such as former parolees, correctional officers, and behavioral scientists.

Section 4202. *Authority of the Board of Parole.*

This section authorizes individual Board members to take any action which their respective Boards are authorized to take. Regional Boards are given the authority to conduct parole determination and parole revocation hearings.

Section 4203. *Administrative powers of the Board of Parole.*

This section sets out the administrative powers of the Board of Parole, such as the authority to hire personnel, to utilize the services of other agencies, to prescribe necessary rules and regulations, and to enter into contracts. National Board is authorized to request the services of probation officers and "other individuals, organizations, and public or private agencies" to perform duties with respect to parolees. An average caseload limit of 50 is placed on individual probation officers or other caseworkers, thereby ensuring that parolees are given adequate supervision. This section also gives the Board of Parole subpoena power.

Section 4204. *Time of eligibility for release on parole.*

(a) This subsection retains the existing law which states that when a prisoner is serving a definite term of more than 180 days, he shall be eligible for parole after serving one-third of his sentence, or 15 years of a life sentence or of a sentence of over 45 years.

(b)(1) This subsection establishes that any prisoner whose eligibility for release is fixed by the court at the time of sentencing shall be eligible as so provided by the court.

(b)(2) This subsection sets eligibility for parole, in cases where the court has set eligibility date as being "at any time," as being no less than 90 days after the day of imprisonment, or on such earlier date as the Board may determine.

(c) This subsection provides that any prisoner not covered by the above subsections, including any reparolee, shall be eligible for parole within 90 days of his imprisonment.

Section 4205. *Release on Parole.*

This section establishes that the Regional Board shall release a prisoner on parole unless it determines that there is substantial reason to believe that the prisoner will engage in further criminal conduct, or that the prisoner will not conform to such conditions of parole as may be established under section 4212.

Section 4206. *Certain prisoners ineligible for parole.*

This section provides that no prisoner who is ineligible for parole under any other provision of law shall be rendered eligible by the operation of this chapter.

Section 4207. *Factors taken into account in parole determination.*

This section specifically sets out factors which the Regional Board shall take into account in determining whether to release a prisoner. These factors include: the prisoner's family status; his vocational and educational training; his conduct during his term of imprisonment; and the avialability of community resources to assist him.

Section 4208. *Information considered by the Regional Board.*

This section lists the sources of information which the Regional Board shall consider in making the parole determination. These sources include reports prepared by institutional case workers, official reports of the prisoner's prior criminal record, and reports of physical, mental, or psychiatric examinations of the offender.

Section 4209. *Parole determination hearing; time.*

This section requires the Regional Board to hold parole determination hearings with at least one Regional Board member present. The hearing is to be held no later than 60 days prior to the date on which the prisoner becomes eligible for parole. This section also provides that if parole is denied at the initial hearing, a second hearing must be held within two years. If release is denied at the second hearing, subsequent hearings must be held at least every two years.

Section 4210. *Setting release date.*

This section establishes that the Regional Board must set a release date within one year following the parole release determination.

Section 4211. *Procedure of parole determination.*

This section sets out the procedural requirements of a parole determination hearing, as follows:

(a) written notice of time and place of hearing;

(b) availability of any file or report or other document to be used by the Regional Board;

(c) consultation by the prisoner with any person prior to the hearing;

(d) representation by an attorney, or other qualified person;

(e) personal appearance and testimony by the prisoner;

(f) maintenance of full and complete record;

(g) inform the prisoner within 14 days of the determination; and, if he is denied, the Regional Board must formally notify him of the particular grounds for the determination.

Section 4212. *Conditions of Parole.*

(a) This subsection provides that the Regional Board shall impose such conditions of parole "as it deems reasonably necessary to insure that the parolle will lead a lawabiding life or to assist him in doing so." In addition, the Regional Board may require that the parolee be assigned to either a Federal, State or private residential community treatment center.

(b) This subsection sets forth considerations the Regional Board shall make in imposing conditions of parole, such as making the conditions sufficiently specific to serve as a guide to supervision and conduct.

(c) This subsection requires that the parolee be given a certificate setting forth the conditions of his parole.

Section 4213. *Period of Parole.*

This section provides that the period of parole shall end upon the expiration of the maximum term for which the parolee was sentenced, reduced by good time parole deductions.

At the discretion of the sentencing authority, the parole period may run concurrently with any period of imprisonment, parole, or probation under any other Federal, State, or local sentence. In the case of a parolee who has intentionally failed or refused to respond to any order, request, or warrant of the Board of Parole, the period of time to be served on parole shall be extended for such period as the parolee so refused or failed to respond.

Section 4214. *Parole good time.*

This section authorizes reduction in parole for those who observe all the conditions of their parole, and establishes a schedule for parole reduction. It further provides that good time may be forfeited or withheld only if the Regional Board finds a condition violation after a hearing. The Regional Board is authorized to restore any good time which has been forfeited.

Section 4215. *Discharge from parole.*

(a) This subsection provides that the Board of Parole may terminate parole or alter the parole conditions of any parolee who has served one year of parole.

(b) This subsection requires the automatic termination of parole at the expiration of the period of time to be served on parole.

(c) This subsection requires that the Board of Parole issue a certificate of termination.

Section 4216. *Aliens.*

This section provides that alien prisoners, subject to deportation, may be deported as a condition of parole.

Section 4217. *Time for revocation of parole; period of reimprisonment; retaking parolee.*

(a) This subsection provides that the Regional Board may revoke parole under section 4218(e) or (f) at any time prior to the expiration of the parole period unless a request for postponement is approved.

(b) This subsection stipulates that no parole revocation order issued under section 4218(e) or (f) shall apply for any period longer than the period of time to be served on parole unless there was a postponement.

(c) This subsection authorizes the Regional Board to issue warrants or orders when any parolee is believed to have violated a condition of his parole.

(d) This subsection requires the approval of at least two members of the Regional Board for the issuance of a warrant.

(e) This subsection authorizes any Federal officer who is empowered to serve criminal process to execute such a warrant.

(f) This subsection provides for a preliminary hearing, and authorizes imprisonment only after a Regional Board determination of substantial reason to believe that the parolee will not appear for his parole revocation hearing.

Section 4218. *Parole revocation hearing.*

(a) This subsection provides for a parole revocation hearing for those whose parole is being revoked for a non-criminal violation of their parole conditions.

(b) This subsection allows necessary modification of the conditions of parole when a revocation hearing is pending.

(c) This subsection sets forth the revocation notification procedure. Written notice is required.

(d) This subsection sets forth hearing procedures, such as representation by an attorney, discovery, subpena power for the parolee, and maintenance of a full record of the hearing.

(e) This subsection enumerates the sanctions which the Regional Board may impose on a parolee when it finds substantial reason to believe he has violated a condition of his parole. The Regional Board is required to inform the parolee of the reasons for their finding.

(f) This subsection provides that when a parolee is charged with a criminal offense no hearing need be held. Conviction shall constitute prima facie evidence of the violation of the conditions of parole.

Section 4219. *Appeals to the National Board.*

(a) This subsection provides a written appeal procedure for those whose parole is revoked and who are subject to an order for loss of good time or for assignment to a community treatment center. The appeal provided by this section is to be considered by no less than five members of the National Board.

(b) This subsection provides for a written appeal procedure for those prisoners who are denied release under section 4205, those who receive conditions of parole under section 4212, or those whose parole is revoked and an order is issued under section 4219(e)(3). Both subsections require that the National Board shall inform the prisoner or parolee of its decision and the reasons therefor in writing.

Section 4220. *Fixing eligibility for parole at time of sentencing.*

(a) This subsection sets forth the alternatives a sentencing court may use in fixing time of eligibility for parole.

(b) This subsection allows the commitment of a defendant for three months for pre-sentence study.

(c) This subsection stipulates that all prisoners be studied upon commitment and that a report be furnished to the Board of Parole. This report would include the prisoner's history and other such factors and recommendations as may be considered pertinent. It further empowers the Board of Parole to require information concerning the prisoner from Government bureaus and agencies.

Section 4221. *Young adult offenders.*

This section retains the present law regarding sentencing of youth offenders under the Youth Corrections Act.

Section 4222. *Warrants to retake Canal Zone violators.*

This section sets out procedures for the issuance and execution of warrants to retake Canal Zone parole violators.

Section 4223. *Report.*

This section requires that the Board of Parole investigate parole services and report annually to Congress its recommendations for reforming services.

Section 4224. *Definitions.*

This section sets forth definitions of terms used in this chapter.

Section 102. *Conforming amendments.*

The only substantive change appears in subsection (2), which amends the Criminal Justice Act to provide for appointment of attorneys not only at parole revocation hearings, but also at release hearings.

Section 103. *Effective date of title.*

This section provides generally that the bill shall take effect 180 days after enactment.

Section 104. *Savings provisions and transitional rules.*

This section provides that whenever the application of the effective date provisions is impracticable, the National Board can prescribe necessary and equitable rules and regulations. The bill does not apply to the Narcotics Addict Rehabilitation Act.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 2567

At the request of Mr. HRUSKA, the Senator from Delaware (Mr. BOGGS) was added as a cosponsor of S. 2567, a bill to facilitate prosecutions for certain crimes

committed aboard aircraft, and for other purposes.

S. 3926

At the request of Mr. TUNNEY, the Senator from Florida (Mr. CHILES) and the Senator from Minnesota (Mr. MONDALE) were added as cosponsors of S. 3926, a bill to provide new programs for the aging through the establishment of the National Senior Service Corps, and for other purposes.

SENATE CONCURRENT RESOLUTION 95—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO A MORATORIUM UPON CERTAIN FOREIGN FISHERIES OPERATIONS

(Referred to the Committee on Commerce.)

Mr. STEVENS. Mr. President, on August 3, 1972, the United States tabled several draft articles before the United Nations Law of the Sea Conference. Article III dealt with fisheries. The United States position on this draft article has subsequently been modified to some extent. However, the basic concept, under which fish resources are divided into three categories—high seas, anadromous, and coastal—has remained basically the same. This classification was proposed by the National Federation of Fishermen. That group has taken the lead in the formulation of this country's policy concerning the international conservation of fish resources and was the pioneer in the formulation of America's position on this.

The National Federation of Fishermen at their meeting in San Francisco on June 9 and 10, 1971, recommended the division of marine fish resources into three categories: coastal, oceanic, and anadromous. The coastal species—which may be benthic, demersal, or pelagic—are those which generally inhabit the waters closely adjacent to the major land masses or islands of the world. Oceanic species are those that inhabit the vast open spaces of the oceans of the world. Their ranges extend across the ocean, and the same oceanic species are frequently found in all oceans of the world.

Anadromous species are those which spawn in the rivers and lakes of major land masses and whose young migrate into the open ocean areas to feed and mature before returning to their country of origin. Of these three main species, the coastal is the most important to most nations because of its accessability and close proximity to land. Most of the world's fish catches are still taken in areas over the Continental Shelf and slope. These are the truly rich marine areas of the world. Coastal waters, which represent but 14 percent of the ocean's surface area, contribute more than 90 percent of the world's production of fish. Because the coastal species are the most productive and the most easily accessible, they are also our most valuable resources.

To illustrate the importance of fisheries as a protein food, statistics show that more than two-thirds of all meats and milk are consumed by less than 600 million people; however, over 1½ billion human beings depend upon aquatic food for more than half of their daily animal protein. More and more nations are coming to turn with ever-increasing frequency to the sea for their livelihood. While this Nation is not yet mainly dependent upon its sea resources, we, too, undoubtedly will become moreso in the future. Because this is the case, our coastal species will assume an ever-more important role.

As a result of the recognition of this fact, the National Federation of Fishermen published a historic position paper on United States and world fisheries. This was reaffirmed at their San Francisco meeting in June of 1971. I request unanimous consent that this position paper be printed in the CONGRESSIONAL RECORD at the end of my remarks as exhibit A.

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

Mr. STEVENS. Mr. President, that proposal by the National Federation of Fishermen would require that coastal nations shall have the ownership of all coastal species as defined in that document. However, when stocks of fish are underharvested by the coastal nation, provisions must be made for harvesting by other nations subject to licensing and control by the coastal state. Anadromous fish shall be the property of the coastal nation of origin. No nation may harvest anadromous species without the express consent and approval of that country. When anadromous fish inhabit and are harvestable in the territorial waters of another country, both nations must work out harvesting rules. High seas species must be subjected to the conservation and management of multinational groups consisting of the harvesting countries and also countries whose coasts border the distribution of such fish stocks.

Under the National Federation of Fishermen's plan, species classified as coastal might include, but not be limited to, all shellfish species resident of the continental shelf, halibut, all flat fish species, rockfishes, cod species, herring, anchovy, anchovetta, black cod, hake, and so forth. Anadromous species would include but not be limited to all salmon, all trout and char, chad, sturgeon, and so forth. High seas or pelagic fish would include tuna, sauries, and so forth.

On August 3, 1971, the United States tabled a draft article III on this subject to the United Nations Committee on the Peaceful Uses of the Seabed and the Ocean Floor Beyond the Limits of National Jurisdiction, Subcommittee II. This draft article contained many defects; however, it did incorporate the three-tiered approach advocated by the National Federation of Fishermen.

On March 29, 1972, Ambassador Donald L. McKernan of the United States presented an historic statement to Subcommittee II of the same United Nations Committee setting forth in great detail the U.S. recommendation that the Committee adopt the National Federation of Fishermen's three-tiered stance. This major statement of American policy significantly modified the earlier draft article III. I request unanimous consent that Ambassador McKernan's historic March 29 statement be inserted in the CONGRESSIONAL RECORD at the end of my remarks as exhibit B.

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

Mr. STEVENS. Mr. President, this remains this country's official position. At various times portions of it were explained, either to congressional committees or in other important speeches. The Honorable HASTINGS KEITH of Massachusetts inserted Mr. Stevenson's testimony before his subcommittee in the CONGRESSIONAL RECORD last June. For those of my colleagues and the general public who are particularly interested in following the historical background, I refer them to pages 20558–59 of the CONGRESSIONAL RECORD of June 12, 1972; page 20703 of the June 13 CONGRESSIONAL RECORD; and pages 20970–71 of the June 14 CONGRESSIONAL RECORD. In addition, I recommend the remarks of the Honorable THOMAS pages 20970–71 of the June 14 CONGRESSIONAL RECORD insert by the Honorable DON H. CLAUSEN, at pages 26338–41 of the August 1 CONGRESSIONAL RECORD.

As a final chapter in the evolution of the U.S. position on fisheries thus far, on August 4, 1972, at the meeting of the Committee in Geneva, Switzerland, Ambassador McKernan presented a revised draft fisheries article. This revised draft article is a substantial improvement over the previous submission. It incorporates and refines many of the ideas mentioned in his March 29 speech. The United States has come a long way since the National Federation of Fishermen first proposed this landmark idea. I request unanimous consent that the August 4 draft fisheries article and Ambassador McKernan's introductory comments be inserted at the end of my remarks in the CONGRESSIONAL RECORD as exhibit C.

The PRESIDING OFFICER. Without objection, it so ordered.

Mr. STEVENS. Mr. President, however, as improved as the draft article submitted by the State Department is, much yet remains to be done. The Law of the Sea Conference still must be authorized by the United Nations General Assembly this fall. More importantly, while this is just a formality, the activities at the convention itself may prove frustrating. Even agreement on an agenda may be impossible to reach. And, in the meantime, our coastal stocks and species and our anadromous species may severely suffer. Already they are becoming rapidly depleted. Foreign fishing incursions are commonplace. Sightings are too numerous to mention. Fish loss and wastage, gear losses, and violations of international fishery conventions are still commonplace. The fishermen of America are extremely concerned and rightfully so.

We look back on the United Nations Deep Seabed Committee which, during 1971, at its major session did virtually nothing. The developing countries promptly tore apart the United States' draft Seabed Convention. Congressman PELLY described the March preparations for the 1973 Law of the Sea Conference as a "Tower of Babel." At that March 1972 session, the 91 nations present could not even agree on a draft agenda. Even the working group to whom fell the privilege of drafting a provisional agenda broke up in complete disarray.

The problems will be immense at the

1973 Conference. Procedural and substantive problems may, as I have indicated, quite possibly preclude any meaningful achievements.

As many of my colleagues well know, the State Department has been subjected to intense pressure from within this country as well as from other nations abroad. Many who support a strong Navy have, in effect, sacrificed our fishery industry for the right of free passage.

In its attempts to be fair and to advance the best interests of this country, the State Department has been put to the test. Nobody has been totally satisfied. But I think all parties would agree that theirs has been a virtually impossible task.

However, until the Law of the Sea Conference actually convenes, our coastal and anadromous species will continue to be threatened with extinction. And I do not use this term lightly. Under the U.S. position, the coastal nation shall control and conserve and manage the conservation of our coastal species. I believe it is most important that we commence on this conservation of our coastal species immediately. We cannot wait for June of 1973. I am, therefore, today introducing a Senate concurrent resolution requesting the President to impose a unilateral moratorium on foreign fishing of American coastal species.

This resolution was suggested to me by the National Federation of Fishermen. I ask unanimous consent to have printed in the CONGRESSIONAL RECORD their letter to me of June 6 requesting such a moratorium. I would also like to insert their resolution on this subject which was adopted at their February 5, 1972, meeting. These I would like to designate as exhibit D and ask unanimous consent to have printed at the end of my remarks in the RECORD.

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

Mr. STEVENS. Mr. President, I also ask unanimous consent to save printed in the RECORD an article from the Southeast Alaska Empire, Thursday, June 8, 1972, edition, page 1, explaining the AFF's campaign. This is exhibit E.

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

Mr. STEVENS. Mr. President, the Pacific Marine Fisheries Commission in its 23d annual report published in May 1972 published a resolution which was adopted at the 1970 annual meeting to extend the fishery jurisdiction of the United States. At its November 18, 1971, annual meeting, the Pacific Marine Fisheries Commission supported the three-tiered management concept. It adopted a resolution to this effect. Recently on February 15, 1972, the advocates television program presented a debate on extension of U.S. jurisdiction over fishing rights to 200 miles offshore—80.4 percent agreed that our jurisdiction should be so extended. Moreover a resolution to this effect was adopted at the annual Fishermen's Forum at Point Judith, R.I. on January 26, 1972. Articles on these four items appeared in the SFI Bulletin No. 237 of August 1972. I ask unanimous consent that the first two resolutions be inserted at the end of my remarks in the CONGRESSIONAL RECORD and labeled as exhibit F.

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

Mr. STEVENS. Mr. President, finally, I request that my proposed concurrent resolution be inserted in its entirety in the CONGRESSIONAL RECORD at the end of my other exhibits and labeled Exhibit G.

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

Mr. STEVENS. Mr. President, because this resolution is of such importance, I request that it be given early consideration by my colleagues.

EXHIBIT A

NATIONAL FEDERATION OF FISHERMEN'S POSITION ON U.S. AND WORLD FISHERIES

I. COASTAL SPECIES

Coastal nations shall have the ownership of all the fish and shellfish resources which live on or above or are dependent upon the Continental Shelf and slope adjacent to the coastal nation and/or the waters above the shelf and slope for reproduction and/or survival during the major part of their life.

When stocks of fish are underharvested by the coastal nation to which they belong, provisions shall be made for harvesting by other nations subject to licensing and control by the coastal nation.

II. ANADROMOUS SPECIES

Anadromous fish shall be the property of the coastal nation of origin. No nation shall harvest anadromous species of fish without express consent and approval of country of origin. Where anadromous fish is habitating and is harvestable in territorial waters of a country other than the country of origin, it shall be mandatory upon the nations involved to work out harvesting rules consistent with conservation with due regard to the rights of each nation to its proper share of the allowable catch.

III. HIGH SEAS SPECIES

All species of fish not included in paragraphs I and II and, in particular, fish of oceanic origin and habitat, shall not be subject to ownership and control by the coastal nation. The conservation and management of such species shall be the responsibility of multi-national control to be exercised jointly by the harvesting countries and by countries whose coast borders the distribution of such fish stocks.

EXHIBIT B

STATEMENT BY THE HONORABLE DONALD L. MCKERNAN, ALTERNATE U.S. REPRESENTATIVE TO THE COMMITTEE ON THE PEACEFUL USES OF THE SEABED AND THE OCEAN FLOOR BEYOND THE LIMITS OF NATIONAL JURISDICTION

SUBCOMMITTEE II, *March 29, 1972.*

MR. CHAIRMAN: During our last session in Geneva, the United States Delegation submitted a draft article on fisheries to accompany our draft articles on the breadth of the territorial sea and free transit through and over straits. That article was based on a species approach, that is, on the principle that the management and harvesting of fisheries should be governed by the biological distribution and migration of fish stocks, rather than by arbitrary jurisdictional boundaries. It was because we felt that the reality of how fish breed, live and die imposed its own patterns upon us that we proposed this approach to the regulation of fisheries.

We looked to the establishment of international or regional organizations to assure the conservation and equitable allocation of particular species or groups of species. These organizations, to which participation would be open on a non-discriminatory basis, were to adopt conservation measures which would assure the maximum sustainable yield. The organizations were to gather information and, on the basis of that information, determine the allowable catch and develop sound conservation regulations.

In recognition of the problem of protecting the economic interests of coastal States in coastal and anadromous fish stocks harvested on the high seas, our proposal required the management organization to apply a rule that would give preferential treatment to the fishermen of the coastal State. This rule of allocation was based on the actual fishing capacity of the coastal State, and it represented our response to the expressions of developing countries to us that they desire to expand their fishing industry in the future. Under this proposed rule of allocation, the coastal State preference over coastal and anadromous fish stocks would expand along with its capacity to fish. In this connection, we expressed the view that reasonable arrangements regarding traditional fisheries of distant water states in areas adjacent to coastal States should be included in an ultimate treaty. Because we share the concern of the world community that the production of protein from the sea should not be reduced, we also proposed that a coastal State should not have the power to prevent or encumber fishing by other nations for portions of the stock that are not allocated to the coastal State.

Our article on fisheries dealt with the possibility that the States concerned with a particular fishery might be unable to arrive at an agreement establishing a regional organization, or might think such an organization unnecessary. The draft article proposed that in either case, the coastal State would be empowered to set up its own regulatory system after it had laid the scheme before other states participating in the fishery and had failed to reach agreement with them. We favored the international regulation of fisheries, but if that failed, the coastal State would have that responsibility. We hoped that these provisions dealing with failure to agree would not have to be employed after the new treaty had been in effect for some time.

We exempted highly migratory oceanic stocks from the provision for coastal State regulation and preferences. Major difficulties stood in the way of implementing coastal State control or preference for the large number of nations off the coasts of which such species may appear during a short period of the year.

THE SPECIES APPROACH

We continue to be persuaded that the species approach is the soundest way of managing fish stocks to maximize yield. We understand quite well what some delegations have recently noted—that maximum yield is only one of the objectives of fisheries management. We understand that second, equally important purpose for which a legal regime is to be created, is the equitable allocation of the yield among participating nations. Our view is that both purposes dictate the adoption of the species approach.

Regulation of only a portion of the fishing for a stock is ineffective. Accordingly, whatever conservation regime is applied to obtain maximum yield from a stock should be applied to the entire area in which the stock is fished. Indeed, regulation of only a portion of the fishing effort, which would result if the conservation regime were applied in an arbitrary zone not related to the distribution of the stock, could be counterproductive, since the result is that fishermen in one area would be penalized, to no good end, while fishermen in other areas would be unregulated.

It may be less obvious, but it is no less true, that for the purpose of equitable allocation of the yield, the regime should also

apply to the entire area in which the stock is fished. A preference for coastal State fishermen would have little meaning if a large part of the stock could be caught by other fishermen without regard to the preference in waters outside the area in which the preference rule applies. That would likely be the case if the preference rule were to be applied in an arbitrary zone not related to the distribution and migratory habits of the stock.

Thus, for both purposes—biological and economic—the management regime should apply to the entire range of the fish stock involved. Neither purpose requires application of the regime to waters beyond the range of the fish stock. If it is not necessary to apply the regime, then we think it wrong to do so because our common purpose here is to create only necessary limitations on the use of seas. In virtually all cases, an arbitrary zone will be either too narrow, and thus fail to achieve the objective which is sought, or too broad, and thus impose unnecessary and unwanted limitations on the use of the seas.

HIGHLY MIGRATORY OCEANIC SPECIES

It continues to be our view that highly migratory oceanic species can be managed effectively only through international organizations. Many of these species migrate widely through the world's oceans. For example, as shown on charts 2.5 and 2.6 of the FAO *Atlas of the Living Resources of the Seas* (FAO Fishery Circular No. 126-Rev. 1), tuna and tuna-like fish are to be found throughout the major temperate and tropical oceans of the world. They are, above all, highly mobile.

In the Pacific Ocean, the northern bluefin and albacore migrate between the coasts of North America and Asia. Skipjack and yellow fin undertake extensive migrations; the former are transoceanic in their migrations, the latter travel between the coastal waters of the eastern Pacific and the central Pacific.

In the Atlantic, bluefin tuna travel between the Bay of Biscay, the Mediterranean, and the waters of the Gulf Stream off North America.

The southern bluefin tuna, found only in the southern hemisphere, migrate from spawning areas around Australia to the Atlantic, Pacific and Indian Oceans—a truly circumpolar movement.

The breeding and nursery grounds of the tunas, as well as other oceanic species, cover vast areas of the oceans well beyond the capability of any single coastal state to control them or their environment. In fact, at no stage in the life history of oceanic species can a single coastal State exert a significant influence on the well-being of such fish populations.

Tuna are already the object of effective international management arrangements. The Inter-American Tropical Tuna Commission and the International Commission for the Conservation of Atlantic Tunas deal with the establishment of controls on the harvesting of tuna and related species. The Indian Ocean Commission has the tunas of those waters under study. Within the scientific community, the 22-year old program of the Inter-American Tropical Tuna Commission is recognized as one of the world's most successful fishery management efforts.

If jurisdiction to manage and conserve these species were to be delegated to coastal States, the best that could be hoped for would be piecemeal management programs in which each coastal State would regulate particular stocks that are within its jurisdiction for only a short part of each year, and only during certain phases of the life cycle of the fish. At other times, when the stock was in mid-ocean, another regulatory mechanism would presumably apply. This fragmented approach to the problem would make meaningful conservation impossible.

This Subcommittee should also consider that as a number of countries—developing and developed—have learned from experience a substantial economic fishery for tuna generally requires the operation of a mobile fleet because of the migratory nature of the stocks. Thus, the very migration of these species provides a basis for accommodating the economic interests of distant water and coastal fishing States in a manner that does not—in any practical sense—affect the development of coastal fisheries.

COASTAL AND ANADROMOUS SPECIES

We followed with closest attention the views on fisheries presented by some fifty other delegations at our session last summer. We have been listening to opinions expressed both privately and publicly since that time. We agree with the distinguished representative of France that the Canadian statement on fisheries made at this session is a particularly helpful contribution to the Subcommittee's work.

What we have learned about the concerns of other States has led us to reconsider our own initial position on fisheries in response, in particular, to the economic and social needs of coastal States.

Within the framework of the species approach, and in respect to two types of fish stocks, coastal and anadromous, we are prepared to consider a greater role for coastal States. We appreciate the particular economic and social interests of coastal States in coastal fisheries and the need to take prompt and effective action to ensure the management and conservation of such stocks. These coastal stocks are generally not far-ranging. They are resident species which remain within the capabilities of the coastal State to study and manage. These are the stocks upon which the coastal State often has a substantial economic dependence because of the inability of its relatively small vessels to move on to distant fishing grounds if local stocks become depleted.

The Canadian delegation has expressed its view that the coastal State has a particular interest in anadromous fish, such as salmon. We agree. These fish are spawned in the fresh water of streams within coastal States and then migrate to the sea. They return to their streams of origin in the coastal State to spawn. Chart 2.4 of the FAO *Atlas of the Living Resources of the Seas*, previously referred to, displays the migration pattern of North Pacific Salmon.

The Canadian delegation also pointed out that anadromous species can be properly managed and full utilized only if the fish are harvested in or near the rivers of origin and that coastal States should regulate fish bred in their own rivers. Only there have the fish realized their maximum growth potential. Only there have individual spawning stocks begun to sort themselves out as they approach their river of origin. Only there can management measures be applied to each genetically unique stock on the basis of stock size in relation to the number of spawners required to assure optimum spawning and, in following years, to assure optimum yields to the fishery.

The fate of entire populations of anadromous fish rests in the continuation of restrictions placed by the coastal State on competing uses of its own rivers and lakes. The coastal State must make costly investments both for the maintenance of the quality of the fresh water environment and for conservation measures, often at the expense of its own fishermen. If these stocks are subject to substantial exploitation during the oceanic phase of their life history, the coastal State of origin will be hard pressed to justify continued investment in the environment and conservation of the stocks, or to prevent competing uses of the river environment, which are detrimental to the survival of salmon, if the end result is to support a resource for others—if indeed the resource can be perpetuated.

For these reasons we are ready to consider whether responsibility for conservation and management of coastal and anadromous species could rest primarily with the coastal State, subject to agreed international standards and review. However, it continues to be our view that if States concerned with a particular species of fish desire to work through an international or a regional organization, they should be encouraged to do so and that their joint management of the stock should be facilitated.

Specifically, we are prepared to consider whether clear regulatory authority could be vested in the coastal State with respect to coastal species adjacent to the state's coast and anadromous species throughout their migratory range on the high seas. This could include, in our view, a right of the coastal State to assess a reasonable management fee on foreign fishing vessels, in accordance with the criteria set forth in the treaty, without discrimination among such foreign fishermen. In the case of lateral migrations of these stocks from the waters off one State to coastal waters off an adjacent State, it would be necessary for the countries involved to arrive at agreements for the management and allocation of the catch from that stock. Nondiscriminatory access to coastal stocks on the part of distant water fishermen should not preclude reciprocal and other special arrangements among States in a region.

At this point, I would like to correct a misunderstanding which seems to have emerged regarding our views on traditional fishing for coastal and anadromous species. Our draft article of August, 1971 may appear to contain a contradiction in that the article contains a preference for the coastal State based on its capacity to harvest, but also contemplates the continuation of distant water fishing. What we sought to indicate was that the extent to which the coastal State preference should diminish traditional distant water fishing—or put another way, the extent to which the traditional distant water fishery should limit the coastal State preference—is a matter to be negotiated between the coastal States and distant water fishing States in this Subcommittee and in the Conference. We would contemplate that the agreement produced at the Conference would establish criteria for settling this matter. In this connection, we believe there is a broad range of negotiable formulae that might serve as a basis for agreement at the Conference and that would take into account short-term and long-term economic needs of both the coastal and distant water fishing States involved. Finally, I would like to emphasize that the problem of reconciling traditional fishing interests with an expanding coastal State fishery is not unique to the species approach, but would have to be addressed in connection with any fishery regime.

It will also be recalled that in presenting our draft fisheries article, we stressed the need for compulsory settlement of fisheries disputes in a special commission. We remain strongly committed to this view. However, other States have drawn attention to the fact that a stock of fish may be in danger if the implementation of coastal State conservation regulations can be suspended by the Commission while a matter is being arbitrated. At the same time, distant water fishing States should be afforded protection against the imposition of substantial and unnecessary economic harm. On balance, recognizing the potential for long-term damage to the resource if timely measures are not taken, as well as the economic concern of the distant water fishing States, we are prepared to consider appropriate limitations on the power of a Commission to suspend the implementation of those coastal State regulations dealing with conservation matters during the period in which the dispute is being arbitrated.

A number of countries have stressed the need for expert assistance in designing and carrying out fishery management programs. Accordingly, we suggest that the Subcommittee consider the establishment of an international register of fisheries experts to assist countries at their request. This arrangement could be financed in a number of ways, including, for example, the allocation of a percentage of the management fee collected by coastal States. These measures could provide developing coastal States with the expertise whereby they themselves might effectively exercise their responsibilities for managing coastal and anadromous species under the arrangements that we have just outlined.

We wish to stress that we are addressing the content of an ultimate agreement on fishing as part of an agreed overall law of the sea settlement at the Conference that protects other uses of the high seas, including navigation. Our opposition to unilateral claims of fisheries jurisdiction beyond the recognized 12-mile fisheries zone and other unilateral assertions of jurisdiction over ocean space is unchanged, both on legal grounds and because such action inherently fails to reflect the international nature of the problems involved. Experience has taught us that unilateral action cannot adequately accommodate the divergent interests of States in the ocean, but, on the contrary leads inevitably to conflict between States as they insist upon pursuing actions that best serve their narrow national interests. For this reason, we believe it is essential that serious attempts be made to solve these problems multilaterally in a timely and constructive manner that reflects and seeks to harmonize the divergent interests involved.

SUMMARY

So that there may be no doubt about the broad pattern of the regulatory system we are prepared to consider, let me put the matter in summary form:

The world can best bring about effective management of the living resources of the sea and secure the maximum yield from the living resources of the ocean through a species approach to fisheries management, rather than through the establishment of artificial national jurisdictional boundaries.

Overall three-quarters of the world's marine fish catch is composed of coastal and anadromous species. Effective management and conservation of these species may be provided by granting coastal States clear and effective control over all such species, in the context of protecting other uses of the high seas. This concept includes inspection and arrest authority. The control exercised by the coastal States would follow such stocks as far offshore as the stock ranges. The coastal State could reserve to itself that portion of the allowable catch that it could utilize. The remaining portion of the allowable catch would be open to harvest on a nondiscriminatory basis by fishermen of other nations but would be subject to the coastal State's nondiscriminatory conservation measures, and reasonable management fees fixed in accordance with an international standard. The extent to which the coastal State preference should diminish traditional distant water fisheries—or vice versa—would be dealt with under a reasonable compromise provision in the treaty. We are opposed to the creation of a zone of exclusive coastal State jurisdiction beyond 12-miles.

On the other hand, oceanic fish stocks must be regulated by quite different arrangements, which are dictated by the migratory characteristics of these fish. These fisheries would be managed by competent international organizations, in which all fishing and interested coastal States could participate.

The treaty would contain agreed international standards and provisions for the compulsory settlement of disputes.

My delegation hopes that, with the interventions that have been made by other delegations, our suggestions will make it possible for this Subcommittee to move rapidly into the negotiating phase of our work. It is there that our real task lies.

Now, Mr. Chairman, I should like to briefly touch on the Canadian suggestion concerning a technical conference of experts on fisheries. While we are appreciative of the reasons given by the Canadian representative in suggesting the consideration of such a technical conference it is our view that this Subcommittee is the proper forum for work on this matter. Indeed, it is our belief that this Subcommittee's awareness of the problems of fisheries management was evidenced by the many interventions on that subject. With the comprehensive background documentation already furnished by the FAO and such supplementary information as may be requested of them for our next session, we proposed that, in lieu of such a technical conference, a working group on fisheries be established now and that it be directed to meet immediately prior to the forthcoming Geneva session in order to enhance the chances for substantial progress at that meeting. We urge that participating delegations include fishery experts.

Finally, Mr. Chairman, we suggest that the FAO be asked to prepare supplementary technical background information for the next session of the Subcommittee, including:

(a) Various ways to establish the allowable catch and its apportionment;

(b) The extent of present cooperation between countries in the field of research of the living resources of the seas;

(c) Determination of the extent and nature of the intermingling of various species of fish.

(d) Determination of stocks located in areas off the coasts of two or more neighboring coastal States.

Thank you, Mr. Chairman.

EXHIBIT C

STATEMENT BY THE HONORABLE DONALD L. MCKERNAN, ALTERNATE U.S. REPRESENTATIVE TO THE COMMITTEE ON THE PEACEFUL USES OF THE SEABED AND THE OCEAN FLOOR BEYOND THE LIMITS OF NATIONAL JURISDICTION

MR. CHAIRMAN: You will recall that in our March 29 presentation to this Subcommittee, I indicated a willingness on the part of my Delegation to consider several modifications to our original draft fisheries article. We have today submitted a revised fishery article which incorporates these modifications as another step in seeking a widely agreeable solution to the fisheries problems confronting the Subcommittee.

Our views on this vital and perhaps pivotal element of the negotiations before us have changed since we introduced our original draft one year ago. This change occurred as we listened to the statements of other representatives in this forum, participated in many frank consultations with other delegations, and diligently tried to accommodate our fisheries interests and those of other interested States.

We remain committed to the concept that both sound conservation and rational utilization must be linked directly to the biology and distribution of the living marine resources involved. Hence, our revised proposal not only continues to recognize, but indeed reemphasizes, the "species approach."

Our draft article of August 1971 relied heavily on international and regional organizations to implement the fishery regime we proposed. We continue to believe that such organizations will have a vital role in the future and our new article recognizes this role in both the conservation and utilization aspects of fisheries.

We have, however, also been persuaded by the compelling arguments, expressed so often in this Subcommittee, that the coastal state should have the right to regulate the fish stocks inhabiting the coastal waters off its shores as well as its anadromous resources. We also believe that inherent in this right of the coastal state would be a strong preference to the utilization of such stocks. Those are the particular resources upon which its coastal fishermen must rely for their livelihood and upon which its people rely for a substantial part of their nutritional requirements. Accordingly, our revised article would grant to the coastal state the authority necessary to regulate such stocks, to the limits of their range, as well as a right to reserve to itself all of the available catch its vessels are capable of harvesting. To assure that such authority is not misused, we further propose that the coastal state should have the obligation to notify, and consult with, other affected states prior to implementing any new regulatory measures.

With an ever increasing reliance on the sea to satisfy the world-wide demand for protein, a basic objective of any regime agreed upon in this forum must be to assure that all fish stocks are available for man's use. Therefore, a fundamental principle of our article is that of maximum utilization in which that portion of any stock which is not being utilized by local fishermen must be available to others. This provision will in no way prejudice the fishing interests of the coastal state, for it may reserve to its own use all of that particular resource it can catch; it simply insures that the living riches of the oceans will not be wasted.

The coastal State preference; though of highest priority, should be applied in a manner that takes account of the traditional fisheries of other nations and tries to minimize the immediate economic effect on them. In this regard, we have suggested that the particular formula for allocating the allowable catch between coastal state and traditional distant water fisheries should be negotiated within this Subcommittee.

When neighboring states, including those that are land-locked or otherwise limited in their access to living marine resources, find it to their mutual benefit to enter into reciprocal regional arrangements in order to more equitably share in the harvest of coastal resources inhabiting the waters near their shores, we believe that they should have the right to do so. We have, therefore, proposed that there could be an allocation from that portion of the allowable catch remaining after provision for the coastal state and traditional fisheries, pursuant to such regional arrangements.

We remain firmly convinced that the highly migratory and truly oceanic species can only be properly regulated through international organizations because of their ocean-wide distribution and vast migrations, the temporary nature of their presence in the waters off any single state, and the well demonstrated economic fact that a viable fishery for such species must also be far ranging.

Our draft also recognizes the concern of many states that any fishery regime adopted must provide realistic enforcement procedures to assure that regulatory measures are complied with. In this regard, we propose, for those fisheries under coastal state jurisdiction, not only coastal state inspection and arrest, but trial and punishment of the offending vessel as well, if the flag state has not established procedures of its own requiring compliance with legitimate coastal state regulations. Our draft also incorporates enforcement procedures and regulatory provisions that would strengthen the effectiveness of international organizations.

We remain firm in our belief that any fishery regime should contain provisions for the peaceful settlement of disputes. Our article contains such a standard. On the other hand, this provision should not present an obstacle to the timely application of con-

servation measures—hence, we have also suggested that the conservation regulations promulgated by a coastal state should remain in force pending the outcome of any dispute settlement procedure.

Finally, Mr. Chairman, we recognize that the rational management of fisheries requires money and technical expertise. We have provided for a reasonable fee, to be charged those States which harvest a resource under regulation by a coastal State, to help defray those costs, and for a register of experts who would be available to assist the coastal State in formulating effective conservation programs.

In closing, Mr. Chairman, I respectfully urge all delegations to study our proposal carefully, for we believe that it is a reasonable approach which accommodates the desires and needs of most states. My delegation is anxious to discuss the content of this draft and to that and we propose once more that a working group on fisheries be established immediately by this Subcommittee.

Thank you, Mr. Chairman.

U.S. REVISED DRAFT FISHERIES ARTICLE

AUGUST 4, 1972.

REGULATORY AUTHORITY

I. Authority to regulate the living resources of the high seas shall be determined by their biological characteristics and such authority shall be exercised so as to assure their conservation, maximum utilization and equitable allocation.

II. Coastal and anadromous living resources:

The coastal state shall regulate and have preferential rights to all coastal living resources off its coast beyond the territorial sea to the limits of their migratory range. The coastal state in whose fresh or estuarine waters anadromous resources (e.g., salmon) spawn shall have authority to regulate and have preferential rights to such resources beyond the territorial sea through out their migratory range on the high seas (without regard to whether or not they are off the coast of said state).

A. The term "coastal resource" refers to all living resources off the coast of a coastal state except the highly migratory species listed in Annex A [annex A not attached], and anadromous resources.

B. The coastal state may annually reserve to its flag vessels, in accordance with this article, that portion of such coastal and anadromous resources as they can harvest.

C. Such coastal and anadromous resources which are located in or migrate through waters adjacent to more than one coastal state shall be regulated by agreement among such states.

III. Highly migratory oceanic resources:

The highly migratory oceanic resources listed in Annex A shall be regulated by appropriate international fishery organizations.

A. Any coastal state party, or other state party whose flag vessels harvest or intend to harvest a regulated resource, shall have an equal right to participate in such organizations.

B. No state party whose flag vessels harvest a regulated resource may refuse to cooperate with such organizations. Regulations of such organizations in accordance with this Article shall apply to all vessels fishing the regulated resources regardless of their nationality.

C. In the event the states concerned are unable or deem it unnecessary to establish an international organization the resources shall be regulated by agreement or consultation.

CONSERVATION PRINCIPLES

IV. In order to assure the conservation of living marine resources, the coastal state or appropriate international organization shall apply the following principles:

A. Allowable catch and other conservation measures shall be established which are designed, on the basis of the best evidence available, to maintain or restore the maximum sustainable yield, taking into account relevant environmental and economic factors.

B. For this purpose scientific information, catch and effort statistics, and other relevant data shall be contributed and exchanged on a regular basis.

C. Conservation measures and their implementation shall not discriminate in form or fact against any fishermen. Conservation measures shall remain in force pending the settlement, in accordance with the relevant provisions of this Article, of any disagreement as to their validity.

UTILIZATION AND ALLOCATION

V. In order to assure the maximum utilization and equitable allocation of coastal and anadromous resources, the coastal state shall apply the following principles:

A. The coastal state may reserve to its flag vessels that portion of the allowable annual catch they can harvest;

B. The coastal state shall provide access by other states, under reasonable conditions, to that portion of the resources not fully utilized by its vessels on the basis of the following priorities:

(1) states that have traditionally fished for a resource, subject to the conditions of sub-paragraph C;

(2) other states in the region, particularly landlocked states and other states with limited access to the resources, with whom joint or reciprocal arrangements have been made; and

(3) all states, without discrimination among them.

C. Whenever necessary to accomodate the allocations to the coastal states traditional fishing may be reduced, without discrimination among those states that have traditionally fished for a resource, in the following manner:

(Formula to be negotiated within Subcommittee II which takes into account the interests of traditional fishing states.) States whose fisherman harvest a resource under regulation by a coastal state may be required, without discrimination, to pay reasonable fees to defray their share of the cost of such regulation.

NOTIFICATION CONSULTATION

VI. The coastal state shall give to all affected states timely notice of any conservation, utilization and allocation regulations, prior to their implementation, and shall consult with other States concerned.

TECHNICAL ASSISTANCE

VII. An international register of independent fisheries experts shall be established and maintained by the Food and Agriculture Organization of the United Nations. (The Subcommittee may wish, in accordance with paragraph 13 of General Assembly Resolution 2750 C (XXV), to invite the comments of the Director-General of the Food and Agriculture Organization of the United Nations on the ability of the Organization to assume such responsibilities.)

Any developing state party to this convention requiring assistance may select an appropriate number of such experts to serve as a fishery management advisory group to that state.

ENFORCEMENT

VIII. Actions under this paragraph shall be taken in such a manner as to minimize interference with fishing and other activities in the marine environment:

A. Coastal state—the coastal state may inspect and arrest vessels for fishing in violation of its regulations. The coastal state may try and punish vessels for fishing in violation of its regulations, provided that where the state of nationality of a vessel has established procedures for the trial and punishment of violations of coastal state fishing regulations adopted in accordance with this article, an arrested vessel shall be delivered promptly to duly authorized officials of the state of nationality for trial and punishment, who shall notify the coastal state of the disposition of the case within six months.

B. International fisheries organization—Each state party to an international organization shall make it an offense for its flag vessels to violate the regulations adopted by such organization in accordance with this article. Officials authorized by the appropriate international organization, or of any State so authorized by the organization, may inspect and arrest vessels for violating the fishery regulations adopted by such organizations. An arrested vessel shall be promptly delivered to the duly authorized officials of the flag State. Only the flag State of the offending vessel shall have jurisdiction to try the case or impose any penalties regarding the violation of fishery regulations adopted by international organizations pursuant to this article. Such State has the responsibility of notifying the enforcing organization within a period of six months of the disposition of the case.

DISPUTES SETTLEMENT

IX. Any dispute which may arise between states under this article shall, at the request of any of the parties to the dispute, be submitted to a special commission of five members, unless the parties agree to seek a solution by another method of peaceful settlement, as provided for in Article 33 of the Charter of the United Nations. The commission shall proceed in accordance with the following provisions:

A. The members of the commission, one of whom shall be designated as chairman, shall be named by agreement between the states in dispute within two months of the request for settlement in accordance with the provisions of this article. Failing agreement they shall, upon request of any state party to the dispute, be named by the Secretary General of the United Nations, within a further two month period, in consultation with the states involved and with the President of the International Court of Justice and the Director-General of the Food and Agriculture Organization of the United Nations, from amongst well-qualified persons being nationals of states not involved in the dispute and specializing in legal, administrative or scientific questions relating to fisheries, depending upon the nature of the dispute to be settled. Any vacancy arising after the original appointment shall be filled in the same manner as provided for the initial selection.

B. Any state party to proceedings under these articles shall have the right to name one of the nationals to sit with the special commission, with the right to participate fully in the proceedings on the same footing as a member of the commission but without the right to vote or to take part in the writing of the commission's decision.

C. The commission shall determine its own procedure, assuring each party to the proceedings a full opportunity to be heard and to present its case. It shall also determine how the costs and expenses shall be divided between the parties to the dispute failing agreement by the parties on this matter.

D. Pending the final award by the special commission, measures in dispute relating to conservation shall be applied; the commission may decide whether and to what extent other measures shall be applied pending its final award.

E. The special commission shall render its decision, which shall be binding upon the parties, within a period of five months from the time it is appointed unless it decides, in the case of necessity to extend the time limit for a period not exceeding two months.

F. The special commission shall, in reaching its decision, adhere to this article and to

any agreements between the disputing parties implementing this article.

OTHER USES

X. The exploitation of the living resources shall be conducted with reasonable regard for other activities in the marine environment.

EXISTING CONVENTIONS

XI. The provisions of this article may be applied to fishery conventions and other international fishery agreements already in force.

EXHIBIT D

NATIONAL FEDERATION OF FISHERMEN,
Seattle, Wash., June 6, 1972.

Hon. TED STEVENS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR STEVENS: Of the 650 foreign fishing vessels sighted by the Coast Guard off the U.S. shores in March of this year, 330 of them were sighted off your great state of Alaska. Of these, 174 were Japanese vessels, an increase of 90 vessels over last year. The Russian fishing fleet off Alaska is even larger and just as efficient. I know that this information is not new to you, but we feel you will agree that this amount of fishing effort cannot continue to fish on our coastal stocks without some kind of management and control. Other coastal states have almost the same problem, so this is not just a regional problem, but a national problem.

The Law of the Sea Conference will provide management for our coastal stocks, but the Law of the Sea Conference is not scheduled to be held until late 1973, or even possibly 1974 and there is a chance that it might not even be held at all. In the meantime, our coastal stocks are being fished out at an alarming rate.

As an interim measure, the National Federation of Fishermen is requesting a meeting of each governor of a coastal state to meet with the fishermen of his state and endorse the enclosed "Moratorium on Foreign Fisheries". After these meetings the Federation will take these endorsements back to Congress and hope to have it endorsed and implemented at the earliest time possibly.

We have requested a date for the Governor of Alaska to meet with Mr. Ralph Ennis, President of the NFF and representatives of fishing organizations of Alaska, on the 19th, 20th or 21st of July.

It would help the Governor of Alaska, the other governors of coastal states, if you would endorse the Moratorium also. Your support would be appreciated.

Sincerely,

K. F. MOSNESS,
Secretary,
National Federation of Fishermen.

RESOLUTION

Whereas the Soviet Union and Japan have constructed and are operating huge fishing fleets off the Pacific Coast and Alaska which are exerting maximum pressure on United States coastal fishery stocks, and

Whereas these stocks are facing depletion and destruction unless measures are taken to substantially reduce foreign fishery efforts in United States coastal waters, and

Whereas fishery activities and employment derived from the fisheries are of great economic importance to the United States, and

Whereas protein foods derived from fishery resources are even more important to the health and welfare of the United States citizens than any other factor connected with the fisheries, and

Whereas the plundering and abuses of the farms of the sea off our coastline by foreign nationals without regard to conservation or the present and future food supplies of our country can do irreparable harm, and

Whereas an emergency exists and action is needed to halt immediate depletion,

Now therefore be it resolved that the National Federation of Fishermen go on record to recommend that the United States recognizes the existence of a serious conservation problem and takes unilateral action imposing and enforcing a moratorium upon foreign fishery operations on United States coastal stocks of fish, and that during the period of the moratorium upon foreign fishery operations on United States coastal stocks of fish that no foreign fishing on any specie shall take place in United States coastal waters, unless specific permission by the United States to fish coastal waters which shall include waters adjacent to our territorial waters inhabitated by U.S. coastal stocks of fish, and

Be it further resolved that no permission to fish shall be granted to foreign nationals unless there is definite proof there is no existing danger to conservation—this action is necessary as an interim measure to provide safeguards for the preservation and conservation of United States coastal fishery resources until conservation rules and regulations are worked out on a permanent basis with the nations involved, and

Be it finally resolved that this Resolution be forwarded to the President of the United States, Secretary of State, Secretary of Commerce and Congress, to federal agencies involved and to the news media.

Respectfully submitted,

RALPH A. ENNIS,
President,
National Federation of Fishermen.

EXHIBIT E

COASTAL FISHERIES JURISDICTION

The 23rd Annual Report of the Pacific Marine Fisheries Commission, published in May, 1972, contains the following Resolution adopted at the 1970 annual meeting:

13. Extend Fishery Jurisdiction of the United States

Whereas, the living marine resources found in the waters adjacent to and associated with the United States continental shelf and slope provide an important part of the seafood needs of the Country, and

Whereas, these living marine resources are particularly vulnerable to damage from unrestrained fishing, and

Whereas, the United States is handicapped in providing proper protection and management for these living marine resources by lack of adequate jurisdiction over all fishing in the areas in which these resources are found, and

Whereas, the harvesting of these marine resources on a sustained basis can be effective only if a greater measure of jurisdiction is given to coastal authorities.

Be it therefore resolved, that the United States of America by appropriate means secure fishery jurisdiction off its coastline to the outer edge of the continental slope or to such additional distance as will allow adequate protection and management to fishery resources emanating from or adjacent to the United States with such fishery jurisdiction being qualified to permit fishing by foreign vessels inside the United States fishery zone through negotiated agreements with foreign governments.

MARINE FISHERIES REGIMES

At the November 18, 1971, annual meeting in Seattle of the Pacific Marine Fisheries Commission (Alaska, California, Idaho, Oregon, Washington), the following resolution, having both national and international significance, was unanimously adopted (among a larger number of national, regional, or local significance):

IN SUPPORT OF FISHERIES MANAGEMENT BY COASTAL, ANADROMOUS, HIGH SEAS GROUPINGS

Whereas, an International Conference on the Law of the Sea is scheduled to be held in 1973; and

Whereas, any agreement reached by the Conference will have a deep and profound influence on American fisheries for generations to come; and

Whereas, the preliminary proposals by the United States offer little or no protection for American fisheries; and

Whereas, our coastal fishery resources are being depleted due largely to effect of foreign fishing conducted without regard to sound conservation principles; and

Whereas, conservation is urgently needed, both to maintain our fishery resources on a sustainable yield basis and to secure our economic future in the fisheries;

Now be it therefore resolved, that the Pacific Marine Fisheries Commission urge the United States government to adopt the following proposals as its objective in the coming conference:

Coastal Species—Fish and shellfish resources which live on or above the continental shelf and slope and/or the waters above the shelf and slope for reproduction and/or survival during the major part of their lives shall belong to the country off whose coast the continental shelf and slope occurs.

Anadromous Species—Anadromous fish shall be the property of and subject to control by the coastal state of origin. Where anadromous fish are harvestable in the territorial waters and contiguous fishery zone of a country other than the country of origin, the nations involved shall work out harvesting rules consistent with adequate conservation principles and with due regard to the right of each nation to its proper share of the allowable catch.

High Seas Species—All species of fish of oceanic origin and habitat shall not be subject to control by the coastal nation. The conservation and management of such species shall be the responsibility of multinational control to be exercised jointly by the harvesting countries including countries whose coasts border the waters frequented by such species.

Underharvested Species—Where stocks of fish are underharvested by the coastal nations in which they belong, provision shall be made by the coastal state for harvesting by other nation where such harvesting would not be unduly harmful to the conservation of other species in the area of harvest. Such harvesting shall be conducted under appropriate nondiscriminatory conservation rules promulgated by the controlling countries who shall be entitled to charge non-punitive users' fees of those engaged in the harvesting.

Be it further resolved, that the United States Department of State be requested to include on its official delegation at the coming Conference, including preliminary meetings, adequate representation from the United States fishing industry, and

Be it lastly resolved, that copies of this resolution is forwarded to the President of the United States, the Secretaries of State, Interior, Commerce and Defense, to members of the House Merchant Marine and Fisheries Committee, to members of the Senate Committee on Commerce, to members of the Senate Committee on Foreign Affairs, and to the Governors of all coastal states of the United States.

EXHIBIT F

[From the Southeast Alaska Empire, June 8, 1972]

FISHERMEN SEEK AID

SEATTLE.—The National Federation of Fishermen will begin a campaign next week of seeking endorsements from governors of coastal states for a moratorium on foreign fishing off U.S. coasts.

The federation will meet Tuesday with Gov. Dan Evans, and later this month with Govs. Tom McCall of Oregon and Ronald

Reagan of California, said Mrs. Peter Mosness, secretary of the Seattle-based federation.

Alaska Gov. William Egan has in past weeks expressed strong opposition to foreign fishermen operating in Alaskan waters, vowing to seize violating vessels.

The federation is seeking congressional action on the moratorium proposal this year, she said, and hopes to take gubernatorial endorsements to Senate and House Committees in August.

A moratorium would be an interim measure to ward off taking a food fish by foreign fleets until a United Nations law of the sea conference is held at Geneva next year or in 1974, she said.

Mrs. Mosness said Wednesday the federation has been encouraged by recent statements from government officials warning of a possible crisis in depletion of American offshore fishing stocks.

"We believe a trend is developing (in government) at the moment," she said. "Finally, some of our government people are beginning to see what we have been yelling about for years."

EXHIBIT G

S. CON. RES. 95

Whereas over 650 foreign fishing vessels have been sighted officially off the shores of the United States in March of this year alone, a vast increase over the number of vessels sighted last year; and

Whereas these vessels pose a grave threat to American coastal fish stocks; and

Whereas American coastal fish stocks will face rapid depletion and destruction unless emergency actions are taken to reduce foreign fishery efforts in American coastal waters; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States recognizes the existence of a serious conservation problem and requests that the President take unilateral action imposing and enforcing a moratorium upon foreign fishery operations on United States coastal stocks of fish, and further requests that the President prohibit foreign fishing of any American coastal species within American coastal waters, unless specific permission is granted to fish in these waters by the American government; and

Be it further resolved that the Senate (the House of Representatives concurring) urges the President to refuse permission for foreign fishing of such coastal species within such coastal waters of the United States unless definite convincing proof is presented by foreign nationals requesting such permission that there is no existing danger to American coastal fishery species; and

Be it further resolved that the Senate (the House of Representatives concurring) urges the President to maintain this moratorium until an international regime for the conservation of American coastal fish species can be established.

SENATE CONCURRENT RESOLUTION 96—SUBMISSION OF A CONCURRENT RESOLUTION TO COMMEND MARK ANDREW SPITZ

(Referred to the Committee on the Judiciary.)

Mr. CRANSTON (for himself, Mr. BAYH, Mr. HARTKE, and Mr. TUNNEY) submitted the following concurrent resolution:

S. CON. RES. 96

Resolved by the Senate (the House of Representatives concurring), That Mark Andrew Spitz of Carmichael, California is commended for the individual excellence, skill, and perseverance that earned him a record seven gold medals in swimming in the XX Olympiad, the historically significant achievement of being the first Olympic contestant ever to win seven gold medals in one Olympiad, and the recognition of being the outstanding Olympian of modern times; be it further

Resolved, That the Congress notes with praise the determination and exceptional athletic ability displayed, individually and in team concert, by the many fine athletes who represented the United States during the 1972 Olympic Games in Munich, Germany, and commends the 1972 U.S. Olympic Team for its athletic performance in the XX Olympiad.

AUTHORIZATION OF APPROPRIATIONS FOR THE CONSTRUCTION OF CERTAIN HIGHWAYS—AMENDMENT

AMENDMENT NO. 1512

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

Mr. COOPER. Mr. President, I send to the desk, for myself and the Senator from Maine (Mr. MUSKIE), an amendment to S. 3939, the Federal-Aid Highway Act of 1972. Our amendment would permit use of urban system funds—that is, the $800 million authorized to be appropriated to metropolitan areas in fiscal year 1974 and in fiscal year 1975—to be used for mass rail transportation, as well as for public transportation systems other than rail as now authorized in exiting law and in the Public Works Committee bill, S. 3939.

We have asked the members of the Committee on Public Works and the Committee on Banking, Housing and Urban Affairs who considered this matter and voted for the amendment to join as cosponsors. Because the 1972 Highway Act could come up later this week or early next week, we thought the amendment should be printed and available to the Senate. We know other Members are interested and may also wish to cosponsor the proposal.

I ask unanimous consent to have printed at this point in the RECORD the statement I prepared for the hearing of the Banking Committee last Thursday, and the text of Secretary Volpe's prepared statement at that hearing.

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

STATEMENT OF SENATOR JOHN SHERMAN COOPER

Mr. Chairman, the Federal-Aid Highway Act of 1972, S. 3939, as reported by the Public Works Committee is a constructive highway bill which contains important new provisions for meeting the transportation needs of large urban areas while maintaining a fair and balanced program for rural and smaller urban areas.

For example, the Federal-Aid Highway Act of 1970 created the Urban System, a separate road program for urban areas of 50,000 or more, authorized at $100,000,000 for each of two years. The 1972 Committee bill authorizes an eight-fold increase in urban funds—to $800,000,000 annually. The 1970 Act also permitted, for the first time, use of the Highway Trust Fund for projects related to highway public transportation, including construction of preferential or exclusive bus lanes, bus shelters and loading areas, and fringe parking. The Senate bill, S. 3939, specifies that at least $300,000,000 must be used for public transportation projects, which, for the first time, may include purchase of buses. Third, our bill requires apportionment of urban system construction and planning funds to each urbanized area on a proportional population basis. Thus, urbanized areas are assured of funding levels from year to year, and will be able to develop more rational long-range transportation programs. Finally, Section 111 would allow a city to use funds originally scheduled for construction of an urban Interstate route to provide other means—including public transportation—to accommodate inter- and intra-urban travel.

I support the Committee bill, and it was reported unanimously by our committee. It was referred to this Committee for its consideration of the use of the Highway Trust Fund for the purchase of buses, as this relates to urban mass transportation. Briefly, I thought it would be appropriate for me to appear before you today because I had proposed—with Senator Muskie—a further step: that the urban highway system funds be made available for mass transportation, including rail. I will give my reasons:

As I stated in my individual views, which are included in the report on S. 3939 by the Public Works Committee, I believe urbanized areas should be given flexibility to use Urban Highway System funds for transportation modes other than highways.

In the 1970 highway act, the Public Works Committees and the Congress added to Title 23 U.S.C. a new Section 142, to encourage the development, improvement, and use of public mass transportation systems within urbanized areas so as to increase the traffic capacity of the Federal-aid systems—limited however to systems operating motor vehicles on highways, "other than on rails". The section specifically authorized the Federal share of construction costs, from the Highway Trust Fund, for exclusive or preferential bus lanes, bus passenger loading areas and facilities, and transportation corridor parking facilities to serve bus and other public mass transportation passengers. In recent years amendments have been presented in the Senate from time to time, supported by an increasing body of opinion, to go further and permit use of the Trust Fund for urban mass transit.

At the opening of this session of Congress, I joined in sponsoring the Public Works bill S. 3037 introduced by Senator Weicker, then a member of the Committee, which would have removed from Section 142 the limitation on the use of the Trust Fund for mass transportation systems "other than rail", so as to provide metropolitan areas with greater flexibility in the use of federal funds for urban transportation systems, and enhance their ability to establish priorities and balance interlocking modes of transportation. Earlier this year, the Administration proposed that urban highway and mass transportation needs be met from a "Single Urban Fund," with revenues continued as at present from highway user taxes deposited into the Highway Trust Fund. The Administration deserves great credit for this construction recommendation, and I consider that Secretary Volpe made a vital contribution by his timely decision going to this central issue.

I introduced the Administration bill, S. 3590, which also called for a reduction in the number of categorical programs and a lower level of expenditures than S. 3939. I think it is recognized now that the Single Urban Fund failed to attract widespread support primarily because it proposed to transfer financing of the Urban Mass Transportation Act from general fund appropriations to the Trust Fund, which would have become the source of Federal financing for both the highway and mass transit programs. Decisions on continued authorizations and appropriations for UMTA is properly the concern of this and other Committees. However, I believe it both ap-

propriate and necessary for the Congress to say that Highway Trust Funds allocated to urbanized areas may now be used to supplement mass transportation funds, and that providing such flexibility is in fact the best hope for reducing traffic congestion and maintaining the usefulness of urban highway systems.

In the executive session of the Public Works Committee, Senator Muskie offered an amendment to permit the use of Interstate highway funds within urbanized areas for alternative transportation modes. I offered as a substitute an amendment to section 142 of Title 23, United States Code, permitting the use of Urban Highway System funds for public transportation system construction and equipment—without the prohibition against rail transit. This proposal would allow urbanized areas to use their portions of the $800 million each year, authorized by S. 3939 for the Urban System, for such transportation modes as they determine necessary to meet the needs of their people. Senator Muskie joined in my motion and the decision of the committee was very close. The "Cooper-Muskie amendment" was first adopted by a vote of 8 to 7, and later reversed.

I am proud that the Administration supports the amendment I offered in the Public Works Committee and intend to offer in the Senate—which I know is of interest also to members of this Committee.

In urban areas different transportation modes are closely related. In order to achieve the most effective overall transportation system, officials need at any given time some flexibility in determining their immediate funding priorities for each mode. It is for this reason that my amendment was directed to the use by city officials and metropolitan transportation agencies of the Urban System funds assigned to metropolitan areas from the Trust Fund.

But to propose, as the Committee may be asked to consider, that primary and secondary highway funds could also be used for subways, would confront State Highway Departments or Governors with the very sort of conflict we are hoping to resolve. That is, it would pit the demands of high-density metropolitan areas for subways in central cities against the interests of rural roads and inter-city routes, with both needs competing for the same funds.

The Public Works Committee bill assigns $800,000,000—a large increase—to the expanded urban system; if enacted, Congress would have made a judgment as to the funding level for urban system needs in the next two years. If the State's primary and secondary funds are also proposed for urban mass transit, however, it would seem to me to destroy the urban-rural balance the Public Works Committee has tried to strike in this bill, and the Congress would fail to provide guidance as to the proper division of Highway Trust funds for urban and for other needs.

I do not hold that the Highway Trust Fund as presently constituted can or should be the sole source of financing for both mass transit and highways. I think it clear that subway systems represent huge capital expenditures in a relatively small number of high-density metropolitan centers, and that the funds made available by this and future Highway Acts cannot possibly provide the primary Federal financing for them. But I think the time has come to resolve this issue and to enable cities to better manage their capital expenditures for these closely related transportation modes.

I emphasize my belief that the entire Senate Committee on Public Works, under the leadership of its Chairman, Senator Randolph, fully supports continued strong Federal support of urban mass transportation. Concern was expressed in our discussions that support of mass transit from the Highway Trust Fund—either for purchase of buses as in the Committee bill, or to include rail as in the Cooper-Muskie amendment—could lead to a decrease in appropriations from the general fund for urban mass transit. The committee bill itself declares that any Highway Trust funds should supplement and must not displace funds authorized and available for the Urban Mass Transportation Act. It is for this reason that I consider referral of the bill to this Committee appropriate and very useful; I would hope your committee may take steps to assure that authorizations, appropriations, and commitments for the Urban Mass Transportation Act of 1964 will not be reduced—and I hope that Secretary Volpe may address this point.

Mr. Chairman and members of the Committee, I appreciate very much the time you have allowed me for this statement. I would be glad to answer any questions I can, and if I may, I should like to remain to hear the testimony of the Secretary.

Highway Trust Funds for Public Transportation

Statement of John A. Volpe, Secretary of Transportation

Mr. Chairman and Members of the Committee:

I am very pleased to have the opportunity to testify before you regarding the public transportation provisions of the Federal-Aid Highway Act of 1972 (S. 3939), which has been referred to your Committee from the Committee on Public Works.

Today, Mr. Chairman, I am here to discuss with you some of the fundamental issues affecting transportation primarily in our urban areas. In the last several years we have taken many significant steps together. In 1969, the Administration proposed, and through the instrumental support of this Committee, the Congress enacted the far-reaching Urban Mass Transportation Act of 1970. Subsequently, we discussed the concept of a single transportation trust fund, and the Administration proposed Special Transportation Revenue Sharing and the Highway and Mass Transportation Act of 1972 which contained the Single Urban Fund proposal. Underlying all these proposals, and confirmed by our analytical studies, especially the 1970 Statement on National Transportation Policy and the 1972 National Transportation Report, were two recurring objectives. First, current Federal-aid programs should be made more flexible to permit State and local governments to determine their transportation priorities and to use Federal funds accordingly. Second, the greatest transportation needs exist in our major urban areas.

At this time, we have an opportunity to address these points head on and to take a truly fundamental step forward and enact a landmark piece of transportation legislation.

I am pleased that the bill reported by the Public Works Committee (S. 3939) incorporates several of the Administration's recommendations. However, we do not feel that the bill now meets the critical need to achieve efficient urban mobility through balanced transportation brought about by real flexibility of modal choices.

There are a number of features of the bill which are most undesirable from the Administration's standpoint. However, since they are primarily in areas not of immediate concern to this Committee, I plan today to concentrate on those features which are critical to this Committee's interests and an efficient urban transportation system. To this end, I will be requesting that this Committee prepare a report on S. 3939 in which you endorse certain amendments proposed by Senators Cooper and Muskie. These amendments will (1) allow rail transit projects as well as bus purchases to be funded out of the Highway Trust Fund; and (2) set the Federal share for public transportation projects at the same level as provided for all highway projects, other than the Interstate, namely 70 percent. Second, I recommend as part of the total program that you subsequently amend the Urban Mass Transportation Act to provide $3 billion in additional contract authority to sustain this program through 1977 and raise the Federal share from 66⅔ percent to 70 percent. While the Administration continues to believe strongly in the Single Urban Fund concept which we recommended to the Congress, we also recognize that there are more than one means to reach the ultimate objective which I believe we share in common—a balanced urban and rural transportation system with flexibility for local choice.

When the Department proposed its Federal-Aid Highway and Mass Transportation Act of 1972, we recognize the urgency of the transportation problem in our urban centers and the lack of a single simple solution. We felt the first objective must be to increase the flexibility that State and local governments have in determining how Federal transportation dollars would be used in metropolitan areas. It is essential that the officials responsible for local transportation be freed from the compulsion to simply build highways based on the old principle of "use it or lose it". Our other principal objective was to provide an assured pattern of program growth for both highway and mass transit projects in our metropolitan areas. We felt the appropriate mechanism to satisfy these objectives was the creation of a new urban transportation program, which we referred to as the Single Urban Fund. Under that proposal the Highway Trust Fund would have become the sole source of Federal financing for both highway and mass transit programs.

As I previously indicated to you, Mr. Chairman, in an exchange of correspondence, the fact that the Department was not requesting the additional authorizations for capital grants under the Urban Mass Transportation Act by no means indicated a lack of commitment by the Administration for funding mass transportation programs. We were awaiting congressional action on our Single Urban Fund proposal. Now that we have an indication of the apparent unwillingness of the Congress to adopt our Single Urban Fund in total, we are recommending that the Urban Mass Transportation Act be amended to provide an additional $3 billion in contract authority to sustain the program through fiscal year 1977. We feel that this funding will satisfy our objective of assuring the continued progress and the guaranty of financing for the urban mass transportation program.

As I have indicated, the other major objective of our original proposal was to provide for flexibility which would enable local officials to best satisfy their transportation needs. The Public Works Committee has taken a positive step in this direction by its proposed amendments to section 142 of title 23, which are presently contained in section 128 of S. 3939. These proposed amendments would authorize the use of all Federal-aid highway funds apportioned to a State for use within urban areas and in certain rural areas for the financing of highway public transportation projects, which would include exclusive bus lanes, traffic control devices, passenger loading areas and facilities and the purchase of buses. By these amendments to section 142 the Public Works Committee has proposed, for the first time, that Highway Trust Fund monies be made available for the purchase of buses both in urban and rural areas. However, it is important that this proposal be broadened further if we are to provide meaningful alternatives to our local officials. Amendments to section 142 should provide that funds authorized for the Federal-aid urban system be available for the acquisition and construction of rail

transit facilities and equipment, as well as the highway public transportation projects currently contained in S. 3939. This approach was suggested in the Public Works Committee by Senator Cooper, and with the support of Senator Muskie it gained the vote of seven of the fifteen members of that Committee. The so-called Cooper-Muskie amendment would allow urbanized areas to use their share of the $800 million authorization for the Federal-aid urban highway system for whatever urban transportation capital projects they deem necessary to meet the needs of their communities. Some communities might choose to use their entire allotment for mass transportation; others all for highway construction; and some would obviously provide for both mass transit and highway projects. In any case, the important point is that each community would have the flexibility to program funds to meet its identified transportation priorities. The option will be theirs.

Mr. Chairman, the Administration fully supports the Cooper-Muskie amendment and recommends that this Committee join in support of such a proposal when it is offered as an amendment on the Senate floor. At this time, let me assure this Committee that utilizing Highway Trust funds for urban mass transportation projects will in no way diminish the current responsibilities of the Urban Mass Transportation Administration. If the proposed amendments to section 142 are enacted, mass transportation projects selected locally for funding under that section will be referred to UMTA for administrative and program review and supervision. In a real sense, their current responsibilities will be increased. For these reasons, I strongly urge this Committee to endorse this amendment in its report on S. 3939.

In addition, we feel that section 142 should be modified in another important respect. S. 3939 presently provides for 100 percent Federal financing of bus purchases from the Highway Trust Fund. Our experience gained from Federal grant programs shows that provision for 100 percent Federal financing is most undesirable. The lack of some degree of local contribution detracts from the responsibility and accountability which ordinarily is applied to investments of local revenues. In addition, our objective in supporting a broadened urban transportation program is to provide for complete flexibility of transportation choices by local officials and not to create a bias of one mode over another. A provision of 100 percent Federal financing for buses would create such a bias and should be avoided. We believe there should be a parity between transportation projects eligible for financing under this section, and we believe that the appropriate Federal share of the cost of such projects should be the same whether it be a highway project or a transit project. We understand that Senator Cooper will include such a provision in his amendment to section 142, and we strongly urge that this Committee also support this position in its report.

Further, to provide the parity between transportation projects we recommend that the maximum allowable Federal share of transit projects funded under the UMTA program be raised to 70 percent, which is the Federal share for non-Interstate highway projects. The additional funding for the UMTA program, together with the amendments to section 142 proposed by Senators Cooper and Muskie, would provide a total transportation package well designed and adequately funded to meet our urban transportation needs while at the same time being fully cognizant and supportive of our rural road programs. I am hopeful that this total transportation package will have the full support and backing of this Committee.

Mr. Chairman, I sincerely hope that this Committee will take the actions we have requested to advance the Administration's revised urban transportation program.

In summary, we seek your support on two counts. First, we wish you to support amendments to section 142 which will be offered on the Senate floor to provide meaningful flexibility of modal choices for our metropolitan centers by allowing local officials to determine the proper balance of highway, rail, and bus transit best suited for their needs. In developing this balance, it will not create a new bias by favoring the selection of the bus mode through the imbalance of 100 percent Federal funding.

Second, we wish you to act favorably upon our recommendation for a $3 billion authorization for additional contract authority for UMTA with the ceiling on the Federal share for such projects being raised to 70 percent from the present 66⅔ percent.

Enactment of a proposal along these lines will be the culmination of our mutual efforts to meet our urban transportation needs. The new resources coming from the Highway Trust Fund, together with true flexibility for local officials to design their own programs, as well as the assurances to State and local governments and the transit industry that we are committed to the continuation of a vital UMTA program, will be the most purposeful steps we can take. By this action we will do much to relieve the traffic congestion of our cities, to preserve our environment and energy sources, and to provide a balanced transportation system for the movement of people and goods which is so essential for the quality of life in our cities.

In conclusion, Mr. Chairman, let me express my hope that the positions I put before you today can gain the enthusiastic support of this entire Committee. Need for improved and efficient public transportation for our urban areas is recognized as a must by all concerned citizens. I know that this Committee recognizes this need, and I am hopeful that we will be working together to meet it. It is my hope that we can go forward together in 1972 in the same spirit that we shared in 1970 in enacting that year's landmark urban mass transportation legislation.

That concludes my statement, Mr. Chairman. At this time I will be happy to answer any questions you or members of the Committee may have.

COMMITTEE ON PUBLIC WORKS,
Washington, D.C., September 12, 1972.

DEAR SENATOR: The Committee on Public Works, on which we serve, has reported the Federal-Aid Highway Act of 1972, S. 3939, which was then referred to the Committee on Banking, Housing and Urban Affairs. That Committee has now made its recommendations to the Senate, and the bill could be taken up in the Senate late this week or early next week.

The highway bill contains important new provisions for meeting the transportation needs of metropolitan areas, while maintaining a fair and balanced highway program for rural and smaller urban areas. For example, it authorizes an eight-fold increase—to $800 million dollars annually—in funds for the Urban System established by the 1970 Highway Act. The 1970 Act also authorized use of the highway Trust Fund for highway public transportation, including the construction of bus lanes; the Committee bill extends this public transportation authority to include the purchase of buses. However, existing Section 142 of title 23 U.S.C., and the Committee bill, restrict use of the Trust Funds to public mass transportation systems "other than on rails."

In the Committee on Public Works, we offered an amendment with respect to the Urban System to remove that restriction excluding rail mass transit—so as to allow city officials and metropolitan transportation agencies to use their portions of the $800 million Urban System funds for such transportation modes as they determine necessary to meet the needs of their people.

The decision of the Public Works Committee was very close. The "Cooper-Muskie" amendment was first adopted by a vote of 8–7, later reversed. We announced our intention to offer the amendment in the Senate.

When the bill was referred to the Banking Committee—which held a hearing September 7 on the provisions of the bill relating to urban mass transportation—the "Cooper-Muskie" amendment received the full support of the Administration through the testimony of the Secretary of Transportation, Mr. Volpe, who strongly urged its adoption. We are glad that the testimony of other groups heard by that Committee also supported the amendment. The Senate Banking Committee, by a vote of 10–0, has now recommended to the Senate adoption of the "Cooper-Muskie" amendment.

We consider it appropriate and necessary for the Congress to say that highway trust funds allocated to urban areas may now be used to supplement mass transportation funds—and that providing such flexibility is perhaps the best hope for reducing traffic congestion and maintaining the usefulness of urban highway systems. We believe the time has come to resolve this issue, and to enable cities to better manage their capital expenditures for these closely related transportation modes.

We emphasize that our amendment is directed solely to the Urban System funds, and would not change the effect of the Committee bill with respect to primary, secondary and Interstate funds—which would continue to be available for highways as under the Committee bill (including public highway transportation such as the construction of bus lanes and purchase of buses). The amendment would not permit the diversion of rural road or inter-city highway funds for subways. We believe it would protect the continued use of the Highway Trust Fund for these purposes by helping to meet the legitimate needs of metropolitan areas—which if not met could lead to demands to abolish the Highway Trust Fund.

The purpose of this letter is to invite your support of the amendment we will offer in the Senate. Our views are contained in Senate Report No. 92–1081 between pages 53–63. The report of the Committee on Banking, Housing and Urban Affairs, No. 92–1103, also discusses the amendment as a recommendation of that Committee, beginning on page 5, including the text of the amendment.

If you would like additional information, you may wish to have your staff be in touch with Mr. Guard, ext. 5–7854, or Mr. Billings, ext. 5–7859, of our respective staffs.

With kind regards, we are

Sincerely yours,

JOHN SHERMAN COOPER.
EDMUND S. MUSKIE.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 1240

At the request of Mr. GRAVEL, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of amendment No. 1240, intended to be proposed to the bill (S. 3410) a bill to revise the special pay structure relating to members of the uniformed services, and for other purposes.

NOTICE OF HEARING ON A NOMINATION

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, September 19, 1972, at 9:15 a.m., in room 2228, New Senate Office Building, on the following nomination:

Herman G. Pesquera, of Puerto Rico, to be U.S. district judge for the District of Puerto Rico, vice Juan B. Fernandez-Badillo, retired.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Mississippi (Mr. EASTLAND) chairman; the Senator from Nebraska (Mr. HRUSKA), and the Senator from Arkansas (Mr. MCCLELLAN).

ADDITIONAL STATEMENTS

DEATH OF FORMER REPRESENTATIVE ROBERT RAMSPECK, OF GEORGIA

Mr. TALMADGE. Mr. President, I was very much saddened to learn today of the passing of former U.S. Representative Robert Ramspeck, of Decatur, Ga., who served with distinction for many years in the House and as chairman of the Civil Service Commission.

Mr. Ramspeck, who made his home in Rockville, Md., following his retirement in 1961, had a long and outstanding career of public service. He represented the Fifth District of Georgia from 1929 to 1945, and served as Democratic whip of the House from 1942 to 1945. His special interest was Federal employment, and he was chairman of the House Civil Service Committee for 10 years and head of the U.S. Civil Service Commission during the Truman administration.

Bob Ramspeck's entire life was characterized by hard work and distinguished accomplishment. He brought great credit to the State of Georgia, and he served his Nation well.

Mrs. Talmadge joins me in extending our sympathies to his family.

I ask unanimous consent that there be printed in the RECORD an article on former Representative Ramspeck's death.

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

[From the Washington Post, Sept. 12, 1972]

FORMER REPRESENTATIVE ROBERT RAMSPECK DIES

(By Jean Hailey)

Former Rep. Robert Ramspeck, 82, who served as Democratic whip of the House from 1942 to 1945, died Sunday while on a visit to Castor, La.

Considered one of the foremost friends of federal government employees, Mr. Ramspeck represented the Fifth District of Georgia from 1929 until 1945.

Described as soft-talking and hard-smoking, he was credited with helping to bridge the gap between the Northern and Southern wings of the Democratic Party during the 1940s.

It was said that no one could call the turn on a vote quicker than he or move faster to plug the holes of division when they could be plugged.

Mr. Ramspeck, who was chairman of the Civil Service Commission in 1951–1952, had wide knowledge of the aviation industry and left his congressional post on Jan. 1, 1946, to become vice president of the Air Transport Association of America.

Born in Decatur, Ga., he started work as a youth in the office of the clerk of Superior Court in his home county of De Kalb. He went to law school in Atlanta and was admitted to the Georgia bar in 1920.

He was secretary to a Georgia congressman, deputy U.S. marshal for the North District of Georgia, secretary of the Decatur Board of Trade, secretary of the Chamber of Commerce in New Bern, N.C., publisher of the De Kalb New Era, a newspaper, and a representative from De Kalb County in the Georgia legislature before coming to Washington.

During his tenure in the House of Representatives Mr. Ramspeck served as chairman of the House Civil Service Committee for 10 years. He was also a member of the Democratic Congressional Campaign Committee.

At the time President Harry S. Truman named him to head the Civil Service Commission, he had the distinction of being endorsed by as many Republicans as Democrats.

After leaving the CSC, Mr. Ramspeck became a vice president of Eastern Air Lines. He was considered an outstanding authority on civil aviation matters.

He retired from Eastern Air Lines in 1961 but remained as a consultant to the firm.

In 1940, Mr. Ramspeck received an honorary doctor of law degree from the Atlanta Law School. He received a similar degree from Ohio Wesleyan University in 1951.

He was a member of the American Bar Association, the Former Members of Congress Club and the Columbia Country Club. He was also a Mason, a Shriner and a member of the Elks.

Mr. Ramspeck lived at 1200 Old Georgetown Rd., Rockville.

He is survived by two daughters, Mrs. Thomas Webb Jr., of Potomac, and Dorothy Dunson, of Bethesda, and eight grandchildren.

GRAIN SALES TO RUSSIA

Mr. YOUNG. Mr. President, most of the recent criticism of wheat sales to Russia is highly politically motivated and inaccurate. The wheat sales to Russia, totaling about 400 million bushels, are far higher than anticipated by anyone in the Department of Agriculture, or most anyone in the United States.

The Russians are not the kind of people who publicly disclose all of their plans and intentions. After the first meeting by Secretary of Agriculture Butz and then Assistant Secretary Palmby and others with Russian officials, it was estimated that the Russians would purchase $750 million worth of grain, but mostly feed grains, not wheat. Most of the credit for this very beneficial sale must go to President Nixon, Secretary Butz, and other Agriculture Department officials.

After President Nixon's trip to Russia and the initial negotiations with Russia, anyone in the habit of speculating in grain futures who had some knowledge of crop conditions in Russia might well have anticipated sizable sales of wheat to Russia. If he bought futures, he could have made money. There is nothing new in this type of speculation.

The great benefit of these big wheat and feed grain sales is to farmers. Cash wheat prices went up from 25 to 40 cents a bushel, depending on the class of wheat and its location. This increase in price was most welcome and helpful, since wheat prices in North Dakota on May 15 had reached the lowest point since 1944. These large wheat sales should reduce the cost of the wheat program to the Federal Government, and, equally important, it will improve our balance of trade with the rest of the world by at least a billion dollars—and this at a time when we are facing a critical trade deficit.

These sales will also be of great benefit to businessmen, industry, and others since agriculture is still the biggest purchaser of steel, rubber, petroleum, chemicals, and some other products of any other segment of the economy.

Unfortunately, some farmers already had sold their wheat before this price increase resulting from the Russian sales. This is particularly true of some Southern States. Most of the sales, though, were by landlords and not the farmer or farmer-tenant who usually stores his grain on the farm for a period of time and takes out a Government loan. Since this price increase, many farmers have repaid their loan and storage to the Federal Government and are now selling that wheat at a profit.

If it had not been for these huge Russian sales, we would have been faced with an even bigger surplus of wheat and continued depressed prices. On July 1 there was a wheat carryover of approximately 900 million bushels. The new wheat crop is estimated at 1,450,000,000 bushels. With much of our total wheat supply still under farmer control, these sales cannot help being very beneficial to wheat farmers.

The charge that the Russians were given preferential treatment in the sale of this wheat is completely false. The sale was made on the same terms as all other commercial sales to our biggest customers such as Japan and European countries. President Nixon did make one major change. He rescinded the previous Presidential order by President Kennedy that required that 50 percent of all wheat sales to Russia be carried in U.S. ships. This change was long overdue since Canada and other exporting nations have no such requirements, so Russia could buy wheat at less cost from those countries.

Mr. President, having been primarily a wheat and feed grain farmer all my life until I came to the U.S. Senate, I cannot help feeling that the vast majority of wheat and feed grain producers will be highly pleased with these grain sales and the resultant better cash prices.

THE GENOCIDE CONVENTION AND AMERICAN POW'S IN VIETNAM

Mr. PROXMIRE. Mr. President, one of the concerns of critics of the Genocide Convention is that the treaty, if ratified by the Senate, would have adverse effects on American prisoners of war in Vietnam. Opposition to the convention has emphasized the possibility that our soldiers incarcerated by the enemy could be charged with genocide and tried in Hanoi.

Since the treaty, in article I, specifically refers to "time of war," the possible effect of the Genocide Convention on U.S. military forces abroad, especially when in combat, was carefully considered by the Committee on Foreign Relations. It was the conclusion of the

committee's report that combat actions do not fall within the meaning of the Genocide Convention.

The convention restricts its definition of genocide to acts which are committed "with intent to destroy" a national, ethnical, racial or religious group. Thus, even incidents such as that at My Lai do not constitute genocide, as defined in the treaty.

In the opinion of most witnesses who appeared before the Foreign Relations Committee, ratification of the Genocide Convention would not alter the situation of American military forces in peace or war in any way or create new hazards for them. As stated in the committee's report (Ex. Rept. No. 92-6):

It is reality that American prisoners of war in North Vietnam could now be charged by the Hanoi government for war crimes or genocidal acts or whatever other trumped-up charges Hanoi wishes to make. Their peril will not be increased by approval of this convention while peril may be avoided for tens of millions by ratification of the convention. This is an essential point to bear in mind in connection with the treaty's effect on our Armed Forces.

We can readily see from the above opinion of the Foreign Affairs Committee that the genocide treaty will not subject American POW's to prosecution which is not already enforceable.

Mr. President, I call upon the Senate to ratify the Genocide Convention without delay.

ADDRESS BY SECRETARY OF THE NAVY JOHN W. WARNER BEFORE AMERICAN LEGION CONVENTION, AUGUST 22, 1972

Mr. THURMOND. Mr. President, last month my good friend, the Honorable John W. Warner, our capable and dedicated Secretary of the Navy, made a splendid address to the American Legion Convention in Chicago.

As you know, Secretary Warner was at the Moscow Summit and signed the Incidents at Sea Agreement on behalf of the United States. This agreement stated the mutual recognition of both countries of the dangerous consequences of unintentional accidents between our two navies. Included in this agreement were procedures to enhance safety when ships of our navies operate in close waters, and in my judgment, this accord will go a long way in solving many potential difficulties.

Mr. President, the Secretary of the Navy also made some very enlightening remarks about the SALT agreements and discussed its most important provisions.

I commend this fine address to the attention of my colleagues and ask unanimous consent that the Secretary's address, entitled "Strategic Arms Limitation Talks and the ABM/Interim Offensive Agreements," be printed in the RECORD.

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

STRATEGIC ARMS LIMITATION TALKS AND THE ABM/INTERIM OFFENSIVE AGREEMENTS

Good morning—Ladies and Gentlemen, Members of the American Legion:

I am very happy to be here today to have this opportunity to talk to you about the Strategic Arms Limitation Talks and the agreements that were signed at the Summit. I was privileged to be at the Moscow Summit and, therefore, am happy to share with you my firsthand observations and impressions.

I have two subjects from the Summit that I would like to talk to you about—the SALT Agreements, of course, and the Incidents at Sea Agreement which I signed in Moscow on behalf of the United States. Let me discuss the Incidents at Sea Agreement first.

In 1968, the United States invited the USSR to sit down and talk about how to avoid confrontations between units of our Armed Forces on and over the high seas. A series of near collisions between Soviet and United States ships and aircraft during the 1960's convinced us that we and the Soviets needed to discuss ways of increasing safety at sea. In 1971, the Soviets accepted our invitation.

I headed the United States delegation which went to Moscow in October 1971 to discuss with the Soviets—Navy to Navy—our mutual concern about the safety of our fleets. A Soviet Naval delegation visited the United States in May 1972—just before the Summit—for a second round of talks.

From these discussions emerged the Incidents at Sea Agreement.

This agreement records the mutual recognition of both countries that an unintentional accident between our two navies could have disastrous consequences—serious loss of lives, property damage, possible nuclear pollution and a marked increase in tension between our two countries.

To avoid just such consequences, the two navies agreed upon practical procedures aimed at enhancing safety when units of our two navies operate in close proximity. Although the Incidents at Sea Agreement is far from solving all our problems with the Soviet Union, it should help to decrease tension on or over the high seas.

The Incidents at Sea Agreement and the SALT Agreements I am going to discuss with you today are important not just for our people but for *all* people, and for their children, in a world of increasingly complex relationships, the points of accord reached by the U.S. and the Soviet Union provide the momentum for a generation of peace for our children.

Speaking of children, I want to thank you for sending to us your representatives, the members of the Boys and Girls Nations, in Washington. Secretary Laird and I both were impressed by these fine young people, sponsored by the American Legion. Their presence indicated their concern for and dedication to the American way of life, "For God and Country." I am sure that their understanding of how their government operates has been enlarged and enriched. Congratulations on such an excellent group of young people. We obviously have some fine hitters in the on deck circle.

Now let us proceed to SALT. I am certain that all of you have heard, and will continue to hear, a great deal of discussion concerning the adequacy of the ABM Treaty and the Interim Offensive Agreement. This is good, right and proper. It is a necessary function of the democratic process that we thoroughly discuss these highly important agreements. They are important not only for the *achievements* they represent, but also for the opportunities they *present*. Strategic Arms Limitations is not a one-time, one shot effort, but a continuing and arduous process. Secretary of State Rogers told the Senate Foreign Relations Committee on June 19, 1972 that:

"They constitute an unprecedented step in controlling strategic arms. They are tangible evidence that both sides are moving into an era of negotiation. The two sides now have an important investment in cooperation which they are not likely to risk lightly. The U.S. and the Soviet Union have thus indicated a recognition that their relations can be improved by cooperation in some areas even though there remain important differences in others."

I'd like to place the SALT Agreements in perspective by recalling that President Nixon faced a three part problem in 1969.

First, the USSR was engaged in a continuing buildup of its strategic missile launchers and was rapidly approaching parity with the United States.

Second, President Nixon recognized that the United States had to maintain forces adequate to meet our national security requirements—forces second to none.

Third, the economic realities of life precluded embarking on another course of new arms construction.

How could we meet our needs and, at the same time, meet the challenge of the Soviets? Experience had shown that the "I build—you build" arms race was ultimately self defeating *but*—through negotiations we could gain an opportunity to obtain a more stable strategic relationship with the USSR and seek—over time—a relationship in which both nations could use more of their great resources for purposes other than weaponry.

The two major results of the Strategic Arms Limitation Talks are the ABM Treaty and the Interim Offensive Agreement signed in Moscow.

In broad outline, the ABM Treaty, signed on May 26, 1972 and consented to by the Senate three weeks ago, provides as follows:

Prohibits a *nationwide* ABM deployment, and a base for such deployment;

Limits ABM deployments to two widely separated deployment areas in each country—one for the defense of the national capital, the other for defense of a single ICBM installation.

For these purposes, no more than 100 ABM launchers and interceptors may be deployed at each site for a total of 200 deployed interceptors and 200 deployed launchers for each country.

Controls ABM radars numerically and qualitatively.

There are three immensely important aspects of the ABM Treaty. They cover the verification and implementation of the Treaty and further negotiations.

First, each side will use *national* technical means for verification and will not interfere with the other's verification means nor will either side take deliberate concealment measures;

Second, a standing consultative commission is established to facilitate implementation of the Treaty and consider questions that may arise;

Third, both countries agreed to continue active negotiations aimed at limitations on strategic arms.

Let me emphasize—with respect to the ABM Treaty—it commits both sides not to build a costly, nationwide ABM System. This fact is very significant because without a nationwide ABM defense there can be no shield against retaliation. Thus the balance of the strategic power of our weapons, and theirs, is maintained. Both great nuclear powers recognize and have agreed to maintain that mutual deterrence. Another major objective of SALT was to reduce the high costs, in international tension, uncertainties *and* dollars flowing from the upward spiral of Arms competition. Over the long term, we stand to save tens of billions of dollars which might have otherwise been expended for a national ABM System. Secretary Laird recently testified before the Senate Armed Services Committee that the total ABM saving through 1981 as a result of SALT would be, in 1968 dollars, $9.9 billion.

The second major portion of the SALT Agreements—the Interim Agreement and the protocol on the limitation of offensive

weapons—which was also signed on 26 May 1972 contains the following important provisions:

Carries a restriction of five years on strategic offensive missile launcher deployments pending negotiation of more complete limitations on strategic offensive arms;

Limits the aggregate number of fixed, land-based ICBM launchers and sea launched ballistic missiles;

Prohibits starting a new construction of additional fixed, land-based ICBM launchers;

Limits the number of launchers for modern, heavy ICBM's, such as the Soviet SS–9, to that number currently operational and under construction;

Places ceilings on operational ballistic missiles and submarines;

Importantly, up to agreed ceilings, deployment of additional SLBM launchers above a specified number for each country requires an offsetting reduction of other ICBM or SLBM launchers.

With respect to the Interim Agreement on offensive weapons—which we hope will be the first step to more comprehensive and permanent limitations—we feel that a break has been made in the continuing action-reaction arms race which has so characterized our relations with the Soviet Union. This cycle alone has been a major contributing factor in the arms race, and we have seen, since the cold war, that it is nearly impossible to break. The new levels of strategic offensive and ABM weapons agreed on have become the starting point from which the United States and the USSR can go on to further slow the arms race.

I would like to suggest to you three ideas as you consider these historic agreements. First, I suggest you not try to calculate and compute a comparison of our strategic systems on the basis of megatonnage and throw weight, missiles and warheads. Just remember one unalterable and sobering fact—as of today both countries have, and will continue to have during the life of the agreement—sufficient power to render utter devastation to both lands.

The result is that there can be no winner in a nuclear disaster. The question has been raised as to who "won" at SALT. I think we can say that there was no real winner in the commonly accepted sense of the word at the SALT Talks.

In any situation such as a Summit there must be a carefully laid foundation of trust; without it there is no basis upon which to proceed. There is no winner take all situation; both nations win, or everybody loses. President Nixon has already said, "This will either be a serious attempt to turn the world away from time worn practices and jockeying for power or there will be endless, wasteful, and purposeless competition in the acquisition of armaments."

Second, I'd like you to keep in mind the continuing need for the modern, general purpose military. The Moscow agreements are the first span of a bridge of understanding, cooperation and peace. But we need strong Armed Forces to support that bridge, buttress it in time of storm, and guard its approaches. Most importantly, we need them to provide our chief architect, President Nixon, the power he must have to negotiate in future sessions from a position of strength. Even with the advantages that these two agreements bring, we must continue to modernize our forces if they are to remain credible deterrents adequate to protect the United States, and our allies. Our ability and resolve to protect our vital interests and those of our allies, wherever they may be threatened, must never be underestimated. Indeed, in recent weeks, Congress has reaffirmed this evaluation with their support for two important basic tools of national security into the 1980's, the CVN–70, and the Trident.

And finally, I would like to conclude by passing on a few non-official comments, namely, my own personal observations about the Soviet Union. By no means do I pretend to be an expert for I visited once in 1965 and twice within the last eight months. Nevertheless, these trips left me with lasting impressions.

My principal motivation for working as a public servant is to be a part of those efforts leading to President Nixon's goal of a generation of peace. My recent trips to the Soviet Union have given me optimism that this goal is achievable.

Although I spent much time with senior Soviet officials—principally Navy—I made every effort to see as much as possible of the Soviet citizenry, that unidentifiable man found in every country known as the "man in the street." It is my judgment that there is a striking parallel between that man and his counterpart in the United States in their common desire for peace and a higher standard of living.

One need only go back in the thousands of years in Soviet history to see how that country has been invaded, ravaged and raped by invaders from the North, the South, the East and the West. The most recent holocaust, of course, was World War II where 20,000,000 lives were lost and a greater number were casualties . . . not just soldiers, sailors and airmen but that war touched husbands, wives, children, grandparents—everyone.

All traces of the widespread devastation of World War II—save those ruins carefully preserved as a perpetual reminder—have been replaced with modern buildings and factories. But the horror of war shall never be eradicated from the Soviet heart. There is hardly a family today that it has not touched in some way.

Since World War II the Soviet man in the street has now enjoyed a generation of peace. His standard of living has improved markedly, particularly in the last few years. This better life combined with memories of the past induce him toward another generation of peace.

There seems to me to be a delicate balance between his desire for peace and his will to fight. Whereas our country has remained free of foreign invaders since the abortive attempt during the War of 1812, his land has been overrun many times. Therefore, he understands—perhaps better than we—the meaning of survival. That survival can only be achieved through strength—strength and the will to fight. Words alone by us are not enough; we must combine those words with tangible evidence of our determination to remain strong while proceeding through negotiation towards a generation of peace.

Since the children—our children, their children, children the world over—are the principal beneficiaries of this generation of peace, much was said about children during the Moscow Summit. As President Nixon told the Soviet people during his television address to the people of the Soviet Union in May of this year ". . . We love our children and we want for you (the Soviet people) and for your children the same peace and abundance that we want for ourselves and for our children." I would like to speak specifically of one young Russian girl who during the siege of Leningrad kept a diary; her name was Tanya. In the pages of her diary she tells the terrible, terrible story of war in the simple words of a child. She wrote of the deaths of the members of her family, Zhenya in December, Grannie in January, Leka next, then Uncle Vasya, then Uncle Lyosha and Mama, and then the Savichevs and finally, these words, the last words in her diary, "All are dead, only Tanya is left."

The SALT Talks and SALT Agreements and our determination to remain strong are steps forward towards this goal—a goal to do all that we can to insure that no other children will have to endure what Tanya did and that your children and ours and all the children of the world can give their full lives to each other, can live their full lives together in friendship and in peace.

Thank you.

THE $35 BILLION GAP IN GNP AND THE $10 BILLION GAP IN FEDERAL REVENUES CAUSED BY THE NIXON ECONOMIC POLICIES

Mr. PROXMIRE. Mr. President, the Wall Street Journal for today, September 12, contains the first in a series of articles written by distinguished contributors which the Journal plans to run monthly. Included among the authors are Walter Heller, Irving Kristol, Paul McCracken, and Arthur Schlesinger, Jr.

Today's article is by Walter Heller, the distinguished economist and former Chairman of the Council of Economic Advisers. Mr. Heller first describes the economic differences and the economic consequences of an economy running at 4 percent unemployment and one running with a 5-percent unemployment level.

HUGE GNP AND REVENUE GAPS WITH 5 PERCENT UNEMPLOYMENT

As he contends, the difference is about $35 billion a year in lost GNP, a $10 billion loss in Federal revenues, and 1 million more men and women unemployed if unemployment goals remain at 5 percent—which is the Nixon goal—as against 4 percent or below—which is supported by Senator McGovern and those who support him.

Mr. Heller then stresses the difference in emphasis of the two schools and argues persuasively, in my view, for an unemployment level at 4 percent or below.

Finally, he prescribes a formula for achieving the 4-percent level and what he calls a prudent policy for the future.

I agree with much of what he proposes, but I do differ in one respect. He urges the Federal Government to continue to spend, in order not to shut off economic growth. But he also urges us to raise taxes in 1974 to offset the larger spending.

NO NEED FOR TAX INCREASE—CUT WASTEFUL SPENDING

I believe the same goals can be achieved by different means. I see no reason to push spending merely to sop up its effects through higher taxes. My view would be that the Government should cut, and cut hard, those useless and wasteful programs and subsidies where non-productive activity is rampant.

I would prune military spending and procurement, cut out manned space flights and substitute instrument flights, reduce wasteful public works, and cut some of the $60 billion and more in subsidies which goes to the economically strong and powerful.

We should not merely keep spending these sums to satisfy some mechanistic view of macro-economics. The same economic damper can be obtained by cutting wasteful spending rather than by raising taxes.

Nonetheless, the prescription to get to a 4 percent level or below of unemploy-

ment is appealing and correct both from an economic and a humane point of view.

I ask unanimous consent that Mr. Heller's article be printed in the RECORD.

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

THE PRICE TAG FOR NIXONOMICS

(By Walter W. Heller)

Is the cup of recovery half full and filling rapidly? Or is it two-thirds empty and in no early danger of running over?

One school of thought sees the economy reaching its capacity, its limits of inflationary tolerance, at a fairly early date, perhaps mid-1973. Another believes that the ample slack in today's economy won't be taken up until some time in 1974.

The issue is far from academic. The economic recovery is at a stage that raises this question: Is it time to reach for the fiscal and monetary brakes? And the political campaign is at a stage that puts the two schools of thought against each other.

The Nixon White House and the Federal Reserve apparently associate the U.S. economy's potential with an unemployment rate of 5% or a bit below. And they assure us that in a booming economy 5% is just around the bend. So they are raising the spectre of an early renewal of excess-demand inflation and calling for budget belt-tightening and monetary snugging to ward it off.

Sen. McGovern and his economic advisers, true to the Kennedy-Johnson tradition, associate potential with an unemployment rate of 4% or a bit below. And unemployment, as they see it, won't reach even 5% for many months. By their lights, the economy has a long way to go before it bumps against its ceiling and overheats. So, they argue, don't choke off recovery by tromping on the monetary and fiscal brakes prematurely.

This critical question of reasonable full employment targets, of realistic limits to expansion, has been overshadowed by the more emotional (and to the financial community, more personal) issue of fair-shares tax reform and redistributive welfare plans. But for the rational reader of these lines "How high is up?" is an even more critical issue than "How much will I have to give up? Why? First, because the *perceived* limits to expansion will determine the course of near-term action on interest rates, money supply and the budget, while the *actual* limits will determine the levels of prosperity, profits and taxes in the longer run. Second, because the Federal Reserve and the White House have the monetary powers and much of the budget power they need to accomplish their chosen full-employment goals, in sharp contrast with structural tax and welfare reforms, where a balky Congress is not highly disposed to do what the President proposes.

What's at stake in this contest between competing concepts of the power and flexibility of the U.S. economy? Simply this: if the country lowers its sights from a target of 4% unemployment to one of 5%, it will sacrifice each year about $35 billion of GNP, $10 billion of profits and $10 billion of federal tax revenue. Settling for 5% instead of 4% would mean denying jobs to one million people and denying the country—and especially the poor and non-white who are at the end of the job line—the benefits of the better living standards and the social advances we can buy with that $35 billion of added output and $10 billion of added tax revenues.

NO SCIENTIFIC ANSWER

Who's right and who's wrong? Alas, as in the case of so many questions of political economy, there's no wholly scientific answer. Where we set our full-employment targets is in considerable part in the realm of values and policy. It depends on one's relative tolerance for inflation and unemployment—i.e., how much inflation one is willing to trade off for lower unemployment—and how vigorous a policy of wage-price restraint, public service jobs and labor market reform one is willing to pursue.

So there are no absolutes. But there are some important facts to start with. First, we know roughly how fast the U.S. economy has to grow just to stand still. Just to absorb the 4.4% annual growth in labor force and productivity and to allow for about 3% inflation, requires a 7½% annual rise in money GNP. At current GNP levels, that requires an $85-billion-a-year advance merely to hold our own.

Second, we "know" that GNP will rise by $100 billion to $105 billion this year. And the early entrants in the 1973 forecasting derby cluster around a $105 billion to $110 billion advance for 1973. Given the characteristic lags in economic actions and reactions, it's safe to say that this outlook—unlike that for later years—will be little affected by the outcome of the election. By the end of 1973, then, GNP will be running at an annual rate of about $1,300 billion, some $220 billion above its rate at the end of 1971. Some $50 billion of the slack in the U.S. economy will have been taken up. How much will be left?

The answer starts, but hardly stops, with a third set of facts, namely, how much more GNP our economy delivers at 4% unemployment than at 5% or 6%. The 4% benchmark is the basis for the official Commerce Department estimate of the GNP gap, the difference between the existing and the potential level of output. By the 4% standard, the economy was running about $75 billion below its potential at the end of 1971.

But if you're not a 4-percenter—if in your heart of hearts you're willing to trade more unemployment for less inflation and government intervention (even though in your head of heads you still use 4% in calculating full-employment tax revenues)—the $75 billion overstates the gap. Lowering one's target to, say, 4¾% is the same thing as lowering the GNP goal and the gap by $25 billion.

So. how much slack will be left? McGovernomics, faithful to a target of 4% or better, says in effect, "Recovery is closing about one-third of the GNP gap this year and another third next year. That will still leave us $25 billion short of a full-employment, full-production, full-profit economy by the end of 1973. Don't abort recovery short of full-term."

Nixonomics, in effect, says, "We can't get there from here without excessive inflation and controls. So let's settle for something close to 5% as our full-employment goal. By that standard, the GNP gap was more like $50 billion at the end of 1971. We're taking up half of that slack this year and the other half next year. Reach for the brakes."

SOME SPECIFICS

Since there is so much at stake, let me be more specific about how the two schools of thought differ in assessing the amount of slack in the U.S. economy. What we might call the "uptight school" stresses:

That today's unemployment rate of 5.6% (a) includes much low-grade labor, (b) conceals the fact that less than 3% of adult married males are unemployed, (c) ignores the fact that it's as hard as ever to find good maids, gardeners and handymen;

That the rising proportion of teenagers and women among the unemployed translates into tighter labor markets, a worse Phillips curve, more inflation than we used to have at 4% unemployment.

That with business and labor more sensitized to the signs and significance of inflation, it's easier to get caught in a price-wage or wage-wage spiral than it used to be;

That current data slowing 78% operating rates in manufacturing are based on slippery capacity numbers and include much obsolete plant and equipment.

In contrast, the "lots-of-headroom school" stresses:

That today's unemployment rate fails to count millions of (a) hidden unemployed, the discouraged dropouts from the labor force and the non-entrants who will seek jobs as the economy strengthens; (b) part-time workers who want full-time work, and (c) skilled laborers and professionals forced to accept jobs well below their capacities;

That the trend toward more youth and women among the unemployed should be dealt with, not by retreating on job goals, but by more strenuous efforts to strengthen manpower, mobility and public service job programs;

That the dangers of cost-push inflation should be dealt with not by measures to cut back aggregate demand and thereby deny jobs and incomes to the economic "underclass," but by wage-price restraints focussed on the business and labor leaders who sit in the seats of market power;

That even if nearly half of idle manufacturing capacity (say, 10% of total capacity) is classed as obsolete or inefficient, that still leaves 12 percentage points of slack to take up.

I need hardly add that I find the defense of the 4% unemployment target persuasive in both economic and human terms. Given a responsible fiscal-monetary policy and some ingenuity and courage in wage-price restraint, there's no reason to deny ourselves the million jobs and the $10 billion each in profits and tax revenues that lie hidden in the gap between 5% and 4% unemployment.

What, in sum, is the prudent policy path to this goal?

First, don't prematurely cut off the monetary and fiscal lifeblood of this expansion.

Second, recognizing the lags in response to monetary and budget changes, start throttling down by mid-1973.

Third, recognizing the $17 billion full-employment deficit for fiscal 1975 implicit in Mr. Nixon's present programs and proposals, plus the several billions that Congress will tack on, put a sizeable net tax increase on the books to take effect in 1974.

Fourth, since cost-push won't wait for full employment but looms up next year when the pace of big labor negotiations steps up and the productivity surge slows down, get ready to put a streamlined Phase III in place.

FISHING OFF ALASKA

Mr. STEVENS. Mr. President, I have often remarked on the fishing problems facing the State of Alaska. An excellent article on this subject was published last November on pages 12 and 13 of the Southeastern Log. The article, entitled "Fishing Off Alaska Big Business," and written by Normand Dupre, concerned an interview with Elmer Rasmuson, one of four American members of the International North Pacific Fisheries Commission. Mr. Rasmuson, a Native Alaskan, has long been involved in the fishing business both officially because of his position on this Commission and unofficially because of his position as an officer of one of the major banks in our State. Mr. Rasmuson is extremely knowledgeable in this area and is the first and only Alaskan ever to be appointed to the Commission. This article is particularly timely because H.R. 9501, a bill to amend the North Pacific Fisheries Act, has recently been the subject of hearings by the Senate Commerce Committee. This convention has recently been violated by the Japanese in the Gulf of Alaska.

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:

FISHING OFF ALASKA BIG BUSINESS

(By Normand Dupre)

Elmer Rasmuson has urged Alaskans to take the lead in formulating a policy the United States can present to the Law of the Sea convention to be held by the United Nations in 1973.

Rasmuson, one of four American members on the International North Pacific Fisheries Commission, emphasized the necessity of the U.S. taking a strong stand.

Every member nation of the U.N. will be represented and each will have only one vote, even landlocked nations. He said any nation with a firm plan to present would have an advantage over nations without a formulated policy.

And, he said, Alaska is the state to whom the convention's agreements could have the greatest effect because of its vast fishery. With the exception of the state of Washington, no other state has the interest in fishery problems that Alaska has. Rasmuson said the state should begin formulating a plan now that the U.S. can take to the convention. If it doesn't have a plan probably no one else in the United States will, he indicated.

Rasmuson pointed out that Alaska has more coastline than the rest of the U.S. taken together and it has two-thirds the total U.S. continental shelf.

Rasmuson, chairman of the board of the National Bank of Alaska, spoke Nov. 11 at Ketchikan Community College at the invitation of the Seine Boat Owners and Operators and Richard Whittaker, state representative.

The three-nation North Pacific Fisheries Commission, of which Rasmuson is a U.S. member, will undoubtedly contribute information to the 1973 convention.

The commission was established by representatives from the United States, Canada and Japan in 1953, to assure the maximum sustained productivity of fish in the North Pacific and to conserve the resource, Rasmuson said.

Japan lost many of its traditional fishing grounds as a result of World War II and so it moved its fleets into the North Pacific nearer Alaska and Canada. This resulted in the treaty that created the commission.

The incursion of the large and efficient Japanese fleets resulted in real or potential conflicts with which the commission was asked to deal.

These involved fishing rights on the vast continental shelf north of the Aleutian chain in the Bering Sea. Japanese fishermen also moved down along the coast of Southeastern Alaska, into the Gulf of Alaska and along and around the Aleutian Islands.

The commission was created by a treaty that would last 10 years, and indefinitely after that if none of the member nations wished to withdraw. None did and the treaty remains in force today.

The commission is composed of four commissioners from each of the three nations, and although it had no research staff of its own, the commission was provided with three 20-member advisory staffs one for each nation.

Rasmuson is the first and only Alaskan to be appointed to the commission.

The American advisory board is made up largely of Alaskans and others from the NW states, Rasmuson said, in recognition of the area's contribution to the nation's fisheries.

Alaskan members include Jack Cotant, Ketchikan; Gordon Jensen, Petersburg; Jay Hammond, Naknek, and Clem Tillion, Halibut Cove.

"The commission never takes an action that doesn't represent the consensus of the advisory board," Rasmuson said.

The Alaska-born banker said he now feels the lack of a research staff is an asset. The board gets large amounts of information from a variety of agencies in the United States including the Alaska Department of Fish and Game, the National Marine Fisheries Service of the U.S. Department of Commerce, the University of Washington's fisheries institute and the international halibut commission. These contribute many new ideas to the commission, he said.

A major accomplishment of the commission and one that has been more advantageous to the United States than to the other two members is the so-called abstention line that roughly divides the North Pacific and the Aleutian chain for salmon fishing rights.

The line runs north and south along the 175 degrees west longitude, prohibits Japanese fishing east of the line. The United States refrains from salmon fishing west of the line, which runs across Atka Island in the Adreanof group.

By virtue of historic use that dates to the 1930s Japanese fishing efforts in limited areas surround some of the Aleutian Islands west of the line even within the 12-mile limit.

In addition to the line, the U.S. and Japan yearly negotiate a salmon quota for Japan's high seas catch.

Conditions under which Japan agreed to the line are that the United States use and harvest the salmon fisheries east of the line, that the U.S. manage that fishery and that the U.S. continue scientific studies of the salmon fishery.

Rasmuson said he believes the United States fishermen, especially Alaskans, had gotten the better part of the bargain with the line.

He cited figures which show that only 10 per cent of the Bristol Bay Salmon run (the largest run in Alaskan waters) ever migrate west of the line, and that Bristol Bay red salmon make up only three per cent of the Japanese catch.

Therefore, he surmises, while the line does not work perfectly it does protect about 90 per cent of Alaskan salmon. In addition, he said, the United States has managed by negotiation to lower the quota the Japanese can take.

Since the birth of the commission, the Soviet Union and South Korea have joined in North Pacific fishing but neither is a member of the commission.

Rasmuson said he would rather they keep out. He cited several reasons for this view. Bilateral treaties have been very effective especially with the Russians in curbing their fishing efforts in which Alaskans have a great interest. Also, he feels the entrance of the nations would "water down the vote" of the other members.

There is also the problem of political conflicts between Russia and South Korea, a staunch anti-Communist nation, that would make the two hard to get along with on the commission.

Another factor is the sudden recent decrease in fishing by South Korea in the North Pacific after several years of building up their effort.

Rasmuson suspects the Koreans never intended to vie seriously for the North Pacific fisheries but only wanted to edge into the Japanese market.

A bilateral treaty was negotiated last year with Russia and Japan by which both agreed to phase out tangle net gear used to catch king and tanner crab on the Bering shelf. Since then, he said, the Japanese this year have used crab pots almost exclusively. In addition the quota has been cut.

The problem with tangle nets is that they snag and destroy stationary gear as the nets are dragged across the ocean bottom. There have, in fact been incidents in which American boat owners have raised howls over destruction of their gear on the high seas.

One such case involved Petersburg Fisheries Inc., two of whose boats lost more than $10,000 worth of gear in two instances to Russian trawlers.

While the Japanese respond to pressure, "a lot of this is too little too late. The Japanese wait until the fish stocks drop too far before taking corrective measures," he said.

By other bilateral treaties the Russians have agreed to refrain from salmon fishing on the high seas, a major source of fish product for Japan. Neither the United States nor Canada fish salmon on the high seas because of potential damage to runs in parent streams.

Now the commission is trying to reduce the Russian take of king crab, but the Russians are sticklers for scientific data before they make a decision, and research effort still is needed to prove overfishing.

The Russians are greatly concerned with stocks of fish the United States does not use but might use later—pollack and black cod. Perch and black cod are human foods frequently found in fish sticks and pollack is used in pet foods.

In the eastern Bering Sea, Rasmuson said, it is known Russian and Japanese trawling picks up a lot of young halibut. U.S. and Canadian members have been trying to get permission for observers to go aboard the trawlers next year to watch for violations.

Already American agents of the National Marine Fisheries Service have been allowed aboard foreign vessels including Russian research boats in the Bering. This, according to an official in the NMFS, has been of lopsided advantage to our side because most of our knowledge of fisheries is published and readily available to all, while Russian studies remain unpublished, hidden away in a file somewhere.

Looking to other legal means of protecting American fisheries, Rasmuson said he favors the continental shelf doctrine over a 200-mile limit.

The continental shelf doctrine, adopted by an international agreement in 1958, states among other things that creatures that live on a continental shelf belong to the nation on whose coast the shelf is located. This refers primarily to crab, which lives on the bottom, and not to fish which live in the water above the shelf.

Rasmuson claims the United States would be better protected by the shelf doctrine because there are large areas of the Bering shelf outside of 200 miles and also because good fishing drops off beyond the edge of the shelf anyway.

As for the 200-mile limit, Rasmuson said that since the United States is fighting the 200-mile limit in Latin American countries it is not likely the government could support one at home.

CAREERS FOR MINORITIES IN OPTOMETRY

Mr. HUMPHREY. Mr. President, for a good many years now, a number of us here in the Senate and our counterparts on the House side have worked diligently for civil rights and for equal opportunities for all Americans in terms of employment, housing, and every other area which affects the quality of life in America. I believe we have been eminently successful, but we still have a considerable distance to go.

One area which has been of deep concern for me is the relative lack of educational opportunities in the health care field for young people among minority groups; notably those in the black community, in the Spanish-speaking population, and among American Indian tribes. While these educational opportunities do, in fact, exist, there has been a distinct lack of effort to bring such opportunities to the attention of well qualified students and their families so that young people interested in the health field might prepare themselves for such careers.

I want to bring to the attention of

Senators a ray of hope in this whole picture. One of my constitutents has advised me of a three-way program mounted earlier this year to recruit students from minority groups for matriculation into schools and colleges of optomery. I would hope that other national professional groups in the health professions and allied health fields will follow the fine example set by the health profession of optometry.

The American Optometric Association and the National Optometric Association, which is comprised mostly of black optometrists, agreed in mid-1971 to cooperate in a minority recruitment program seeking to locate qualified minority students and assist them in arranging the necessary financing and in other ways, to make it possible for these young people to embark on programs of optometric education, involving a 2-year preoptometry course and 4 years in professional school.

Both the National and American Optometric Associations made heavy commitments of volunteer members, staff support, and funds toward this goal. Together, they approached the National Urban Coalition's health manpower development program, and received further financial support from that source for carrying out the minority recruitment program.

Just a few short months ago the joint effort got underway, with the goal of placing six to 10 qualified optometry students in accredited schools and colleges of optometry for the fall 1973 term. As a result of the great interest in optometry as a professional career, and the yeoman service of the three organizations involved, nine students have already been located, assisted, and placed in optometry school or preoptometry courses.

I commend the American Optometric Association, the National Optometric Association, and the health manpower development program of the Urban Coalition for their effective conduct of this program. I wish them every success in continuation and further expansion of their minority recruitment efforts. I hope other professions will follow suit in adopting and implementing aggressive, forward-looking programs like this one, to help minority groups take full advantage of available educational opportunities.

HITCHCOCK CHAIR CO. MUSEUM, RIVERTON, CONN.

Mr. WEICKER. Mr. President, in a day of fast-moving events it is most important to reflect for a moment on some of the memorabilia associated with our past. Particularly when events or products of the past automatically denote the excellence of the American worker.

Such is the case with the famous Hitchcock chair, which throughout our history has become a household word in the United States.

I am proud to say that the Hitchcock Co. is located in my State and that this fine company has recently inaugurated the Hitchcock Museum in Riverton, Conn.

I ask unanimous consent that the general remarks issued by the company on the occasion of the opening of their museum, which has the replicas of how our forefathers lived in the middle of the last century, be printed in the RECORD.

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

OLD "HITCHCOCKS-VILLE" CHURCH BECOMES HITCHCOCK CHAIR CO. MUSEUM IN RIVERTON, CONN.

RIVERTON, CONN., August 1.—The 143-year-old gray, cut native stone edifice which Lambert Hitchcock, creator of the famed "Hitchcock Chair" was instrumental in planning, designing and equipping in 1829 as the Union Episcopal Church, reopens today as a museum of home furnishings of the early 18th century United States.

Sponsored by the Hitchcock Chair Company, the museum will feature about 100 of the more than 300 homefurnishings pieces gathered by Mr. John Kenny, Chairman of the Board, in his years of search for Hitchcock originals. Several original Lambert Hitchcock chairs, signed "L. Hitchcock, Hitchcocks Ville, Conn.—Warranted" are among the museum's pieces, together with a "Place Book" table, designed by Lambert to hold the "Place Book" of his first wife at the entrance of their home here.

Museum items are displayed in early 19th century settings within the vaulted interior of the church, its balcony choir loft, and the interior of its square, setback, eight-spirited bell-tower.

According to Thomas H. Glennon, President, the museum will be open Tuesday through Saturday, from 10 a.m. to 5 p.m. until December first when it will be open Saturdays only from 10 a.m. to 5 p.m. The five day schedule begins again the first of May, 1973.

DEATH OF CHIEF JUSTICE GEORGE BONEY OF THE ALASKA SUPREME COURT

Mr. GAMBRELL. Mr. President, I was saddened to learn through the distinguished junior Senator from Alaska (Mr. STEVENS) of the death of George Boney, Chief Justice of the Alaska Supreme Court. While I have had little recent contact with Chief Justice Boney, I considered him a close and respected personal friend as a result of our acquaintance as law students together more than 20 years ago at Harvard Law School. Chief Justice Boney was a native of Georgia, had a distinguished career as a student, and subsequently as a lawyer for the U.S. Air Force and as a member of the bar in Alaska.

His selection, at the age of 38, as a justice of the Supreme Court of Alaska and his subsequent elevation to the office of chief justice of that court testifies to his professional skill as well as to the esteem in which he was held by his personal, professional, and political associates in that State.

I join Senators STEVENS and GRAVEL, and the many other friends of George Boney in extending my sympathy to his wife and family.

THE REPUBLICAN ADMINISTRATION AND ITS PROBLEMS WITH ARITHMETIC

Mr. PROXMIRE. Mr. President, in today's New York Times, Eileen Shanahan exposes a series of misleading economic figures and misstatements of facts recently put forward by the key economic managers of the Nixon administration.

While the Nixon administration has been desperately trying to downgrade the significance of the unemployment figures, she correctly points out that unemployment for heads of households is still at recession levels, and that white males, veterans, professional and managerial employees, and skilled craftsmen are very much among the unemployed, as well as teenagers, blacks, and welfare mothers.

In addition, she shows how the Nixon administration has arrived at some gross exaggerations of Senator MCGOVERN's program costs by failing to subtract his specific proposals for savings from the total.

While she quite rightly says that the administration may well have a $35 billion budget deficit this year, I differ with her and believe that significant cuts in the Pentagon budget, manned space flights, public works projects, and the $60 billion plus spent in Federal subsidies are possible. In view of that difference of opinion, I believe it is possible not only to limit spending to $250 billion this year, but that it could be cut to $240 billion without impairing any significant and important program for the rank and file of the American people.

I ask unanimous consent that Miss Shanahan's article, entitled "Some Arithmetic Problems and the G.O.P. Campaign" be printed in the RECORD.

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

[From the New York Times, Sept. 12, 1972]

SOME ARITHMETIC PROBLEMS AND THE GOP CAMPAIGN

(By Eileen Shanahan)

WASHINGTON, September 11.—After months in which it was Senator George McGovern who kept using tax and other economic statistics that no one else could add up the way he did, it is now President Nixon and his staff who are having trouble with their arithmetic.

Budget arithmetic seems to be their biggest problem. Administration assessments of where Mr. Nixon's own budget stands are beginning to draw challenges even from Republican experts outside the Government. And the Administration's assessments of the budgetary consequences of Senator McGovern's programs are rarely documented, and appear full of inconsistencies when they are.

In addition, there has recently been a flow of economic statistics from key Administration officials that are not simply controversial but, on the basis of the Government's own figures, demonstrably wrong.

A recent example: John D. Ehrlichman, assistant to the President for domestic affairs, contended in a television interview last week that the unemployment rate for heads of households—persons with the primary responsibility for supporting themselves and other people—"is now something around 2 per cent." The undisputed official figure is 3.3 per cent, which is down from the peak, but still a recession-level figure for this group of the population.

COMPOSITION OF UNEMPLOYED

Mr. Ehrlichman also maintained that the 4.8 million unemployed were now "down to teen-aged blacks, welfare mothers and folks of that kind, people who can't hold jobs." The Labor Department's figures show that, as

of August, 1.7 million of the unemployed were males over the age of 20, of whom 300,000 were veterans of the armed forces who served during the Vietnam era.

From an occupational viewpoint, more than half a million were professional, technical, managerial or administrative workers; another 400,000 were skilled craftsmen. Nearly a million more were what the Labor Department calls "operatives," who can be skilled or semi-skilled, but who are never common laborers.

The Administration's problem with the budget numbers seems to have begun with President Nixon's acceptance speech in Miami Beach. He made a number of statements that had economists doing double takes, among them that the United States has the fastest rate of economic growth of any industrialized nation—a statement that is true only if the comparison is limited to the last six months, when the United States began growing its way out of the recession that started in Mr. Nixon's Administration.

It was also in Mr. Nixon's acceptance speech that the number $144-billion was used, for the first time, as the cost of all the various new governmental programs that had been proposed by Senator McGovern, his Democratic opponent in the Presidential election.

NO BREAKDOWN OF FIGURE

The Administration never supplied any breakdown to document the figure. An earlier study by Republicans in the House of Representatives, which did give a detailed breakdown, showed a somewhat smaller expenditure total. But the House Republicans said that the largest item in their total was the McGovern $1,000-for-every-one grant program, which he subsequently abandoned. The House Republicans said the grant would cost $70-billion net, after allowing for some tax changes the Senator also proposed.

The Senator has since substituted a completely different antipoverty program, whose cost he estimates at $14-billion, an estimate no one in the Administration has yet challenged.

Despite the $56-billion change in what Senator McGovern has proposed. Administration officials continue to use the $144-billion figure as the total cost of all the new programs the Senator is backing.

One official who used the figure, Secretary of the Treasury George P. Shultz, did supply documentation when challenged. He reached a total of $146-billion, but on a gross basis, not a net basis, which is what Mr. Nixon had used in his acceptance speech. That is, Secretary Shultz did not subtract offsetting changes such as the Senator's planned $22-billion increase in tax collections from the end of certain tax preferences or his planned $30-billion reduction in defense spending over a three-year period.

SUBTRACTIONS OMITTED

Mr. Shultz also included in his calculations $10-billion for an emergency employment program that is no longer a part of the McGovern plan, because it is something the Senator thought should go into effect this year or not at all.

And he did not subtract from his estimated $62-billion cost to the taxpayers of Senator McGovern's health insurance plan two effects of this plan that would put money back in the taxpayer's pocket. One is the $15-billion of private health insurance premiums that would no longer have to be paid if the Federal health insurance plan went into effect. The other is the state expenditures of $4.6-billion—which are financed by taxpayers, too—that would be eliminated under the plan.

Whether Mr. Shultz deducted enough from the cost of the insurance plan to reflect all the existing Federal programs that could be reduced or eliminated is a matter for dispute. The Office of Legislation is using $59.4-billion for the net cost to the Federal Government of the health insurance plan, and says it does not know where Secretary Shultz got his $62-billion.

With these adjustments, the Shultz figure would come down to about $65-billion for the net cost of all the McGovern programs. The Senator has said he would add only as many programs as could be financed out of his tax reforms and defense reductions—a total of $52-billion—but has not indicated what additional programs once advocated by him that he would not support at this time.

A net budget increase of $65-billion would clearly require additional taxes, though not the doubling of taxes that Republican orators are consistently maintaining would be necessary. They arrive at that figure by putting the net new McGovern spending figure at $90- to $100-billion, and arguing that there is no source of tax increases except the individual income tax, which yields about $94-billion in revenues now. Other taxes raise total revenue collections to $223-billion.

As for where the budget is headed if Mr. Nixon remains President, very little has been said publicly.

FORECASTS ON BUDGET

But two competent, conservative authorities put the figure for the current fiscal year at $260-billion in separate estimates last week. They were Murray L. Weidenbaum, an economist at Washington University in St. Louis who served as Assistant Secretary of the Treasury for two and a half years under Mr. Nixon, and Eugene F. Rinta, director of research for the Council of State Chambers of Commerce. A spending total of $260-billion implies a deficit of $35-billion, or a little more.

Administration officials say that the budgetary picture, both for this year and for next year, will present no problems, if Congress will set a spending ceiling of $250-billion for the current year.

But many budgetary experts believe that it would be impossible for the Administration to stay within such a ceiling, even if it were given virtually unlimited powers to eliminate programs by the legislation imposing the ceiling. They believe the Administration would be forced to ask for repeal of the ceiling before the fiscal year was out.

One reason is that it presumably would not start the actual mass layoffs of Government personnel that would be required, and the terminations of contracts in fields such as manpower training, until after the election. That would give it only about seven months to cut $10-billion from spending.

EFFECT OF VIETNAM BOMBING

That $10-billion figure includes an estimate for continued high levels of bombing in Vietnam only through the end of this month. If it continues longer, even greater cuts elsewhere would be required to bring the budget within the $250-billion ceiling.

If actual spending in the current fiscal year exceeds $250-billion, there is little argument that it would also exceed $262-billion in the new fiscal year that begins July 1, 1973, whoever is President.

The figure of $262-billion represents the outer limit of spending that could be tolerated next fiscal year without inflation—or higher taxes—according to the Nixon Administration's own economic philosophy. That philosophy holds that outlays may not exceed the revenues that would be collected if the economy were operating at full employment. The figure of $262-billion represents these full-employment revenues, an essentially undisputed number.

At least $12-billion in spending increases are already in sight for fiscal 1974, even with Mr. Nixon in the White House and without any new programs. Some of the larger components include increases in civilian and military pay, increased Social Security benefits, increased interest costs and increased costs of Medicare.

COLORADO READING-TUDOR VOLUNTEER PROGRAM FOR CHILDREN

Mr. DOMINICK. Mr. President, the National Reading Center in Washington, D.C., reminds us that 8 million school children need special help in learning to read.

This Nation has a national reading problem. Most teachers cite reading as the most critically needed compensatory education for their disadvantaged pupils.

I am pleased to note that citizens of Colorado are concerned about this Nation's reading problem, and are volunteering their time and effort to give the children of our State the reading help they need.

In Denver, 182 volunteers recently participated in a 2-day tutor trainer workshop directed by the National Reading Center and sponsored by our State Department of Public Education.

Forty city, county, and metropolitan school districts cooperated to sponsor the workshop, which was provided at no cost to the local volunteers.

The following colleges, universities and organizations also were participating sponsors: Adams State College, Community College of Denver, Metropolitan State College, Morgan County Community College, University of Northern Colorado, the Brighton House of Neighborly Service, Denver Public Library, Archdiocese of Denver, Adult Education Tutorial Program, Lookout Mountain School for Boys, Mountain View School for Girls, Neuville Center, and the Parent-Teacher Association.

These volunteers have now returned to their home communities to teach other volunteers how to tutor primary grade children in reading beginning this fall.

I would like to express my personal appreciation to these men and women for the invaluable service they are rendering to the children of Colorado.

I am sure many more Colorado citizens will wish to volunteer for free training to become reading tutors at the local schools in their neighborhoods.

Interested Coloradans can volunteer their services by contacting the Colorado State Right-to-Read Coordinator at the State Library Building, 1362 Lincoln, Denver 80203—phone 892–2181.

As one of the authors of the learning disability program under the Elementary and Secondary Education Act, I applaud their efforts.

LATTIMER MASSACRE MEMORIAL

Mr. MUSKIE. Mr. President, last Sunday, September 10, 1972, was the 75th anniversary of the tragic massacre of 19 striking workers at the Lattimer Mines near Hazleton, Pa. On Sunday afternoon the Lower Luzerne and Carbon Counties AFL–CIO Labor Council dedicated a Lattimer Memorial to these striking workers who were of Polish, Slovak, and Lithuanian descent.

I speak to the Senate today to honor those who died 75 years ago and to commend the labor council for their fitting tribute of this year.

Seventy-five years ago coal miners in the villages of Lower Luzerne and Car-

bon Counties joined a local of the United Mine Workers to combat the existing miserable working conditions. They hoped to improve their lives, abolish company stores, and protect themselves from any exploitation by the coal companies. In order to seek support from their fellow miners, the strikers marched from Harwood on September 10, 1897. At the entrance of the Lattimer Mines the sheriff of Luzerne County and his deputies fired upon the unarmed union group. This senseless attack killed 19 men.

It is altogether proper that we commemorate this bitter episode in the long struggle for union rights. These men lost their lives in the battle for dignity and a decent life. We owe them our gratitude and respect. Today, when many of our problems are different, we should not forget those whose sacrifices gave us what we have today. And we should look to their courage and determination to give us strength to face our own challenges.

I ask unanimous consent that a proclamation adopted by the United Labor Council, AFL–CIO, Lower Luzerne and Carbon Counties, in the city of Hazleton, Commonwealth of Pennsylvania, be printed in the RECORD. I am happy to make the Senate aware of the fitting tribute to the Lattimer massacre that occurred last Sunday and would like to add to that tribute by paying our respects to the 19 men who died 75 years ago.

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

PROCLAMATION—THE LATTIMER MASSACRE MEMORIAL YEAR—THE "75" YEAR

Whereas, shortly after they joined the first Local of the United Mine Workers of America in Lower Luzerne and Carbon Counties, Commonwealth of Pennsylvania, coal miners in the villages of Harwood, Cranberry, Crystal Ridge, Harleigh, and Humboldt, near Hazelton, were ill fed, ill paid, and ill treated, and

Whereas, these union men, predominantly of Polish, Slovak, and Lithuanian origin, went on strike to better their working conditions, abolish the unfair company stores, and demand more for their work in and around the coal mines, and

Whereas, the non-union workers at Lattimer Mines were exploited by the Coal Company in order to defeat the men on strike, and

Whereas, the strikers marched from Harwood to seek the support of their fellow-workers at Lattimer Mines on Friday, September 10, 1897, and

Whereas, the Sheriff of Luzerne County and his deputies aimed and fired upon the unarmed union men at the entrance to Lattimer, and

Whereas, the lives of nineteen strikers were ended by the savage attack of the deputy sheriffs, and recorded with honor herein:

THE MARTYRED

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 Mieczowski.
Clement Piatek.
John Skrep.
Jacob Tomashontas.
Adalbert Ziemba.
Adam Zieminski.

Therefore, be it resolved, by the United Labor Council, Lower Luzerne and Carbon Counties, AFL–CIO, with a membership 8,000, headquarters at Hazleton, Pennsylvania, that It call upon Its Contemporaries to observe the Seventy-Fifth Anniversary of the Lattimer Massacre with appropriate ceremonies: and be it further resolved, that the Site of the bloody affair be hallowed by an official historical Marker of the Pennsylvania Historical and Museum Commission, and a fitting Monument by organized labor and their friends to the Memory of the 19 union members who sacrificed their lives for the cause of Trade Unionism; and, be it further resolved, that we call upon the City Council of Hazleton, the Pennsylvania AFL–CIO Organization, and the Governor of the Commonwealth of Pennsylvania to proclaim "1972" as the Seventy-Fifth Lattimer Massacre Memorial Year.

Adopted unanimously, Saturday, January 29, 1972, by the assembled Officers, Delegates, and Friends, of the United Labor Council, AFL–CIO, Lower Luzerne and Carbon Counties, in the City of Hazleton, Commonwealth of Pennsylvania.

ON MEXICAN INDEPENDENCE DAY

Mr. PERCY. Mr. President, Mexican Independence Day will be celebrated on September 16, and I look forward to participating in the Chicago celebration on that day. In Chicago and Illinois we have an outstanding Mexican American Community; it will be an honor for me to recall with my Mexican American friends Father Miguel Hidalgo's "grito", the famous cry for freedom, which in 1810 inspired the Mexican struggle for independence.

Today the Chicano community is engaged in a different but equally important struggle, a struggle in this country to achieve full educational and employment opportunities. They struggle to raise their standard of living and to live a good life. I support them in their aspirations, and I will continue to do everything I can to assist them in their legitimate struggle for equal opportunity. It is a cause which means very much to me.

INDIAN TRADERS

Mr. GOLDWATER. Mr. President, starting last August 28, a hearing was held at the capital of the Navajo Nation in Window Rock, Ariz., on the subject of Indian traders. I think that knowing the Bureau of Indian Affairs the way I do and the DNA which was behind all of this, I could have written an exact scenario before it ever took place. Let me set the scene.

The traders have been licensed to do business on the Reservation since the late 1800's, and they come—and keep this in mind—under the complete domination of the BIA and now the Navajo Nation.

The term of an Indian trader is limited so that it is impossible for him to get the usual bank loans to make improvements on his property. These improvements must be made at their own expense or on money borrowed from friendly sources.

I held one of these licenses at one time, so I know a little bit about it, although I must admit that the last time I held one was in the mid-1950's. Keep in mind that the Bureau of Indian Affairs, acting through the tribal government, or on its own, could at any time revoke or refuse to reissue a license to any person accused of mistreating the Indians. We then look into the ridiculousness of what went on.

First, Mr. Louis Bruce, Commissioner of Indian Affairs, made a statement that said about as much as yesterday's weather report. I ask unanimous consent that it 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 LOUIS R. BRUCE, COMMISSIONER OF INDIAN AFFAIRS

Chairman MacDonald and members of the Navajo Tribal Council and government; my esteemed colleague Alfred Cortese, Assistant Executive Director of the Federal Trade Commission; other federal representatives and most importantly, fellow Indian citizens. It is a pleasure, and I might add a most rewarding pleasure, for me to appear here today and assist in the development of effective administrative procedures to deal with the regulation of traders on or near the Navajo Reservation. This work is extremely important to me as the Commissioner of Indian Affairs and as an Indian, for it will solve some of the historic problems which have concerned and plagued our people throughout the United States. The work that we do here today will be felt in every Indian community throughout the nation, and this work will not stop here. This is merely the beginning.

Many of you have heard me speak during the past three years and you have heard me speak of my number one priority, which is, the development of a truly Indian economy. You have heard me say, that there has not been a true Indian economy since the passing of the buffalo. This is true. My efforts as Commissioner of Indian Affairs have been directed towards the development of a new Indian economy. You have heard me say that I want to see Indians buying food from other Indians in Indian-owned food stores. I want to see Indians buying automobiles and pick-up trucks from Indian-owned and operated dealerships. I want to see Indians dealing with Indian businessmen, both professional and tradesman. I want to see a truly Indian-owned economy serving Indian people. My goal is to see that the Indian dollar, which is so difficultly earned, pass from one Indian hand to another in this new Indian economy, so that the dollar moves five or six times in the Indian economy.

Many people say that we are not ready for this yet. I say that we are long overdue. This is a beginning. Today and for the past several months we have been measuring the extent of some of the economic problems in the Navajo Nation. We are concerned with how the Navajo people obtain their life services. The very food which keeps them and their children alive in the remote parts of this Navajo Nation. As Commissioner of Indian Affairs and as an Indian person I will not tolerate conditions which prevent the Navajo people from obtaining the basic life services at reasonable cost. Life is not easy in the Navajo Nation and you Navajo people know it better than I, but it is up to me as principal federal official involved in enforcing laws to protect the Navajo people, insure that the laws designed to do this do not work to your disadvantage.

To this end approximately 14 months ago I

appointed Tony Lincoln as the first Navajo Area Director, of the BIA Navajo Area Office. Shortly after assuming his new assignment Mr. Lincoln asked me what we would be doing about the traders. Chairman MacDonald also asked for action to correct irregularities which he felt existed. I pointed out the magnitude of the job and the fact that I felt we had a nation-wide task to examine the relationship of traders on or near the Indian reservations and that this should be undertaken at once. We then together, with some of my Washington executive staff, outlined a general course of action involving, not only the Bureau of Indian Affairs, but several other federal and state agencies.

At this time, D.N.A. was contacting the Federal Trade Commission for this same assistance. What you see today is the fruition of our early hopes. The cooperation and energies and innovative activities of the Federal Trade Commission are known to many of you people here today. I want to publicly thank the Assistant Executive Director of the Federal Trade Commission, Mr. Cortese, Mr. Richard Lavine, the Federal Trade Commission Regional Director from Los Angeles, and particularly, Mr. George Zervas the man on the job here at Navajo.

My thanks extends to the many more people of the Federal Trade Commission, the Bureau of Indian Affairs, both Navajo Area Office and the Washington Office who have worked so hard to bring us to this point. I want to remind everyone, however, that this is merely the beginning of the work here on Navajo and we will not rest until I am assured that Navajo people will be able to live in an economy in which they feel comfortable and which they are adequately protected as required by law.

I offer my special thanks to those Navajo Consumers who have bravely come forth to air their complaints. I admire their courage and any reprisal attempts by any person or groups will result in the sternest federal actions. If necessary, this will include the revocation of business licenses.

Mr. GOLDWATER. Mr. President, then there was a statement by Peter MacDonald, Chairman of the Tribal Council, who also had and has the power of licenses, but who at no time has done anything to bring the offending traders into line. I ask unanimous consent that his statement 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 BY PETER MACDONALD, CHAIRMAN, NAVAJO TRIBAL COUNCIL

Members of the Joint Hearing Board, ladies and gentlemen, I come before you today, first to express my appreciation for your cooperation in convening this hearing and initiating this investigation of the trader situation.

It is long overdue and no doubt provoked in good part by the recent *Rockbridge* decisions, which I thank D.N.A. for instituting. I also thank B.I.A. and the F.T.C. for responding so promptly.

Second, I would like to discuss what is commonly referred to as "trader problem." It arises from the relationship between the Navajo people and the federally licensed traders on the Navajo Reservation and is one of long duration and great complexity. The trader is often banker, finance company, hiring agent, retail merchant, adviser, pawn broker, purchaser of wool and livestock, and arts and crafts. In short, the trader is the economic center of many Navajo communities. The potential for abuse of the practically exclusive privilege of doing business on the Navajo Reservation by the multi-roled trader is great. There is no cash flow or alternative source of credit, and there is no competing purchaser of rugs or silver work. In the last century, rural America operated in such an economic system. The farmer bought groceries and other staples on credit from a retailer and paid him when his crop or livestock were sold. Such is the prevailing economic system, in many parts of the Reservation. It is miles to a market other than the trader. There are few banks at which to cash checks. Rugs and silver jewelry replace cash. There is little cash flow and most economic activity is strictly barter. The negative aspects of this system depend upon cash being kept out of circulation and the lack of competition.

The most common allegations made against traders are as follows:

(1) Unlawful retention of welfare checks,
(2) Artifically inflated prices for goods,
(3) Violation of the Truth in Lending Act,
(4) Excessively high interest rates,
(5) False debit entries for alleged "purchases," and,
(6) Problems arising from the sale and disposition of dead pawn.

It is, in my opinion, the function of this Joint Board to investigate and report with respect to these alleged trader abuses so that appropriate rules, regulations and laws may be enacted to remedy any such problems.

The original trader regulation statutes were adopted by the Congress in an age of reform to shield the Navajo consumer from undue business exploitation. They contain specific promises by the federal government. They clearly establish the responsibility for enforcement of the trading regulations promulgated pursuant to these statutes. In spite of the explicit responsibility set out in the statutes, the Bureau of Indian Affairs, Navajo Area Office has, by its non-enforcement of these regulations, informally repealed the trading regulations and ignored the enforcement obligation imposed upon it by the statutes. This gross administrative abdication of statutory obligation away and excused by local Area Office personnel under the guise of promoting Indian self-determination.

The findings of these Joint Hearings should enable us, together with the B.I.A., O.E.O., the Office of Minority Enterprise and other appropriate federal agencies, to develop and encourage a system of free enterprise which will in itself effect a partial cure of many of the alleged wrongs.

To complete the remedial action, of course, certain regulatory measures may have to be taken by the Navajo Nation, B.I.A. and the F.T.C.

Witnesses from throughout the Navajo Nation will be involved in these hearings. Many do not speak or understand English, but appropriate interpreters will be provided as will all of the services of my office and my staff.

I want to make it clear that any attempts to intimidate witnesses or take reprisals of any kind against any Navajo witnesses in these hearings will be viewed with the severest displeasure by the Navajo Nation. The focus of these hearings must remain upon protection of and fair dealing for the individual Navajo consumer. It is absolutely essential to this endeavor, that there be maintained throughout, an atmosphere allowing the free exchange of information between those conducting the hearings and Navajo consumers.

I would also, at this time, like to make clear the position of the Navajo Nation on these matters. The Navajo Nation is bound to a policy of protection of the Navajo people. The Navajo Tribe must not and will not be a knowing accomplice in denying Navajo consumers the fullest protection granted by law. Disregard for the law and the flaunting of regulations by the Bureau of Indian Affairs or any traders must be eliminated.

The resolution of problems with trading practices on the Navajo Reservation will not be simple or solved overnight. More and better answers will evolve from the creative initiative of those concerned and the testimony taken in these hearings. We must be resolute and we must continue to seek solutions to this problem.

Again, I want to express my appreciation that you are here and thank you for the opportunity to express my views on this subject. At this time I would like to request an opportunity to address this hearing at its close, after the evidence is in, in order to provide specific recommendations.

Mr. GOLDWATER. Mr. President, then there is the rather short and evasive statement of Anthony P. Lincoln, who is area director of the BIA and who is now a member of the Commission on the Joint BIA-Federal Trade group. I ask unanimous consent that these statements be printed in the RECORD so that the interested Senators might understand the background of superficiality that preceded and prevailed throughout the hearings.

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

STATEMENT OF ANTHONY P. LINCOLN, AREA DIRECTOR, NAVAJO AREA OFFICE, BUREAU OF INDIAN AFFAIRS

Since assuming my post as Area Director of the Navajo Area, approximately 14 months ago my number one priority has been the establishment of mechanisms to insure that the Navajo people are fairly treated by all of the commercial activities on the reservation, especially the traders.

Shortly after assuming my position at Window Rock I contacted the Commissioner of Indian Affairs and asked when we could commence the necessary investigation of the activities of traders on and near the Navajo Reservation which would precede the development of proper administrative procedures to insure fair treatment for Navajo people. Commissioner Bruce informed me of his intentions to examine the entire trader relationship with Indian people throughout the United States, and that he had assigned some of his top level Washington staff to explore the possibility of a joint investigation with the Federal Trade Commission. The Commissioner asked me to hold off my independent action until we could mount an effect of nation-wide federal operation.

Many of you here today are familiar with what has resulted. The joint BIA-Federal Trade Commission investigation and study of trader conditions on the Navajo Reservation which I understand will be expanded to other Indian reservation areas of this nation.

Not only as the Area Director of the largest BIA area and as the principal federal representative here, but more particularly as a Navajo, I am delighted at the interest of the federal government in my people.

My hope for the future is bright. Last year when I first arrived here a law suit was pending between my people and the former BIA Area Director regarding discrepancies and the activities of traders and the failure of BIA to enforce the regulations. This condition made my heart sick for I can recall very little change in the BIA attitude since my childhood on this reservation. To my knowledge, and my knowledge extends not only as a BIA employee but as a former Tribal employee of many years, there has been no agreement between the Tribe and BIA to determine the enforcement mechanisms of trader regulations. One of my side interests in my former employment as a Tribal employee was to find out just exactly where the buck stopped between the Tribe and Bureau in enforcing the regulations. Unfortunately, I wasn't able to determine this. Possibly the answer was that no one knew exactly where

the buck stopped or possibly because no one wanted to know.

Today this investigation and the hearings bring into focus many of the problems which have faced our people for years. I share the Commissioner's concern and I also share his enthusiasm for the results that will come from this open airing of problems that have been festering in the Navajo Nation for years. I appreciate this opportunity to appear before this panel and I have appreciated the opportunity to share, in my own small part, with the supportive work to this investigation. You're assured of my continued support as Area Director of the Navajo Area and as an individual Navajo citizen in the successful completion of this much needed, and long overdue work. You can be assured that this office will vigorously explore the revised regulations which will resullt from these hearings.

Mr. GOLDWATER. Mr. President, naturally, the Indian traders were painted as being the worst kind of rascals, completely devoid of any feeling for their red brothers. One headline that went pretty well across the country told that price tags were 27 percent higher at trading posts. Again, having been a trader, I can recall having to pay $100 a ton to get hay delivered to my post, and while I never tried to figure out what it cost me personally to truck my supplies in over 90 miles of an almost unmarked road, I can assure Senators that the costs were much higher than landing this merchandise by train or aircraft if they were available.

While the road situation on the reservation has greatly improved since my day, there are still many posts where approach roads nearly tear a truck to pieces, and this has some bearing on the prices. During all of these years these traders have served as bankers and advisers; they have carried the sick to hospitals when the medicine man could not cure; they have buried the dead; they have, in most of the cases I know of, been, in effect, the only friends the Indians have had.

Keep in mind that the Navajos are not pueblo dwellers; they do not live in towns; they are seminomadics; and in many cases they live more than 50 miles from a trading post, and this adds not only to the cost of the merchandise, but to the cost of obtaining it.

Much has been said in these hearings about pawn. Pawn has always been the Indians' credit card. He would place his or her jewelry up, and the trader would issue credit, and while I know there are some traders who have violated the unwritten rule about pawn, I have never known a trader who sold pawn as long as the Indian was alive. But, as I have indicated earlier, I never had a bad credit experience with a Navajo or Hopi Indian, and I often wished that my white customers were as diligent in their credit responsibilities as were my Indians.

The whole point of this recitation in the RECORD today is not necessarily to criticize the hearings that were held in Window Rock, but to point out, as was pointed out the other day in the Washington Post that there is something continually wrong with the Bureau of Indian Affairs when it cannot even get the courage to enforce the rules that have been on the books for years. There is something wrong with the BIA when it continues to want to coddle and paternalize the Indians instead of giving them a chance to show them what they can do on their very own.

Two groups of Indians in my State of Arizona come to my mind in this connection, both of whom live as neighbors on the Colorado River, the Chemehuevis and the Mohaves, who have been asking the BIA for more years than I can remember for a paltry sum of money that would enable them to refurbish a generating plant they operate and from the sale of this electricity would enable them to become, in the long run, independent to conduct their business, as they say, without the constant meddling hands of the BIA being imposed on them.

It is going to be interesting to me to watch and see what happens as a result of this investigation drummed up by a group of young nonpracticing lawyers and academic types; and if they can get the BIA to do those things no one else has been able to do, I say my hat is off to them.

If it is the aim of the BIA to replace all white traders with Indians, fine and dandy. All they have to do is to refuse to issue or reissue licenses; but I plead with them not to try to destroy the character of the great majority of these traders who have meant so much to the Indian. If attack is called for, single out the violators—and we all know there are some—but let us not put everyone in the same kettle.

It is time that this agency of Government began to act out its responsibilities to Indians across this country by taking a more active role in doing for them those things that need to be done. The time is long past due.

AGNEW ATTACK ON PSYCHOLOGISTS

Mr. MOSS. Mr. President, for almost a year the Vice President of the United States has created a substantial stir in the field of psychology by his distorted attacks on some of the approaches used in that field. He has made it appear as though a large number of psychologists support the heavy use of drugs to correct behavioral patterns of schoolchildren. This is not the case, and the record should be set straight.

In order to give a balanced view of the real trends now occurring in the field of behavioral psychology, I ask unanimous consent that a letter by Howard M. Sloane, Jr., Ph. D., be printed in the RECORD. Dr. Sloane's letter was addressed to the Vice President and helps to establish the views of reputable psychologists.

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

THE UNIVERSITY OF UTAH,
Salt Lake City, Utah, March 17, 1972.

The VICE PRESIDENT,
U.S. Senate,
Washington, D.C.

MY DEAR MR. VICE PRESIDENT: As an advocate and practitioner of what you have called "behavioral thinking," I wonder if I might take a few minutes of your time to respond to some aspects of your November 17 speech to the Illinois Agricultural Association. I feel that the importance of education, and the importance of providing our children with the best education available, make it imperative that we formulate decisions on the basis of fact rather than on what a single individual has said. Skinner's book *Beyond Freedom and Dignity* does *not* represent what is going on in places where behavior analysis has been applied to education, nor does it represent a "program" which people in the field are promoting. For detailed data on this, I might suggest that you get a copy of the report of the HEW Work Group on Behavior Modification, available from the Office of Education.

Let me start by noting that the majority of actual educational programs mentioned in your speech are not based upon a behavior analysis approach. Actually, most of them represent approaches which nearly every behaviorist working in education disowns. Behaviorists nearly to a man feel that the use of drugs to modify school children's behavior is not warranted (other than for disorders such as epilepsy), that the attempts that have been made to "improve learning" and to "control hyperactivity" in school children using drugs such as ritalin are not only unwarranted, but definitely undesirable, that these procedures prohibit actual useful learning, that Kenneth Clark's suggestions concerning the development of drugs to prevent alleged misuse of power by politicians is misguided, unwise and unfeasible, that the objectives and procedures of "psychosocial" and "psychodrama" approaches are similarly undesirable and have no empirical basis or philosophical justification, and so forth. All of these approaches, which you have linked with a behavioral approach, are the very things "behaviorists" feel are most unwise and ineffective.

As the HEW report will indicate to you, behavior modification approaches in education have mostly stressed the teaching of basic skills. There have been no programs I am familiar with which have attempted what some right call "mind control" or "character molding" in the area of personal values. A possible exception to this is that many programs have included work skill acquisition learning to independently complete work and homework assignments, and to value such things. It is true that a few people have suggested that this is inculcating middle class values.

Behavioral education programs stress individuality more than any other approach. The entire approach is antithetical to your assertion that "To the behaviorist, man is not an individual; he is one of a herd, a particle in a mass of humanity. . . ." A major assumption of all behaviorism is that the way an individual acts is a function of the personal interactions he has had in his life, that there are not "group variables" but only factors which affect the individual, and that the specific function of events on individuals is different for every person as a result of his particular experience and makeup. What people *say* about behavioristic programs, and what actually goes on are often quite dissimilar. Probably stemming from the early work and writings of Watson, behaviorism has always received a "bad press" in many respects. Unfortunately, rather than looking to see what actually is the case, many people base their conceptions on this bad press and on what others state is the case. With all respect, your speech suggested that you had no direct or personal experience with behavioral programs, but that you had relied on various secondary sources. I firmly believe that you would have an entirely different opinion given sufficient, accurate information.

You also stated that the behaviorist feels that man ". . . needs to be saved from himself by a superior elite. . . ." I assume, perhaps incorrectly, that this is largely based upon Skinner's book. In practice, behavioral programs are probably the most "open" as far as not secretly manipulating people. A behavior analysis approach, whether to educa-

tion or therapy, requires explicit and clear statement of the objectives *in advance*. More than in any other approach, these objectives are made explicit for the patron or client *in advance* of starting a program. Usually they are formulated with him. Students in a behavior modification program usually know exactly what the goals of the program are from the very beginning, while most students find that school is a "secret" process whose objectives are kept hidden from them. In a school or class whose objectives are thus made public and explicit, the students and parents are in the best position to exert control over the educational objectives. I have been told, although I do not know it for a fact, that parents in the two behavioristic follow-through programs are among the most ardent supporters of these programs, and that a major reason for this is that they know the program is trying to teach their children, and are able to have easy input to the program. I am sure that the fact that they see their children learning something for the first time is another reason for the popularity of these programs.

It would be a grievous error to interpret the entire field in terms of the book *Beyond Freedom and Dignity*. In it, Skinner is trying to do two things. The first is to translate technical laboratory findings as social imperatives. This is always a reflection of the person doing the translation, and never a simple factual interpretation of the science. The second thing he is trying to do is deduce what he feels are the necessary lines of social action based upon his translation of the data. This has no more to do with behavioral science than the statements that we should drop nuclear bombs on all communist countries, or that we should reveal all our nuclear data to all countries, reflect the current status of nuclear physics. Skinner's contributions to the field of behavioral science *are* revered by nearly all familiar with behavioral science. His social deductions, however, are his own, and have no status as dogma with anyone I know.

Very truly yours,
HOWARD N. SLOANE, Jr., Ph. D.,
Professor of Educational Psychology.

ADDRESS BY SENATOR BENNETT BEFORE TAX SECTION OF AMERICAN BAR ASSOCIATION

Mr. HANSEN. Mr. President, I invite the attention of the Senate to a speech made recently by the distinguished senior Senator from Utah (Mr. BENNETT) before the tax section of the American Bar Association in San Francisco. Senator BENNETT spoke of tax reform and of some of the tax reform measures which have been referred to the Committee on Finance as well as other tax reform measures which are yet to be introduced. Senator BENNETT demonstrates, in this address, his usual keen ability for seeing through matters and of extricating the important issues immediately and with great foresight.

I have nothing but praise for the distinguished Senator from Utah. I have the honor at present to serve with him on the Finance Committee, where he is the ranking minority member. As I have said before, Senator BENNETT always acts in a manner which brings honor to himself and to his State of Utah. His ideas are always well thought out, and he is the epitome of a noble American.

I ask unanimous consent that Senator BENNETT'S remarks be printed in the RECORD.

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

REMARKS OF HONORABLE WALLACE F. BENNETT

I appreciate this opportunity to be with the Tax Section of the American Bar Association and to talk to you about taxes and tax reform. There is an old saying that nothing in this world is certain except death and taxes.

On Capitol Hill we've succeeded in amending that adage so that nothing in this world is certain except death, taxes and tax reform.

The Tax Reform Act of 1969—which has been described as the most comprehensive tax reform in history—has not satisfied the purists' taste for tax reform; it seems rather to have merely whetted their appetite for more. And not surprisingly, the prime candidates for tax reform are the same old favorites that are always highlighted in tax reform scenarios—the depletion allowance; capital gains; State and municipal bond interest; rapid depreciation; and the investment tax credit.

During the past year, however, two newcomers have been added to this allstar list—the ADR, the Asset Depreciation Range, which provides business with greater flexibility in calculating depreciation allowances, and the minimum tax. And since the Presidential campaign began, an additional 25 have been identified.

Frankly I suspect a principal reason for the popularity of the most popular targets of the tax reformer is that these items involve tremendous amounts of revenue, and this distinguishes them from other features of the law where tax reform may truly be in order, but where the glamour is far less apparent.

The chief tool of the tax reformer is rhetoric. It always has been, and I suspect it always will be. And in the arsenal of rhetoric, "equity" is the principal offensive weapon. It takes many forms. It may be the simple cry that the "Taxes are unfair." Or it may show up in allegations and charges that certain businesses pay only 5 percent or 10 percent of their income in the form of Federal taxes. Another variation, one which has drawn considerable attention this year is the "disclosure"—(and that is another cliché in the jargon of tax reform)—that 106 persons in the United States in 1970 had adjusted gross income above $200,000 without paying any tax. With this "disclosure" came the denunciation that our tax laws are a failure, that they are so shot through with loopholes that 106 people could avoid paying their fare share of the cost of Government.

Well, this is a Presidential election year, and rhetoric of all sorts is to be expected, and in the tax field, our candidates are not letting the people down. On the contrary, tax reform rhetoric reached a fever pitch shortly before the Congressional recess for the "other" national convention in July. One of the leading candidates was promising voters in a well-known western State that he would junk the tax law as we know it today and replace it with a new tax system which not only would finance the expenses of running the Government, but in the process would also redistribute the wealth of America. Parenthetically, I wonder if he would also eliminate the need for tax attorneys. At about the same time in Washington, one of the leading non-candidates was proposing to repeal 54 provisions which "provide benefits" under the tax law. "Tax reform" with everything the term connotes, was also a primary plank in the platform of other aspirants to the Presidency.

But whether it will be moved to action by rhetoric or by the type of piercing analysis of a tax statute of which you gentlemen of the tax bar are constantly giving them, one thing is clear—the 94th Congress, which will convene in January 1973, is going to be deeply immersed in tax reform. Regardless of who wins in November, the American people have been promised tax reform. Both the present Administration and its challengers are already busy mapping their programs. I have no inside information as to what the present Treasury's plans might contain, but I would speculate that estate and gift taxes, foreign income, pension plans and Subchapter S Corporations all are being carefully searched for possible improvements. And I should think further that "simplification" will be the touchstone for their new programs.

But I'm getting ahead of myself. Tax reform is a generic term with countless variations. For most people, certainly the man on the street, tax reform is synonymous with tax reduction. This is certainly understandable, since lately they've become accustomed to receiving tax cuts every time the call for tax reform reaches the kind of crescendo it seems now to be approaching. Look at the Revenue Act of 1964; the Excise Tax Reduction Act of 1965; the Tax Reform Act of 1969; and even, if you will, witness the Revenue Act of 1971.

After these many years of conditioning taxpayers to expect almost annual "fiscal dividends" from tax reform, it would seem to me that Congress would again find it very difficult to produce anything labelled "tax reform" effort without significant tax reductions for low and middle income taxpayers.

But if Congress should succumb to the attraction of tax cuts—and it is a mighty powerful political lure—then we will have surrendered, and lost, what should be the sine qua non of any successful current tax reform; that is, to produce additional revenue which will help reduce the budget deficit and thereby contribute to the battle against inflation. No one will deny that the hidden tax of inflation can be a more vicious levy than all the Federal and State income taxes combined. Every person in the whole nation would benefit if we could eradicate inflation and this should rank high among Congressional objectives of tax reform.

And speaking of the desired pluses of tax reform, some of its most vocal of advocates look on their efforts primarily as a way of financing broad new programs of social reform. This Utopian dream of bending the tax law to the goals of social reform has been with us ever since the idea of a progressive income tax was adopted, but it has found its zenith in the proposals of one of the candidates for the Presidency which would redistribute the income of America by taxing it away from the earnings of middle and upper income groups and giving the proceeds to the poor, for whom any work requirement would be considered a form of slavery.

The theory for the proposal, I guess, is that the richest nation on earth should be able to buy its way out of the guilt feeling caused by the existence of poverty, by giving money to people who are poor.

The Committee on Finance has said "No!" If people are poor and are in need of help to aid in supporting their families, then we should provide them with a job opportunity and thereby help them to help themselves, but we should not simply give tax money away.

To do so would polarize the American people into two groups, one composed of those who "get" and the other made up of those who "pay." The $2,400 grant to a family of four as the House welfare bill called for was not the issue. That is a modest amount by anyone's standards. But that level of payment would put 26 million people on the welfare rolls at a cost of $13 billion to the Federal Government, and as you raise the basic benefit level, you raise the numbers of people and the cost.

Once we embark on a program of giving tax money away—a "guaranteed annual income" is how it is described—it would be difficult to confine the payment level to $2,400. If the grant were raised to $3,000, then 72 million people soon would be eligible and the cost

would raise to $42 billion. At the $6,500 level recommended in a bill introduced by Senator McGovern on July 29, 1971, 114 million people would share $80 billion. Can you imagine more than half the people of America being on welfare? I shudder to think what the tax system would look like that would have to extract enough revenue from the working one-half of our people to support the other half in idleness.

If I seem to be quaking slightly here at the speaker's platform, it is because we have been offered a glimpse of that kind of a tax system, and it is not reassuring. In a speech entitled, "Tax Reform and Redistribution of Income," the Junior Senator from South Dakota suggests that one way of financing his plan to give $1,000 to every person in the country would be to junk the present tax system and substitute a flat tax of 33⅓ percent of total income. Total income; no deductions; no credits; no personal exemptions—nothing but total income. Such a plan might be called total reform. The $1,000 grant would not be taxed; it would be subtracted from the tax. Aside from that, every taxpayer across America from the lower middle income wage earners on up to the most successful businessman would be taxed at precisely the same rate.

Is such a tax system equitable? It treats the man with large medical expenses just like his neighbor who spends his money on riotous living. It taxes the man who supports churches and schools the same as one whose income is spent on luxuries. Great achievements and mediocre are taxed alike. Immediate profits and long-term gains, too, are taxed identically. And, a flat tax like this ignores the fact that one taxpayer may pay large State and local tax bills, while another similarly situated taxpayer is tax-free at the State and local level.

Not only would such a system not provide tax equity, it would be even more fraught with tax inequities than today's law is. And I submit that the American people not only do not want it, but would not stand for it. It is not fair for a rich man and a poor man to pay the same tax rate, and it is not fair for taxpayers with the same income to have to pay the same tax when one's situation cries regardless of any special circumstances. In these respects, the flat tax approach violates both the principal of vertical equity and horizontal equity. In my judgment, a good tax system is one which seeks to fairly balance the need for investment on the one hand, (which can lead to new jobs and greater prosperity for us all) and consumption on the other hand, (which means that the people must have sufficient income *after taxes* to purchase the output of our plants and equipment.)

No tax system is ever perfect, in fact, if one could be devised that would be perfect at one moment in time, changing circumstances would make it imperfect in the next instant, and, therefore, Congress can never cease to strive constantly to redress the ever-shifting balance of this most sensitive of all our laws. We must be ever alert to the changes necessary to assure that our tax structure is responsive to the constantly fluctuating needs of our time, adjusting them whenever they seem to be out of harmony with current conditions and goals.

That is what Congress tried to do in 1969, in the most massive tax reform of them all. But by doing it then, they could not escape the necessity of doing it again in 1971 when developing economic conditions signaled that a change was in order. That is what we will continue to do in 1973 and 1974 and it is my fervent hope that Congress will ever remain alert to the needs of our people and be prepared to continue to pass new legislation whenever in the future new actions are necessary to keep the tax laws consistent with the times.

Looking back, it is easy to demonstrate that the tax laws Congress passes are responsive to the circumstances at the time we acted. The investment tax credit and the DISC are good illustrations. About the time the Tax Reform Act of 1969 was repealing the tax credit in response to its pressure on the money markets, the Administration was moving to begin to wind down the war in Southeast Asia and buyer resistance was building up in retaliation to the continuing inflation.

The combination of all these factors, and perhaps others, caused a sharp decline in new investments in plant and equipment, contributing still further to our economic downturn. As a matter of fact, we had placed ourselves in the unenviable position of being one of the highest capital-cost countries in the world.

The restoration of the tax credit in 1971, and the initiation of the ADR rules not only brought the cost of raising capital in the United States substantially in line with capital costs in the other principal industrial nations, but they also simulated new investment and are making a great contribution to the Administration's efforts to fight inflation with increased productivity.

Like the tax credit the DISC, too, found its genesis in one of the current pressing economic problems confronting this nation. In our international trade, we have, in recent years been failing in our efforts to export at least as much as we import. One of the reasons for this was a pattern of tax laws which encouraged U.S. business to build factories abroad to sell in foreign markets, rather than to build their plants at home and export their products.

The DISC is an ingenious device for relieving U.S. exports of tax in a manner which I believe will provide a new incentive for American industry to build factories and create jobs here at home rather than abroad, and thus help very much in restoring some element of true balance in our international transactions.

If we are to regain our position as a great exporting naton, we must leave no stone unturned and no tool unused. In this respect, I applaud the Treasury Department for the work they have been doing in exploring additional tax alternatives which might aid in the drive to restore a favorable trade balance. The tax on value-added—TVA—is another possibility we should carefully investigate because it would further enable us to improve our competitive position without even theoretically violating the GATT. Though many experts believe the GATT in itself is wrong on its face. Philosophically, the right thing to do would be to amend the GATT but to do that we would need the cooperation of the other members of the GATT, this cannot be achieved at this time, while we can change our domestic law without their acquiescence, which is the most practical way out of the dilemma.

Actually, our tax system is more responsive to changing conditions than is our trading system. If our trading system set up in the 40's cannot cope with the problems of the 70's, and our tax law can, then I submit we should cope with them through the tax law now, and work for the other solutions in the long run unless there are compelling reasons to the contrary.

Turning back to our domestic problems, in the future, as in the past, one of the basic elements of tax reform should be tax simplification. Several years ago, when Congress was exploring a withholding tax system for dividends and interest, spokesmen for the financial community described at length the philosophical arguments against withholding and concluded their presentation by saying that if, despite the case they had made, Congress felt that it had to pass a withholding statute, then it should be made as simple as possible. "Give us a round rate to work with," they said, "and 'zero' is the roundest rate of all."

There is no question but that tax reform for the purpose of tax simplification has prompted some of the most significant changes in the tax treatment of individuals. The low income allowance, the higher personal exemptions, and greater standard deductions are all part of a pattern of tax simplification for millions of individual taxpayers; and for a larger percentage of these, the ultimate in tax simplification has been achieved—tax exemption. Thus, today no individual whose income is below $2,050 is taxed at all. And a family of four is tax-exempt on $4,300 of income. For most people in these categories, the tax law presents little difficulty.

For millions of others who do pay tax, the complexity of the system has been largely eliminated by upgrading the standard deduction. The proportion of our taxpayers who use the standard deduction has been raised to 70 percent from the level of 58 percent before the law was changed in 1969, and that is no mean feat.

This percentage may rise even higher if the Treasury can work out its latest simplification idea. Under it homeowners with heavy mortgage interest and anyone with other fairly substantial deductions such as state and local taxes—could select a standard deduction at a rate lower than the present 15% or $2,000, and use it, without losing the privilege of itemizing deductions for such costs as these. This is an ingenious idea, and I hope it can be developed to the point where we in Congress can look at it.

But when we read in the newspapers of the large scale on which unlicensed, unskilled, unscrupulous tax return preparers have been cheating the Government by preparing false and fraudulent tax returns for their unsuspecting clients, then we know that the law and tax returns are still too complex—"grieviously complex," as the Undersecretary of the Treasury recently described it. It should not be necessary for our law and our tax forms to be so complicated that reasonably intelligent persons—and most Americans can be so characterized—cannot prepare their own tax returns and pay their tax without having to consult a "preparer."

I believe we who are most directly involved in the Congress, the Commissioner of Internal Revenue, the Treasury tax planners, and all you highly skilled technicians who make the Tax Section of the American Bar Association, one of the most respected groups in American jurisprudence, owe our tax paying countrymen a duty to work together to pinpoint the specific and unnecessary complexities of our tax law and, acting in the public interest, to chart an even broader path towards simplification. We should, and I believe that if we are willing, we can, have a law simple enough that we would make an honest man out of the Commissioner of Internal Revenue (Johnnie Walters) who not long ago reported that the next tax forms were so simple a fifth grade could complete them.

If the Tax Section does not yet have a Committee on Simplification of the Tax Laws, I urge you to form one. Its public service work in the national interest could be truly rewarding.

Gentlemen, in planning earlier for my comments for today, I had intended to devote some observations to the tax reform proposals of the illustrious Chairman of the Committee on Ways and Means of the House which if all were adopted, might have repealed virtually half the Internal Revenue Code. The Chairman is a serious and dedicated legislator, and any bills he introduces are not to be taken lightly.

Fortunately, we have both been spared that ordeal because a few days ago, the Washington press in a front-page story regarding the Mills bill reported the following:

"Meanwhile, Rep. Wilbur Mills (D., Ark.)

backed away from his proposal to schedule the repeal of 54 'tax loopholes' over three years as a device to compel Congressional review.

"Mills, Chairman of the House Ways and Means Committee, admitted in an interview that his bill might be disruptive because it would create uncertainty about tax benefits."

While you may have breathed a collective sign of relief at this news, you will have a hard time catching your breath again when you sense the full impact of the spending and taxing proposals in the 1972 Democratic platform—plus those already aired in speeches by their Presidential candidate referred to earlier.

On the spending side there are 18 planks in the platform calling for new expenditures in fiscal 1974 and thereafter. These can be priced out within a range of conservative or liberal interpretations of the candidates speeches. For these, the most conservative estimate of cost is an additional $144 billion and a liberal interpretation would raise the added cost to $329 billion. Put these on top of today's $250 billion level and you have total Federal expenditures rising to a minimum of $394 billion or a maximum of $579 billion—the latter well above half of the total G.N.P.

But this is not all. In that platform there are 11 more spending proposals, the cost of which cannot be estimated in advance. Time will not permit a discussion of them, but here are a couple of samples:

"We will replace the 1970 Farm Act . . . with a permanent law to provide fair prices to family-type farm and ranch operators. This law will . . . raise family farm income to 100 percent of parity, based on 1910–14 ratios." "The VA should assume responsibility for the care of wives and children of veterans who are permanently disabled or who have died from service-connected causes."

How is all this to be paid for? By raising taxes, of course. Between the platform and the candidate we can identify 24 specific tax proposals including the flat 32½ percent personal tax rate—without personal exemption—and the re-inclusion of the ideas Chairman Mills dropped. At the most oppressive levels suggested, however, these ideas would only raise another $240 billion leaving a potential additional deficit that could be as high as $100 billion and the individual income tax for everybody would have to be more than doubled.

If the average taxpayer considers tax reform as a synonym for tax reduction what will he call this kind of a program?

Friends, I shall conclude my remarks on this cheerful note. I thank you again for your kind invitation to be with you. I wish it might have been possible for me to leave you with a specific blueprint for the next great tax reform effort Congress will begin to make next year. But I fear that I have failed. All we can be sure of is that tax reform like taxes, is always inevitable, perennial and completely unpredictable, and this year even more so. In any event, whatever happens, your clients will still need you—and probably more than ever. What a business to be in.

Thank you.

CONSERVATION OF WORKS OF ART AND HISTORICAL OBJECTS DURING HURRICANE AGNES

Mr. PELL. Mr. President, we are all aware of the tragic loss of life and property that followed in the wake of Hurricane Agnes, but scant attention has been been paid to the threatened loss or severe damage to America's cultural heritage that occurred in the same flood or to the efforts of devoted museum personnel, conservators, and State officials to rescue that heritage from total loss. New York and Pennsylvania were most severely damaged. As the flood waters rose museum directors, curators, and volunteers in Chadds Ford, Wilkes-Barre, Pittsburgh, and Elmira among others raced against time to remove their most important treasures to safekeeping. Many were successful, but no one was able to save everything. Despite the best efforts many of these devoted workers were finally obliged to admit that the hurricane and the river had won the race.

Before the flood waters receded a corps of volunteer experts in conservation of works of art and historical objects, many of whom had previously worked to help rescue the artistic patrimony in Florence and Venice, Italy, were banding together to provide emergency consultation and information. Mr. and Mrs. "Sheldon and Caroline" Keck for the New York State Historical Association in Cooperstown, N.Y., called on their students and friends to gather together information sheets on emergency treatment of flood damaged objects. Too hasty removal of mud and water from books, manuscripts, paintings, furniture, or textiles could only cause irreparable damage. Sheldon Keck provided immediate emergency treatment information for a wide variety of objects. Caroline Keck gave precise and thorough directions for the emergency treatment necessary to preserve paintings from permanent damage. Robert Organ from the Smithsonian Institution and his colleague Eleanor McMillian contributed a previously published paper on their rescue work in a hurricane damaged museum. Bernard Rabin's report to the Committee for the Rescue of Italian Art on the emergency treatment of musical instruments was gathered together with advice from Marilyn Kemp Weidner of Cooperstown on the treatment of framed and unframed prints and with Carolyn Horton's advice on the treatment of bound books. Technical advice on the treatment of textiles came from Margaret Eikioris and on furniture from Mervin Martin, both of the Henry Francis duPont Winterthur Museum in Delaware. Copies of these instructions were hurriedly printed and distributed widely throughout the stricken area. While these highly trained conservators shared freely of their knowledge, students from the conservation training centers at Cooperstown and at Oberlin, Ohio, were in the field with volunteers carrying out emergency treatment.

Officials at the State level were just as quick to come to the aid of the stricken museums and State historical societies. G. Carroll Lindsay of the New York State Museum and Science Service in Albany mobilized his staff and competent volunteers to provide emergency aid. Rare books and manuscripts from the Corning Glass Museum and from the Chemung Historical Society were rushed to deep-freeze facilities where quick freezing prevented mold and mildew from growing on the paper and parchment and prevented the ink from dissolving. These important documents are now held in suspension until such time as a trained conservator can thaw them out and proceed with the work of removing the water and mud. The Museum Service at Albany also made available its freeze-drying facilities to rescue as quickly as possible a limited number of documents. In Pennsylvania, William N. Richards of the Pennsylvania Historical and Museum Commission launched a survey of damage to museums and historical societies and sites in his State together with emergency aid.

The exact extent of the damage to buildings and collections is still not known. Many collections were saved from direct contact with the floodwaters, but it will be some time before indirect damage to these collections can be identified. It is clear, however, that much of the material necessary to the successful operation of museums and historical societies, such as card catalogs of the collections, photographs, libraries, and the like, has been severely damaged. The services of conservators will be required for many years to come just to recover and rescue this important supporting material. The National Endowment for the Arts, the National Endowment for the Humanities, and the Smithsonian Institution have expressed their concern and have pledged their assistance in helping these museums and historical societies recover from the devastating effects of Hurricane Agnes. The National Endowment for the Arts has already made emergency grants to the Chemung Historical Society and to the Library of Congress for a meeting of paper conservators to assess the extent of the problem and to plan a campaign of attack. The National Endowment for the Humanities has made a grant to the American Association of State and Local History to assist one museum and four historical societies to recover. The Smithsonian is supporting the freeze-drying program in Albany and related research.

As a result of the flood, residents of the State most severely damaged have recognized the importance of conservators of works of art and historical objects in preserving the American cultural heritage. Hundreds of individuals and municipalities had nowhere to turn but to this handful of experts who gave so unselfishly of their time and so freely of their knowledge. Museums and historical societies as well learned to band together for the sharing of information and for mutual assistance. It is to be hoped that these cooperative efforts will endure long after the threat of natural disaster has passed.

The flood was sudden and devastating. The work of recovery will be slow and meticulous. We must admire the devotion of those who worked feverishly to remove what could be removed from the threat of rising water. We must also admire the devotion of those who will work with painstaking care to repair the damaged objects. We can admire them, but they deserve as well our respect and support.

I ask unanimous consent that an article on this subject, published in History News for August 1972, be printed in the RECORD.

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

FLOOD EMERGENCY REQUIRES KNOW-HOW, PROMPT ACTION TO PRESERVE HISTORICAL MATERIALS

Serious flooding in recent months that ravaged sections of New York, Pennsylvania, and elsewhere in the eastern United States

as well as the earlier disaster that struck Rapid City, South Dakota, point up the importance of knowing what to do in case of a water emergency. Flood waters have no respect for history, and priceless artifacts and manuscripts are just as vulnerable as anything else in their path. The Clinton Historical Society in Lockhaven, Pennsylvania, for instance, was almost entirely destroyed in recent flooding there. Its manuscripts were watersoaked and its building was lost, along with a small library. Knowing in advance the emergency steps to take and acting promptly can mean the difference between saving or losing the historical items and records in your trust. Even if serious flooding is unlikely where your institution is located, water damage from broken pipes, fire losses, and other causes can be just as costly to historical collections.

Well-known conservators Sheldon and Caroline Keck, of the art conservation program at the Cooperstown Graduate Center, have spearheaded efforts to get emergency information to stricken areas of New York State and elsewhere. They have republished for distribution through the New York State Historical Association in Cooperstown an information brochure describing treatment of art objects and historic artifacts.

In addition, the Kecks have volunteered their services in advising historical agencies damaged by the flooding. Among others who have offered to assist with conservation counsel are Robert M. Organ, conservator at the Smithsonian Institution, Peter Waters, restoration officer for the Library of Congress, and William Young of the Boston Museum of Fine Arts.

The American Association for State and Local History joined efforts to aid historical organizations during the disaster. With information supplied by the Kecks, AASLH mailed an emergency bulletin to all historical societies and museums in the stricken areas. The first-aid measures are reprinted here for those who might face similar threats in the future. It is expected that more detailed information will be provided at a later date.

1. The greatest danger to the materials that got wet is the development of destructive molds on them. To prevent this, remove the wet materials to a room that is (a) cool, (b) dry, and (c) well-ventilated. Do this at the very earliest opportunity. Even a twenty-four hour delay can be crucial. Time is of the essence.

2. If you have access to a cold-storage or freezer locker, or to a refrigerated truck, or even to a spare refrigerator, this is even better. You can freeze records, manuscripts, and most other materials without further damage and with great benefit. The ideal temperature is 20° Fahrenheit, but any freezing is better than none. Frozen records won't mold.

3. Exercise maximum care to keep identification and catalog numbers for your books and museum objects. You will need to know what you have after the conservation work is over.

4. Don't spend your money for expertise right now if you can arrange the cold storage. Conservation work can't be done well under the present flood-damage conditions. What you need most are willing hands to do the essential first-aid.

In addition to mold and mildew, the kinds of major damage caused by water, moisture, and humidity include dimensional changes as items dry: shrinkage, warping, curling, and splitting; loss or damage to surface films; blanching of varnish and paint, loosening, buckling, and flaking of paint and veneers; and disfiguring and staining from mud and oil.

Freezing is a temporary measure to prevent these alterations for all items except paintings. Paintings damaged by flood waters should be removed from their frames (but do not remove canvas from stretcher.) Dry paintings on blotting paper on a horizontal flat surface, placing additional blotters and weights on the backs of the canvas. Change blotters frequently to prevent sticking.

Consult experienced conservators for assistance before proceeding beyond these emergency measures.

NARUC AND THE GAS SHORTAGE

Mr. HANSEN. Mr. President, at a recent meeting of the Executive Committee of the National Association of Regulatory Utility Commissioners, a resolution of vital importance to the future progress of the United States was adopted.

This body whose overall public interest is widely acknowledged has added its voice to the warnings of a critical natural gas shortage and urged State and national political leaders to take immediate steps to reverse the perilous course the Nation is now pursuing in its growing dependence on foreign sources for its principal energy supplies.

Mr. President, if there are still doubters in this body of the need for quick and decisive action to accelerate the exploration, development, and delivery of domestic oil and gas, I would hope they will note the recommendations of the Executive Committee of NARUC, a body that deals directly with the energy problem in the various States of the Union.

Mr. President, I ask unanimous consent that their resolution on the natural gas shortage be printed in the RECORD.

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

RESOLUTION

Whereas, the Gas Committee and the Executive Committee of NARUC have, for several years, passed resolutions relating to the shortage of natural gas, and the development of an energy crisis, and

Whereas, it now appears that the consuming public has at last recognized that such a shortage of natural gas and other forms of energy threatens our national interest, and

Whereas, in spite of the mounting evidence and knowledge of the impending energy crisis there are still state and national political leaders who fail to realize that the best interests of our country and its citizens require that immediate steps be taken to stimulate exploration and drilling for new sources of gas and oil.

Now, therefore, the Executive Committee of the National Association of Regulatory Utility Commissioners hereby resolves that:

1. Immediate steps should be taken to lease additional off-shore areas, now controlled by the Federal and State Governments, for immediate exploration and development.

2. There should be an immediate and intensive program of further exploration and drilling of the areas of the Continental Shelf, both in the Atlantic and Gulf areas.

3. HR 15900, or similar legislation that is designed to lessen or abolish depletion allowances, or any other legislation that will, in any way, discourage or slow down exploration should be defeated.

4. Federal and State legislators and regulatory agencies should encourage deep testing of present oil and gas fields.

5. All regulatory agencies and legislative bodies should immediately take whatever actions are required to accelerate and encourage the importation of gas and oil from Alaska and Canada, and the Courts should exercise judicial restraint before interfering with such action.

6. The FPC be encouraged and requested to stimulate the increased drilling of wells in this country by establishing a realistic price for domestic gas.

Now, therefore, a copy of this resolution is authorized to be sent to the Governor of each state, state Commissions, members of the United States Senate and House of Representatives, Washington, D.C., and the Federal Power Commission.

NO-FAULT AUTOMOBILE INSURANCE

Mr. MOSS. Mr. President, there were many spurious allegations during our consideration of no-fault automobile insurance in the Senate. One of them, having no bearing whatsoever on referral of the bill to the Judiciary Committee, was the assertion that no-fault insurance would cost the consumer more. Of course, the committee report on no-fault demonstrated that this was not the case.

Actual experience in the State of Massachusetts is a further testimonial to the value of no-fault. Of particular concern is the equity in payments, the speed in which settlement is agreed upon, and the overall savings for the consumer. I ask unanimous consent that an article from the Washington Post describing the Massachusetts no-fault program be printed in the RECORD at the conclusion of my remarks.

Particularly interesting figures are contained in the article. According to the State Insurance Department 50,000 fewer claims were filed in the bodily insurance category in 1971 than in 1970, and these have resulted in premium reductions for bodily insurance coverage amounting up to 42 percent for motorists with minimum coverage. Furthermore, settlement of claims takes place within 15 days. Now that is truly a benefit for the consumer.

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

"NO FAULT" PAYING OFF IN MASSACHUSETTS

(By Steven A. Cohen)

BOSTON.—After one year, Massachusetts' first-in-the-nation no-fault automobile insurance law has resulted in stabilized premiums for motorists and a savings of mounds of paperwork and $40 million for the insurance industry.

The final report on the 1971 no-fault experience in Massachusetts, now in the process of being checked and verified by the State Insurance Department, shows there were 50,000 fewer claims filed under the bodily insurance category than in 1970, the last year before no-fault. That is a reduction of 37 per cent.

At the same time, rate reductions for bodily insurance coverage have amounted to 42 per cent for motorists with minimum coverage and the state Supreme Court has upheld an insurance commission order providing for a 27 per cent rebate from 1971 bodily injury rates.

For its first year, which began Jan. 1, 1971, the no-fault concept in Massachusetts applied only to compulsory bodily injury insurance-liability coverage to pay for bodily injuries caused by automobile wrecks. This year, no-fault was extended to collision and property damage insurance.

Premiums for collision and property damage have continued to rise, largely to keep pace with inflation, but the reductions in the bodily injury section have served to more than offset any other increases.

The net result for motorists in Massachusetts is that auto insurance premiums re-

main high—an under-25 couple in Boston with a new, medium-priced car will pay up to $1,000 a year and more—but there has been some relief from previous skyrocketing rates and claims are settled faster.

No-fault, as applied to compulsory bodily injury insurance in Massachusetts, prohibits claims for "pain and suffering" unless actual medical expenses exceed $500. The law also requires out-of-court settlement of all claims under $2,000 without fixing blame for the accident on either party. The motorist's own insurer pays him regardless of who is at fault.

State insurance officials have attributed much of the success of the 1971 no-fault law to the elimination of what they regard as "nuisance" pain and suffering claims, unless actual medical bills demonstrate injury.

During 1970, the 135,000 bodily injury claims cost the insurance industry $90 million. The final report for 1971 indicates that the industry paid out $50 million to settle 85,000 claims.

The insurance industry collected about $150 million from Massachusetts motorists for compulsory bodily injury premiums the year before no-fault took effect.

This year, according to Insurance Department statistics, the industry collected $95 million in bodily injury premiums.

Premium rates for bodily injury coverage were reduced 15 per cent the year no-fault first took effect.

They were reduced another 27.6 per cent this year and, as a result of an order by insurance commissioner, John Ryan, which was upheld in June by the state Supreme Court, companies that write bodily injury coverage will have to return another 27.6 per cent to motorists because the 15 per cent reduction in 1971 was not sufficient.

With the success of the bodily injury no-fault law, the state legislature last year extended the concept to physical damage insurance.

The law makes property insurance mandatory but provides three options with varying degrees of coverage, and rates vary according to the type of coverage, the car model and where it is garaged.

Insurance companies, under the new law, are required to settle claims within 15 days of the filing.

"The real selling point is the 15-day settlement requirement," said John O'Connor, a spokesman for the casualty insurance industry in Massachusetts.

The effect of the new law is to combine collision coverage, which protects a motorist when he is hit, and property damage insurance, which protects motorists against liability for damage to another's car.

The combined coverage, according to officials, saved motorists an average of 10 per cent this year, compared to the 1971 rates for these types of insurance.

TO PROTECT WORKERS' PENSIONS

Mr. HUMPHREY. Mr. President, on June 29, 1972, the Labor Subcommittee of the Senate Committee on Labor and Public Welfare heard important testimony on S. 3598, the Retirement Income Security for Employees Act.

I am a cosponsor of this bill because I believe it is essential that Congress take effective action to provide for the protection of workers' pensions. The workers of America have a right to security and dignity in retirement. And they have a right to expect that Congress will respond, when up to one-half of all persons participating in private pension plans may not receive pension benefits when they retire.

Appearing before the Senate Subcommittee on Labor to present the views of American labor on this vital pension reform legislation were Andrew J. Biemiller, director of the department of legislation, AFL–CIO, Leonard Woodcock, president of the UAW, and I. W. Abel, president of the United Steelworkers of America, AFL–CIO. Their testimony presented a profoundly disturbing exposition of the critical problems confronting workers who have seen their supplementary income for retirement from their participation in private pension plans over years of hard work suddenly evaporate.

While expressing strong support for the purposes of the Retirement Income Security for Employees Act, they made specific recommendations for changes in provisions on pension plan termination insurance, minimum vesting standards, and the proposed voluntary portability program, and they expressed concern over the need for adequate protection for workers currently nearing retirement.

While these recommendations will require careful evaluation in the light of fiscal and economic cost factors, Congress should heed the warning of a "potential social tragedy" of untold numbers of workers without retirement income security, strongly posed by Mr. Abel and documented, for example, by Mr. Woodcock, in his statement that at a minimum, about 500 pension plans affecting more than 25,000 workers are discontinued each year.

Further examples of the tragedy already afflicting workers from the discontinuation of pension plans were brought to the attention of the Senate Labor Subcommittee, as reported in a recent article in the Christian Science Monitor. The article, which I will ask to have included in the RECORD at the conclusion of my remarks, cites personal cases to illustrate the serious problem of uncertain legal supervision or protection in private pension plans that currently total over $137 billion.

This problem has been brought home sharply in Minneapolis, Minn., where the White Motor Corp., has closed its Moline plant. The company stopped funding its pension plan for hourly Moline employees last June, confronting 850 workers with stark statistics of a pension fund with obligations of more than $20 million and assets of only $3.4 million. Pension funding for 470 salaried workers was also to be terminated. Those already retired face a bleak future as a result of this termination of funding for the Minneapolis-Moline union pension plan. For example, it is reported that a retiree of 65 with 30 years of service who has been getting $202.50 a month will now receive only $93.75.

This is happening again and again to workers and retired persons across America. They are angry and feel betrayed. In every State where I went in my recent election campaign, wherever I talked with American workers, the one concern they expressed more often than anything else was a fear over the possibility of losing their pensions.

It is profoundly wrong that a worker, only a few years or even days short of his or her retirement, should see the pension rights that had always been regarded as postponed benefits in lieu of higher wages, suddenly wiped out by the termination of his or her company's pension plan.

It is wrong that the worker should face a future of despair and helplessness because that pension plan was not required to maintain funds to meet its obligations or even to account for the investment of these funds.

For many months I have been speaking out on this critical national issue. Last November I took this issue directly to the corporate financial executives administering this multibillion-dollar business, in an address in New York City at an annual pension fund conference sponsored by a major pension fund management firm. I advised these gentlemen to launch immediately a major program of reform and warned that unless they put their house in order, the pension fund industry would face strong Federal regulation.

Mr. President, pension reform is an issue of the highest priority for America's workers. I believe that the enactment of effective legislation to assure the accomplishment of this reform must be made an equally high priority in Congress. I ask unanimous consent, Mr. President, that the article by Richard L. Strout, entitled "How Many Pension Plans Will Really Pay?", and published in the August 21 issue of the Christian Science Monitor, and the statements by Mr. Biemiller, Mr. Woodstock, and Mr. Abel, presented before the Senate Subcommittee on Labor, be printed in the RECORD.

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

HOW MANY PENSION PLANS WILL REALLY PAY?

(By Richard L. Strout)

WASHINGTON.—Millions of American workingmen, with homes and families, have a qualm of fear at three o'clock in the morning when they wonder about "the pension": Will the company really pay them when they retire? They go back to sleep—still wondering.

George Silver worked for 30 years for the Michigan Tool Company of Detroit. Then it was announced on the bulletin board that the company was going to move South. It turned out that the pension plan to which he had contributed had been mismanaged. There would be no pension after all. He was 50 years old—a bad age to shift jobs. The pension could not be transferred to some other company.

Workers have been telling stories like that for two years to a labor subcommittee under Sen. Harrison A. Williams (D) of New Jersey.

Clearly reform is needed—and today it is being urged by Sen. George McGovern in particular, by members of the subcommittee, and by the Nixon administration as well.

Stephen Duane got a job with the Great Atlantic & Pacific Tea Company when he was 19. He participated in a company pension plan for 32 years. He told his wife comfortably that sometime he would have a little something coming in—not luxury, but, with Social Security, something that could help them make out. Millions of workers tell their wives the same thing.

THEN THE PLANT CLOSED

But the plant where Stephen Duane worked closed. He was four years short of

the retirement age and forfeited his pension rights. The rights were not transferable. For 32 years he had considered these pension rights as postponed benefits, in lieu of wages.

In 1964 the Studebaker plant at South Bend, Indiana, suddenly closed and terminated its pension plan. Result: the retirement security of 10,500 workers was affected.

Here is another case: At P. Ballantine & Sons, a Newark brewery, John McGrath was nine days short of his 30-year pension eligibility on March 31, the day of closing. He was 53 years old. There was some money in the fund but he testified he doubted if he would get it and, what with unemployment, get another job.

The formula had been "$10 per month per year of service." They all knew that formula. But there was total ignorance that the plan was not required by law to be funded to meet its obligations. The pension booklet promised them benefits "for the rest of their lives."

PLANS TOTAL $137 BILLION

Private pensions in America include $137 billion and have uncertain legal supervision or protection, the studies show. This is one of the subjects Sen. George McGovern, now a presidential nominee, has followed.

"One large data processing equipment manufacturing company," Mr. McGovern told the Senate June 8, "has invested $41 million of pension money in unsecured loans."

Others buy their own stock—a double hazard if things go wrong.

Former Sen. Paul H. Douglas battled for pension responsibility. In his autobiography, "In the Fullness of Time" he tells of discovering that the United Mine Workers ran their own pension fund of $100 million, and put half of it into a bank in Washington, owned and controlled by the union. The odd thing was—the money drew no interest. The interest might have aided widows and orphans. The unpaid interest, of course, benefited the bank and the unions' officers. Senator Douglas was fighting for pension reform when he was defeated.

The Nixon administration favors reform. The Labor Department has offered repeated examples of pension fund manipulation. Members of the Senate subcommittee include Republicans like Robert Taft Jr. of Ohio and Jacob Javits of New York, as well as Democrats like Thomas F. Eagleton, Missouri, and Adlai E. Stevenson, of Illinois.

MOST PLANS "SUCCESSFUL"

Senator Taft told Congress that there are 30 million participants in private pension plans under 34,000 pension plans. Most private pension plans, he noted, "have been largely successful." What is needed is to police the weak and the corrupt:

"I receive as much mail on the issue as any other subject," Mr. Taft told the Senate. Failure by Congress to act, he warned, might produce "a more radical solution."

"Some type of pension reform legislation," Mr. Taft forecast flatly, "will be enacted by the Congress."

This was last May, however, and no law has been passed. Mr. McGovern seems to be seizing the issue.

Some 20 million voters over 65 include many on pensions, while of the 50 million men and women at work a considerable number have pension rights. Are their rights safe?

BANKS MANAGE MOST FUNDS

Employers commonly turn funds over to the trust department of a bank. The four biggest banks in the country manage about half of the estimated $137 billion in private pension funds, according to Ralph Nader.

"This has given enormous power to the banks," ex-Senator Douglas notes. "Some have claimed that these funds have furnished the reserves by which the recent rash of conglomerate mergers has been effected."

There may be political dynamite in this issue, and Senator McGovern seems to be seeking it out.

"Why shouldn't a man who has contributed 20 years to one fund be able to transfer his rights to another company if he switches jobs?" he asks. The government insures savings deposits—why not workers' pensions?

Senator McGovern says workers should be permitted to select outside, competitive management companies to handle funds, and at their direction employers should pay the money to the outside company. Employers get tax deductions for pension plans; Senator McGovern would continue these.

"The entire system should be overhauled," he says.

STATEMENT OF ANDREW J. BIEMILLER

Mr. Chairman, we appreciate this opportunity to appear before you to present our views with regard to S. 3598, the "Retirement Income Security for Employees Act," which has been introduced by you and Senator Jacob Javits, and most of the other members of the Senate Committee on Labor and Public Welfare.

The purpose of S. 3598 is to broaden and strengthen the rights of participants and beneficiaries in employee welfare and pension benefit plans. The bill proposes to accomplish these purposes by establishing minimum Federal standards of vesting and funding for pension plans and by establishing a Private Pension Plan Termination Insurance Program to protect the vested pension benefits of employees against loss caused by the bankruptcy of their employer. S. 3598 would also establish minimum standards of fiduciary conduct for persons occupying positions of trust in any health, welfare or pension plan. Such standards would include the "prudent man" rule for evaluating the conduct of trustees with regard to investments and other financial transactions of employee benefit plans.

Mr. Chairman, the AFL–CIO supports minimum Federal standards for employee pension plans. The principles which we believe should be included in any legislation establishing such standards were set forth in a resolution on "Proposals for Federal legislation to Regulate Health, Welfare, Pension and Profit Sharing Plans" which was adopted by the Seventh Constitutional Convention of the AFL–CIO in December, 1967. The views set forth in this resolution continue today to express the principles and policies of the AFL–CIO with respect to legislation in this most important field. I would like to ask that this resolution, a copy of which is attached to my statement, be incorporated in the RECORD as part of my testimony.

I would also like to read a portion of it into the record at this point, as follows:

"While the issue of fiduciary responsibility relates to health and welfare plans as well as to private pension and profit sharing plans, the vast aggregates of money in pension and profit sharing plan reserves present special problems. At a minimum, serious conflicts of interest may arise where employers directly or indirectly control both the assets of a pension or profit sharing plan and a business enterprise in which they can be invested without regard to the interests of plan participants.

Seventy-seven percent of all pensions and profit sharing plans are unilaterally administered by employers, 20 percent are jointly administered through a joint labor-management board of trustees and only 1 percent are administered by unions.

"Where retirement benefits under private pension and profit sharing plans originally represented a relatively modest supplement to social security, some plans now provide a retirement annuity greater than a worker can expect to receive from the OASDI program. Private pension and profit sharing plans provide, therefore, a significant and growing part of the retirement income expectations of workers.

"Unfortunately, these expectations too often do not materialize. Some employers have failed to administer pension and profit sharing trusts for the exclusive benefit of the beneficiaries and have used plan reserves for corporate expansion and for other corporate purposes. There is some question whether state trust laws, which greatly vary in their provisions, are sufficiently applicable to pension plans which are unilaterally administered by the employer. Many workers fail to qualify for a pension because of their inability to meet length of service or vesting requirements established under private pension and profit sharing plans. Workers have also lost their rights to a pension because of business failures, mergers and acquisitions.

"Because of business failures, as well as plant shut-downs in firms continuing to operate, a small but significant proportion of employees covered by private pension plans have lost not only their jobs but also their earned rights to pensions. Others have been similarly victimized when their employers have been delinquent in making previously stipulated contributions to pension funds thereby seriously jeopardizing the soundness and stability of the trust. Still others have lost their pension rights when runaway employers, often encouraged by plant piracy through tax-free industrial bonds, have moved their operations to other communities.

In contrast to Social Security, pensions financed under the private system involve inherent risks which are not applicable to the nearly universal public Old Age and Survivors Insurance Program. Under Social Security, OASDI credits continue to accrue to the employee regardless of the frequency of his job changes.

Social Security taxes are held in one pooled trust fund for the exclusive benefit of the beneficiaries. It is a soundly financed system backed by the credit of the United States. The goal of an adequate retirement income for most working people would best be met by substantial improvements in Social Security that would truly meet the retirement needs of American workers. Private pension plans can significantly supplement, but they are not a substitute for, an adequate Social Security System. Private pension plans will therefore continue to play an important role in the aspirations of American workers for an adequate retirement income."

The problems outlined before the 1967 Convention are still with us today. This is why we welcome the opportunity of presenting our views on this important legislation.

During the past few years a number of bills to improve and strengthen the reporting requirements of the Welfare and Pension Plans Disclosure Act, to impose standards of fiduciary responsibility on administrators of health, welfare and pension plans and to establish minimum federal standards of vesting and funding and a reinsurance program to protect the interests and benefits of employees participating in such plans have been introduced in the Congress, and periodic hearings have been held before the interested committees of Congress. In our opinion, S. 3598, which represents the results of the studies and hearings accorded these various legislative proposals, contains substantial improvements over any of the other bills we have seen thus far. S. 3598 contains the following provisions which we have long advocated. In the earlier bills one or more of these provisions were generally lacking.

(1) The Department of Labor would administer the law. This is important because the legislation concerns itself with *employee* benefit plans. It therefore seems axiomatic that the Secretary of Labor should have the responsibility for administering the law.

(2) The bill rightly limits the authority

of the Secretary to conduct investigations into the affairs of employee benefit plans without a showing that there is reasonable cause to believe that a violation of the law is taking place. The broad investigatory powers of the Secretary under the Landrum-Griffin Act have been used to conduct "fishing expeditions" with no substantive evidence that any violations of the law would be revealed. This authority under the Landrum-Griffin Act has resulted in the harassment of honest union officials to no useful purpose. We oppose extension of such authority to employee benefit plans, and therefore support the provisions of S. 3598.

(3) S. 3598 would also pre-empt state laws covering employee benefit plans. Many, if not most, employee benefit plans cover workers in many states. The administrative cost of complying with many state regulatory agencies would be most burdensome if this provision were not included in any bill reported out by this Committee.

While S. 3598 is, in our opinion, the best bill before the Subcommittee, we believe it could be further improved. We have the following suggestions which, if adopted, would further the objectives of the legislation and improve the possibility of early enactment of the bill.

Title II of S. 3598 establishes standards of vesting and funding for pension and profit sharing plans. In our opinion, insufficient distinction is made in the bill between single and multi-employer plans. This is particularly true for the vesting standard which provides that 30 percent of the accrued pension rights of a beneficiary be vested after 8 years of service with an additional 10 percent each year thereafter until 100 percent vesting is attained after 15 years of service. Although we cannot cite any definitive study that proves the point, it is our contention that the proportion of workers who can expect to ultimately receive a pension is much higher among multi-employer plans than it is among single employer plans even where there is a substantial difference in the vesting requirement as between the two types of plans.

The reason for this is that employees continue to accrue pension benefits in a multi-employer plan as they transfer jobs from one employer to another. Many multi-employer plans are national in scope. The International Ladies' Garment Workers Union, the International Typographical Union, the Bakery and Confectionery Workers, the Marine Engineers Beneficial Association have national programs as do many of the building trades such as the Sheet Metal Workers, the Roofers, the Laborers and the Electrical Workers.

Other unions such as the Amalgamated Clothing Workers, the Carpenters and the Operating Engineers have worked out reciprocity agreements between their local area multi-employer plans so that their members accrue pension credits wherever they may work.

As early as 1968, the Monthly Labor Review of the U.S. Department of Labor reported that "At least half of the members of the multi-employer plans are either in plans which are national in scope or in regional plans which permit reciprocity." Since then, reciprocal agreements have expanded. It is our concern, therefore, that mandating a single vesting standard for both single and multi-employer plans will inhibit the highly desirable movement toward reciprocity between multi-employer plans.

The 1967 Convention resolution on employee benefit plans was adopted by the AFL–CIO after an in-depth study of the problem and conducted by a special committee of the AFL–CIO Executive Council. This subcommittee was under the chairmanship of I. W. Abel, President of the United Steelworkers of America. The subcommittee was assisted by two technical committees. Many meetings were held. It was the conclusion of the special subcommittee that single and multi-employer plans were quite different and that standards that might be appropriate for one would not be appropriate for the other.

The 1967 Convention Resolution stated:

"The Pension credits of workers covered by a multi-employer plan are portable as between different participating employers. Whether financed by employer contributions, joint contributions or solely out of union dues, such plans provide continuing coverage for workers remaining in the plan's jurisdiction regardless of where they work. Moreover, the bankruptcy of one employer in a multi-employer plan does not affect the solvency of the pension trust. Thus, a multi-employer plan continues to protect the rights to benefits of workers who may lose their jobs because of the shut-down or failure of their participating employer but who continue to be covered by the plan through employment with another participating employer. Because of these built-in safeguards in multi-employer plans, standards of vesting and funding required for single-employer plans are not appropriate for multi-employer plans. Therefore, be it

"Resolved: That AFL–CIO favors the inclusion in private pension plans of adequate and appropriate vesting and funding provisions. To provide adequate safeguards to workers covered by single-employer plans we favor Federal legislation establishing minimum requirements of vesting and funding. Because multi-employer plans, whether financed by employer contributions, joint contributions or solely out of union dues, contain built-in safeguards for the pension rights of workers covered by them, any such legislation should exempt multi-employer plans."

The vesting standard outlined in the bill appears to us to be an attempt to bridge the fundamental difference between single and multi-employer plans. As such, the standard is not strict enough for single-employer plans and is too strict for multi-employer plans. We urge a 10-year vesting standard for single-employer plans and exemption of multi-employer plans.

We recognize that 2 single employers might form a multi-employer plan for the purpose of evading the vesting and funding standards of the bill. We suggest that the definition of a multi-employer plan be more carefully drawn than it is in Sec. 3(32). The definition of a multi-employer plan in S. 2, introduced by Senator Javits, would, in our opinion, be more appropriate than the definition in S. 3598.

Title IV establishes a Plan Termination Insurance program to insure beneficiaries of private pension plans against loss of their vested benefits when their plan is terminated. The program guarantees such rights for an annual premium not to exceed .2 percent of a plan's unfunded liability for vested benefits, with certain limitations.

The AFL–CIO strongly endorses this insurance program. As stated in the 1967 resolution,

"The AFL–CIO re-affirms its policy position in favor of pension reinsurance adopted in the 1963 and 1965 Conventions and calls upon Congress to pass legislation providing at reasonable cost protection to workers against the loss of pension rights."

However, we are disappointed that S. 3598 would only protect the earned retirement credits of workers after enactment of the bill. As we read the bill, this would leave uninsured all accrued pension credits of all workers in all plans in existence today. Many older workers would have no protection of benefit rights accrued prior to enactment of the bill. Only younger workers entering the labor force after the bill is enacted would have the assurance of receiving their full pension. We therefore urge Title IV be amended to insure all pension credits earned before as well as after the date of enactment.

Although not included in Title IV, section 217(e)(1), (2) and (3) would also appear to have special significance in relation to the bill's proposed reinsurance program. This provision is new and not included in any other bill. The purpose of the section would be to make a multi-employer plan whole were one or more employers to withdraw from the plan with the result of causing a significant reduction in the rate of aggregate contributions to the plan. We strongly support this provision.

We very much favor Sec. 405 making employers liable for reimbursement to the insurance fund for insurance benefits paid out where such employers are not bankrupt. We also urge, however, that employers should be required to accord amounts due welfare and pension plans the same priority as wages under the Bankruptcy Act. As stated in the 1961 Convention Resolution on "Payments Due Welfare and Pension Plans a Priority Under the Bankruptcy Act":

"The AFL–CIO from its very inception has not only voluntarily sought to establish standards for the administration of these funds, but supported and continues to support legislation which is designed to conserve the assets of welfare and pension plans for the men and women for whose benefit they are intended. It is for this reason that we now favor the adoption of legislation which would serve to accord these payments to welfare and pension plans the same priority under the Bankruptcy Act that is now accorded direct wage payments made to workers. These payments to the welfare and pension plans from the assets of bankrupt employers not only serve to further the financial soundness of these programs, but more important, can serve to provide workers, and often times their dependents with the protection so vital to their peace of mind during a period when there is a loss of income, resulting from loss of jobs."

Such a provision would, in our opinion, make the insurance program more viable as it would prevent employers establishing pension plans in anticipation of bankruptcy for the purpose of collecting insurance.

Title V of the bill amends the Welfare and Pension Plan Disclosure Act to accomplish the following:

(1) Setting forth responsibilities applicable to persons occupying a fiduciary relationship to employee benefit plans, including a "prudent man" standard.

(2) Adding to the reporting requirements in order to disclose more significant information about plans and the financial transactions engaged in by those controlling plan investments and operations.

(3) Barring from responsibility fiduciary positions all persons convicted of certain listed criminal offenses.

Existing law is clearly inadequate to provide protection of the interests of such employees. Section 302 of the Taft-Hartley Act purports to provide certain safeguards in the interest of beneficiaries of jointly-administered health, welfare and pension plans. Whether or not these safeguards are adequate, and lawyers do not agree as to this, it is clear that these safeguards do not apply to plans under unilateral administration.

It is also clear that while the common law of trusts as it is recognized in most states—requiring a trustee to carry out the purposes of the trust, act in good faith and exercise as much care and diligence as a prudent man would exercise in dealing with his own money—offers further protection, in practice this is not all certain. For example:

(1) the plan may not be established as a trust;

(2) the trust may be established only as a funding medium. In such cases the courts have leaned toward the view that an employee-beneficiary has contractual rights enforceable against the employer, but not as a beneficiary of the trust;

(3) conventional trust law is generally not applicable to employer administrators who are not technically "trustees".

Another, non-legalistic difficulty is that few of those covered by these plans have the legal or financial knowledge required to discover breaches of trust.

For those reasons, the AFL-CIO favors a federal fiduciary statute, enforceable through the federal courts, which would give participants, beneficiaries or their representatives and the Secretary the right to sue for appropriate remedies if the statute is violated.

Hence, we very much favor Title V with the exception that we believe the list of crimes enumerated in Section 15(h) is far too broad and would, in effect, bar many honest and conscientious labor officials from acting as a trustee of a health, welfare or pension plan. Our attorneys advise us that a person could be barred from holding a responsible position with a trust for having been convicted of participating in a civil rights demonstration in front of a courthouse or of disobeying a court injunction to cease picketing in a labor-management dispute.

Obviously, these are very sensitive points to organized labor and we urge that Section 15(h) be redrafted to apply primarily to violations of law relevant to the issue of fiduciary responsibility.

As indicated, we very much favor Title VI because it lodges the primary responsibility for enforcement of the law with the Federal courts.

In conclusion, Mr. Chairman, we hope the Subcommittee will carefully consider our suggested changes toward the goal of enacting a practical and workable bill that will protect the interests of the beneficiaries and our members in the private pension system while at the same time not unduly inhibiting the future growth of pension plans.

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, POLICY RESOLUTION ON PROPOSALS FOR FEDERAL LEGISLATION TO REGULATE HEALTH, WELFARE, PENSION AND PROFIT SHARING PLANS, ADOPTED DECEMBER 1967

Because of the stimulus of collective bargaining and non-bargained employe benefit plans have had a spectacular growth. From modest beginnings dating from World War II, about 50 million employes now have life insurance coverage, about 130 million employees and dependents have some health insurance coverage and nearly 30 million wage and salary employes are covered by private pension and profit sharing plans.

Employer-employe contributions to health, welfare and pension and profit sharing plans now exceed $20 billion annually and benefit payments approximate $13 billion. In contrast to heath and welfare plans, private pension plans accumulate vast funds in order to finance retirement annuities at a future date. The assets of private pension and profit sharing plans approximate $100 billion and are increasing by about $8 billion a year. These assets will exceed $200 billion by 1980.

While the issue of fiduciary responsibility relates to health and welfare plans as well as to private pension and profit sharing plans, the vast aggregates of money in pension and profit sharing plan reserves present special problems. At a minimum, serious conflicts of interest may arise where employers directly or indirectly control both the assets of a pension or profit sharing plan and a business enterprise in which they can be invested without regard to the interests of plan participants. Seventy-seven percent of all pensions and profit sharing plans are unilaterally administered by employers, 20 percent are jointly administered through a joint labor-management board of trustees and only 1 percent are administered by unions.

Where retirement benefits under private pension and profit sharing plans originally represented a relatively modest supplement to social security, some plans now provide a retirement annuity greater than a worker can expect to receive from the OASDI program. Private pension and profit sharing plans provide, therefore, a significant and growing part of the retirement income expectations of workers.

Unfortunately, these expectations too often do not materialize. Some employers have failed to administer pension and profit sharing trusts for the exclusive benefit of the beneficiaries and have used plan reserves for corporate expansion and for other corporate purposes. There is some question whether state trust laws, which greatly vary in their provisions, are sufficiently applicable to pension plans which are unilaterally administered by the employer. Many workers fail to qualify for a pension because of their inability to meet length of service or vesting requirements established under private pension and profit sharing plans. Workers have also lost their rights to a pension because of business failures, mergers, and acquisitions.

Because of business failures, as well as plant shut-downs in firms continuing to operate, a small but significant proportion of employes covered by private pension plans have lost not only their jobs but also their earned rights to pensions. Others have been similarly victimized when their employers have been delinquent in making previously stipulated contributions to pension funds thereby seriously jeopardizing the soundness and stability of the trust. Still others have lost their pension rights when run-away employers, often encouraged by plant piracy through taxfree industrial bonds, have moved their operations to other communities.

In contrast to Social Security, pensions financed under the private system involve inherent risks which are not applicable to the nearly universal public Old Age and Survivors Insurance Program. Under Social Security, OASDI credits continue to accrue to the employe regardless of the frequency of his job changes. Social Security taxes are held in one pooled trust fund for the exclusive benefit of the beneficiaries. It is a soundly financed system backed by the credit of the United States. The goal of an adequate retirement income for most working people would best be met by substantial improvements in Social Security that would truly meet the retirement needs of American workers. Private pension plans can significantly supplement, but they are not a substitute for, an adequate Social Security System. Private pension plans will therefore continue to play an important role in the aspirations of American workers for an adequate retirement income.

A number of proposals to regulate health, welfare, pension and profit sharing plans are under consideration by both the Congress and the Administration. The AFL–CIO is prepared to consider each on its merits and to lend its support to legislation which would enhance the security of employes in their rights to benefits. However, any legislation which might be enacted by the Congress must take into consideration the great diversity of employe benefit programs, the wide variation of conditions under which these plans have been established and the substantial and varying impact on costs which such regulations might entail. Any Federal standards should not be so restrictive as to discourage the spread of new plans or inhibit the growth or impose substantially higher operating costs on existing plans.

The pension credits of workers covered by a multi-employer plan are portable as between different participating employers. Whether financed by employer contributions, joint contributions or solely out of union dues, such plans provide continuing coverage for workers remaining in the plan's jurisdiction regardless of where they work. Moreover, the bankruptcy of one employer in a multi-employer plan does not affect the solvency of the pension trust. Thus, a multi-employer plan continues to protect the rights to benefits of workers who may lose their jobs because of the shut-down or failure of their participating employer but who continue to be covered by the plan through employment with another participating employer. Because of these built-in safeguards in multi-employer plans, standards of vesting and funding required for single-employer plans are not appropriate or multi-employer plans. Therefore, be it

Resolved: That the AFL–CIO favors a Federal fiduciary statute, enforceable through the Federal courts, which would pre-empt State law and which under appropriate safeguards would give plan participants, beneficiaries or their representatives the right to bring suit with appropriate civil remedies for violation of the law. Such a statute should apply uniformly to all health, welfare, pension and profit sharing plans whether self-administered or insured. It should specify that every organization, corporation or person who exercises any substantial control or authority over such a plan is a fiduciary and should be held accountable for his actions and duties with respect to the plan which he should fulfill with the same degree of care and skill as a man of ordinary prudence. Such fiduciary standards should not be so stringent as to restrict or inhibit the investment, either at home or abroad, in socially useful projects. If investigatory powers are granted to the U.S. Department of Labor to enforce standards of fiduciary responsibility, such powers should not be so broad as to allow fishing expeditions or unwarranted investigations. Undefined and unrestricted investigatory powers can lead to abuse of Federal authority and unnecessary harassment of health, welfare and pension plan administrators. There should also be appropriate safeguards against nuisance suits or civil actions of a frivolous character.

Persons convicted of crimes involving corrupt or fraudulent financial activity, such as theft, embezzlement, grand larceny, extortion or bribery, should not be allowed to hold positions of trust or administration in a health, welfare, pension or profit-sharing plan. However, prohibitions against persons holding office should not be so broad as to include a wide variety of offenses not involving the element of fraudulent financial practice. And be it further

Resolved: The AFL–CIO favors the inclusion in any Federal statute regulating health, welfare, pension and profit-sharing plans of a provision for imposing appropriate civil and criminal remedies upon employers who fail to comply with their financial obligations to an employe benefit trust. Where employers go bankrupt leaving unfulfilled obligations to the trust, the employe benefit plan should have a prior claim, after wages, against any assets of the employer. And be it further

Resolved: The AFL–CIO favors the inclusion in private pension plans of adequate and appropriate vesting and funding provisions. To provide adequate safeguards to workers covered by single-employer plans we favor Federal legislation establishing minimum requirements of vesting and funding. Because multi-employer plans, whether financed by employer contributions, joint contributions or solely out of union dues, contain built-in safeguards for the pension rights of workers covered by them, any such legislation should exempt multi-employer plans. And be it further

Resolved: That the AFL–CIO re-affirms its policy position in favor of pension reinsurance adopted in the 1963 and 1965 Conventions and calls upon Congress to pass legislation providing at reasonable cost protection to workers against the loss of pension rights.

PENSION REFORM LEGISLATION [1]

(By Leonard Woodcock) [2]

My name is Leonard Woodcock. I appear here in behalf of the International Union, United Automobile, Aerospace and Agricul-

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[1] Testimony before the Subcommittee on Labor of the Senate Committee on Labor and Public Welfare, June 27, 1972.

[2] President, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW).

tural Implement Workers of America (UAW), of which I am President. Accompanying me is Jacob Hurwitz, Consultant, UAW Social Security Department.

Mr. Chairman, my colleagues and I am fully cognizant of the concern demonstrated by the members of this Committee for correcting the existing shortcomings of our nation's private pension plan system and of their careful studies and hearings leading up to the introduction of S. 3598, the proposed Retirement Income Security for Employees Act. We are pleased to have this opportunity to express our views and the hope, which your sponsorship of the bill suggests you share, that American workers will soon be free of the burden of their fears for the safety of their earned pensions.

It has long been a goal of our society to provide to those who spend a lifetime at hard work the security of income sufficient to enable them to live in retirement in decency and in dignity. Our Social Security system provides minimal benefits which alone cannot offer such assurance. Accordingly, the private pension system has been designed as an essential supplement to inadequate public benefits.

Experience to date indicates that too often this essential supplement has been a false promise which has resulted in tragedy and disillusion for far too many workers.

I can report to you from extensive experience in our own Union that genuine pension reform, including plan termination insurance, which will deal effectively with the major problems which have developed in the private system is an issue with which millions of Americans are vitally concerned. This is a "bread and butter" issue to workers. We look to this Committee and to the Congress of which it is a part for early and meaningful solutions.

My own mail—doubtless yours too, Mr. Chairman—testifies to the depth of their concern and the stake they have in secure pensions. One such letter comes from a 68 year old retired Minneapolis-Moline worker. His pension is currently $129.76 and may be reduced if the Company follows its announced intention of discontinuing the plan. He writes:

"The reason I am writing you is if I get a cut in my pension fund, I don't know what I will do. My wife has been mentally ill for 14 years and had 45 shock treatments and I am doctoring for cancer since 1954. So you can see my health and my wife's are not too good. Her medicine for a year runs over $500 not including mine, so we need all the pension fund we can get."

How does one answer such a letter? And how does one answer a letter from a former Packard worker inquiring about his benefits? He enclosed a photocopy of a certificate he received from the joint union-management pension board when he left Packard in 1955. The certificate notifies him that he met the eligibility requirements for a vested pension when he left and advises him his pension will become payable when he reaches 65 in 1972. It is not pleasant to be the one to inform him that when the Company discontinued operations in Detroit, the pension fund lacked the money to cover his benefit.

Legislation is necessary because too many American workers unreasonably either lose pension entitlements, or fail to qualify for them, through no real fault or failure of their own, no matter how prudent and diligent their bargaining agents.

For our own Union economic security in retirement is a goal dating back to the beginnings of the UAW in the early 1930's. We have yet fully to reach that goal. In practically every important contract negotiation of our Union in the last two decades, pension improvements have been an important negotiating issue.

UAW members have regularly assigned a high priority to pension benefits in collective bargaining during the more than 22 years since the establishment of our initial pioneering pension agreements in the automobile industry. Our members, young and old alike, willingly forego added wages for the sake of better pensions. In fact, Mr. Chairman, in industries in which UAW members work—mass production industries characterized by hard, physical, repetitive work, monotony, boredom and severely limited promotional opportunities—the hope and prospect of a secure, at least modestly comfortable retirement, are important considerations for keeping men working.

Most of the discussions about pension protections have centered on the economic issues involved. There are very personal and psychological implications as well. Long-range studies by Dr. Sidney Cobb and Stanislav Kasl of the Survey Research Center of the University of Michigan show a decline in the mental and physical health of UAM blue-collar workers threatened with job loss when a plant closes. Cobb and Kasl found that the workers studied showed an increased tendency to mental depression, elevation of blood pressure and suicide. Among older workers also faced with the irreparable loss of expected pensions, the trauma must be even greater. We should not permit these conditions to continue to exist when it is within the means of the Congress on a reasonable and economic basis to correct the situation.

We have currently approximately 1500 separate pension plans of all sizes and types negotiated to cover our members in the automotive, aerospace, agricultural implement and supplies industries. We estimate currently about 240,000 retired UAW workers are drawing benefits. Those retired received about $425 million in benefits in 1970. Our pension funds total more than $4.5 billion. Total liabilities still to be funded probably equal this figure.

From the beginning we have emphasized sound principles as fundamental building blocks, for plans large and small. UAW negotiated plans, with rare exceptions, include provision for systematic amortization of past service liabilities, normal, early and disability retirement, joint union-management boards to determine benefit rights of participants, use of qualified independent fiduciary institutions (banks or insurance companies) to receive and invest contributions, funding determinations by qualified independent actuaries and full disclosure to participants of plan operations, financial condition and plan provisions.

We have tried to make our plans responsive to the needs of our members, both active and retired. While our initial plans in the early 1950's stressed the immediate income needs of workers then near or past normal retirement age, the plans have evolved to include liberal vesting, more adequate disability protection, subsidized survivor benefits for retired workers and those still active but eligible to retire, meaningful early retirement opportunities with special supplements to provide substantial income security, and benefits based on all service. In addition, we have consistently acknowledged a continuing obligation to protect and enhance the purchasing power of pensions for retired members.

Looking back, it is difficult to see how, short of calling a moratorium on progress and abandoning older workers and those already retired to the generosity of employers, the problems encountered could have been avoided. It would be far simpler to provide for the retirement needs of workers who will retire in the year 2000, if we felt no obligation to a worker retired in 1965, or the one who will retire in 1975. In our dual system, with its public universal base of relatively limited Social Security retirement benefits supplemented by private plan benefits, we do not know of any honorable alternative to the course we have pursued.

It is inherent in private plans, if they are to fulfill their assigned role of providing meaningful retirement benefits supplementary to the Social Security system, that most such plans will have more or less perpetual unfunded liabilities. These liabilities exist because plans start "late"—i.e. when growing numbers of older and long-service workers make retirement needs self-evident. Meeting these needs requires creation of substantial "instant" liability for service before the plan started. The problem is magnified by additions to unfunded liabilities created because plans must be amended periodically.

Problems arise when business failures, market decisions, acquisitions by conglomerates with subsequent shutdown or removal of plants or other economic contingencies cause abrupt termination of pension plans with consequent repudiation of significant portions of the employer's pension commitment.

It is not enough to complain that the cure may cost something or result in burdensome regulation or loss of the "flexibility" so prized by the opponents of pension reform.

There is in fact no "new" cost in pension reform. The issue is the allocation of existing costs when private plans fail to perform adequately. We refuse to accept the implicit judgment of apologists for the status quo that workers unreasonably deprived of their pensions should bear the burden. Neither are we prepared to sacrifice the safety of workers' pensions to an abstract concept of flexibility.

PLAN TERMINATION INSURANCE (REINSURANCE)

In the view of the UAW, the inclusion of plan termination insurance in S. 3598 leads us to lend our support. No pension reform worthy of the name is possible without such reinsurance.

In its present form, however, it is doubtful whether S. 3598 will be of much value to the present generation of workers. In order to provide substance to the plan termination insurance provisions, we urge you to make them effective now. Insurance should be included against loss of accrued benefits with respect to service performed both before and after enactment of legislation. It would be a tragic mistake to limit application of reinsurance to service required, under S. 3598, to be vested. As we understand the insurance and vesting standards, this would delay insuring any benefit losses for a minimum of 9 years and effectively postpone insuring the major portion of benefit losses for probably at least twice that period. This generation of workers should not be expected to forego the protection of reinsurance; they need it now, as indeed it will probably also be needed in 1990.

Issues regarding plan termination insurance

The most frequently stated reasons for opposing plan termination insurance have to do with its possible cost, infrequency or insufficiency of loss, the need for further study, possibility of abuse, and the tendency to discourage adequate funding. Let me deal briefly with these questions.

1. *Cost of Reinsurance, Infrequency or Insufficiency of Loss and Need for Study*

No one opposed to reinsurance can, with consistency, rely on more than one of these arguments at a time, for they are mutually exclusive.

(a) *Cost*

The UAW's actuaries have independently reviewed the question of the probable initial premium rate reasonably required for plan termination insurance of the scope we believe is required.

They have concluded that an initial annual rate of 0.2% of the insured liability should be appropriate. Such a premium rate, if applied to the estimated current unfunded liabilities of major pension plans in the automobile industry, would presently entail a cost approximately equivalent to ½¢ per man-hour worked. We cannot conceive that added costs of the magnitude indicated are too burdensome or a poor investment when compared to the peace of mind reinsurance would confer on American workers.

(b) *Infrequency or Insufficiency of Loss*

The most commonly quoted data indicate that about 500 pension plans affecting more than 25,000 workers are discontinued each year. Our recent experience, however, leads us to suspect that those numbers understate the current rate of terminations. Our headquarters is not notified of all UAW negotiated pension plan terminations, but of those of which we were advised during the 10 year period ending in 1969, the average number of plans discontinued each year was 10. The number increased to 20 in 1970, and 40 in 1971.

Whatever the numbers, the losses are real, as indicated by two examples taken from a UAW study of benefit losses in terminations of UAW negotiated pension plans during the period 1959–69. (That study has been made available to the House General Subcommittee on Labor):

E. W. Bliss Company, Hastings, Michigan and Toledo, Ohio: Effective date of plan, January 1, 1951; terminated August 18, 1959; 1,048 covered workers. There were 275 persons aged 60 and over who received 34.6% of full benefits. The remaining 773 workers received nothing.

ITT Abrasive Products Company, Detroit, Michigan: Effective date of plan, June 1, 1955; terminated August 31, 1967; 45 covered employees. Full benefits were paid to 10 persons aged 60 and over; 12 workers aged 50 to 60 received 39.3% of their benefits; and 23 workers below 50 received nothing. Average service for 50 to 60 age group was 23.7 years.

Such wiping out of substantial earned pension rights cannot be dismissed as an "incidental" or "inconsequential" failure of a system. They represent human tragedies of the first magnitude to large numbers of individuals and their families. Mr. Chairman, it is unfair and unjust to ask an individual who has spent a lifetime of work with a company to apply for public welfare because his pension commitment will not be honored and his Social Security benefits will not support him and his wife.

(c) *Need for Further Study*

We would not object to further study if study were accompanied by a commitment to corrective legislation to solve a problem known to exist. We feel certain, however, that the Administration's recent request for a study is but an excuse to deliver the problem intact to a new Congress and a new Administration. Congress has studied the problem. The UAW has also made a study. We know and understand the problem. We need action now.

The interest of the UAW dates back more than 10 years. Almost 8 years have passed since the celebrated Studebaker Corporation closing of its auto plants. We believe the UAW was the first union to advocate the development of a self-supporting federal system for reinsuring the risks to workers of unforeseen plan terminations. For some time, however, the labor movement generally and most of the individual unions with direct experience of the problem of plan terminations, have fully endorsed the principles involved. Any differences are on technical details.

Perhaps there is more validity than we may care to admit in the bumper sticker that says, "The majority is not silent, the government is deaf."

2. *Avoiding Abuse*

The possibility of abuse, that is of employers acting alone or jointly with unions deliberately to create unfunded liabilities and then terminate a plan, is frequently cited as an argument against plan termination insurance. S. 3598 includes two effective safeguards to deal with this possible abuse. One such protection, in Section 402, is the 3 year waiting period for insurance coverage, applicable both to new plan benefit liabilities and to additional liabilities created by amendments. The other, Section 405, which requires a solvent employer to repay a portion of the reinsurance benefits paid, reflects a commendable effort to make appropriate allocations of the social costs of plan termination dictated by sheer greed. We would count that a significant social advance over present conditions which permit, for example, a conglomerate to acquire and close an existing operation or a profitable firm and move it to another area by promises of cheap labor and a new plant, while the promised pensions of the affected workers are wiped out.

3. *Threat of Inadequate Funding*

It is conceivable that legislation attempting to do no more than provide a mechanism for insuring against plan terminations would encourage irresponsible employers to avoid, insofar as possible under applicable legislation, funding pensions earned by their employees. Inasmuch as S. 3598 includes provisions for mandatory funding, the issue of inadequate funding is dealt with constructively.

4. *Other Plan Termination Insurance Considerations*

I would also like to note, without extensive comment, several other features of S. 3598's reinsurance which merit approval. I have in mind particularly (i) applicability of reinsurance to virtually all plans, (ii) supervisor protection, (iii) the uniform premium rate for all covered plans, and (iv) authority for the Secretary of Labor to vary the general premium rate in the light of experience, subject to Congressional review.

MINIMUM VESTING STANDARDS

The establishment of minimum vesting requirements is long overdue. Present tax laws and regulations permit plans to favor unduly workers who continue as active participants until retirement age. One of the needs of our kind of economy is a mobile work force. Without vesting pension benefits after some reasonable period of service so that workers are able to accumulate benefits over their entire working lifetime, the price of mobility is simply too high.

In order to establish vesting provisions that are also of reasonable cost, we believe vesting standards should:

(1) require vesting after 10 years as an initial goal;

(2) apply to all service with an employer or covered group, including service prior to the enactment of the legislation; and

(3) be limited to lifetime benefits of the type generally provided at a plan's normal retirement age.

We believe S. 3598 represents a sincere, carefully conceived effort to begin to meet this need. Perhaps the conception was somewhat over-careful in that its impact would be too long delayed. As is true of the reinsurance provisions, no benefits would vest for a minimum of 9 years, and because only service performed after enactment of the legislation is covered, the present generation of workers would remain exposed to possible loss of benefits earned for service up to the earliest date when a benefit can vest under the bill, presumably around 1982. Even then, the benefit vested can represent no more than 2.4 years' service. The promise of vesting would remain empty for far too long.

UAW's experience with vesting illustrates its value. The importance of vesting in UAW plans is indicated both by the prevalance of vesting in our plans and the favorable standard achieved. Our Union was one of the first to win 10-year vesting with no age requirement, for any separation in the preponderance of plans. Our current estimate is that at least 90% of approximately 1¼ million active workers covered by UAW negotiated plans have this protection. Right now, significant numbers of UAW members have already achieved vested status with respect to their accrued benefits and at relatively early ages. By the beginning of 1970, in the "Big Three" auto plans, for example, of approximately 815,200 workers covered, 345,400 (42.4%) met the vesting requirement. Of the 346,700 workers aged 40 and over, 277,400 (80%) were vested (see attached Appendix "A").

Although the slow pace at which vesting would occur is disappointing, we still believe that S. 3598 successfully overcomes some drawbacks of other proposals. Inasmuch as it permits minimum age for participation no higher than 21 and minimum service at no more than 6 months, ultimately it will become possible for workers to begin earning pension rights at early ages and over virtually all of their working lifetimes.

While S. 3598 does allow plans to vest accrued benefits sooner than required by Section 202—30% after 8 years and increasing by 10% each subsequent year to 100% after 15 years—it is somewhat too inflexible. Consideration might also be given, for example, to permitting substitution of alternative schedules that are, in overall impact, as liberal as that required. In a plan that provides 100% vesting after 10 year's service with no age requirement, there may be little value in mandating that workers terminating with 8 years or 9 years be vested for 2.4 years and 3.6 years respectively.

FUNDING REQUIREMENTS

Pension reform legislation incorporating both plan termination insurance and minimum funding standards needs to maintain an appropriate balance between them. As nearly as possible, plans should be self-supporting. If funding requirements are lax, too large a share of the guaranteed benefits in a plan termination may be charged to the insurance fund at the unwarranted expense of surviving plans. If funding is overly stringent, the value of insurance may be minimal and there is further risk of the funding requirement itself causing plans to terminate.

The 40 year funding standard provided for in S. 3598 goes a long way towards striking an appropriate initial balance and represents a reasonable departure point for new legislation. As experience develops, however, it would be wise to provide for funding over a shorter period. Furthermore, inasmuch as many existing plans already provide for faster funding than required by S. 3598—25 or 30 years in some instances—there need to be incentives to encourage those plans not to slide backwards to 40 years. Conceivably, lower premiums for plan termination insurance could preserve the desired incentives.

FIDUCIARY STANDARDS AND DISCLOSURE REQUIREMENTS

We regard with warm approval the provisions of S. 3598 that would establish standards of fiduciary responsibility and require fuller and more intelligible disclosure of descriptive and financial information to covered workers and other interested persons. The specific proposals are effective, workable, long overdue and scarcely controversial. They should be included in any pension reform legislation.

VOLUNTARY PORTABILITY FUND

For a number of years the UAW has questioned the value of proposals to establish a central portability fund, to receive money transferred on account of vested benefits of workers who change jobs, or to arrange interplan transfers. Inasmuch as most plans are continually less than fully funded, a transfer of funds equal to the value of the terminating employee's benefits would dilute the funded status of the plan with respect to the remaining employees. There is no valid reason why the claim of the terminated employee should have an automatic priority.

In preference to a portability fund, we continue, as we have, to favor a central record-keeping arrangement, preferably under the aegis of the Social Security Administration, to make sure that workers' vested benefits are not forfeited through inaction. We propose, therefore, that the Social Security Administration be authorized to make arrangements

to receive and record notifications from any plan whenever an individual acquires a vested benefit right. When the individual subsequently applies for his Social Security benefits, he would be furnished with a list of the private plans in which he has a vested benefit.

CONCLUSION

We are convinced that appropriate legislation to reform private pension plans can improve their effectiveness, make them more equitable, assure that pension funds are managed in the interests of covered workers, and more fairly allocate the costs of plan terminations. These reforms can be accomplished, moreover, without radically altering the role and nature of private pension plans in our economy.

With some modification, S. 3598 can become the vehicle for such reform. Accordingly, Mr. Chairman, we urge your Committee to amend the bill in the following respects:

1. Make plan termination insurance effective as soon as is reasonably practicable, and no later than January 1, 1974.

2. Include insurance against loss of accrued benefits with respect to service performed both before and after enactment of legislation.

3. Require that service performed prior to the legislation be counted, for eligibility and benefit purposes, towards vesting.

4. Permit substitution of alternative vesting schedules of at least equivalent actuarial value to the standard prescribed by S. 3598.

5. Establish a vested benefit "clearinghouse," operated by the Social Security Administration, to notify eligible workers of private plan benefit entitlements.

UAW members and their families are deeply concerned about the security of their promised pensions if any of the plans covering them should terminate. They know too that the injustices caused by plan terminations are not a new phenomenon, but have been with us at least from the time in the late 1940's and early 1950's when great numbers of industrial workers first became covered by pension plans. At our recent 23d Constitutional Convention they expressed their concern in a resolution calling for immediate enactment of legislation to establish a broadly based federal system of pension plan termination insurance.

Pension reform has been studied and debated in committees of Congress for many years, and the hour is late. Mr. Chairman, we urge prompt, vigorous and constructive action on pension reform by this Congress.

APPENDIX "A"

EFFECT OF 10-YEAR VESTING IN AUTO INDUSTRY—UAW PENSION PLANS (BASED ON AGE-SERVICE DATA FOR 815,200[1] EMPLOYEES COVERED BY "BIG THREE" PLANS)[2]

[Jan. 1, 1970]

Completed years of age	All employees		Vested employees (10 or more years service)	
	Number	Percent of total	Number	Percent of age group
Under 40	468,500	57.5	68,000	14.5
40 to 49	181,000	22.2	130,700	72.2
50 to 59	140,000	17.2	123,000	87.9
60 and over	25,700	3.1	23,700	92.2
Total	815,200	100.0	345,400	42.4

[1] All figures are rounded to nearest 100.
[2] General Motors, Ford, and Chrysler.

Age	Percent vested
Under 40	14.5
40 and over	80.0
50 and over	88.5
60 and over	92.2
All ages	42.4

TESTIMONY OF PRESIDENT I. W. ABEL, UNITED STEELWORKERS OF AMERICA, AFL–CIO–CLC

My name is I. W. Abel, and I am appearing here today as President of the United Steelworkers of America.

I appreciate this opportunity to appear here today and testify on a matter of extreme interest and concern to our Union, our Union's members, and their families. As you may well know, adequate pension legislation is a priority objective of the United Steelworkers of America.

Before proceeding with my remarks, I want to congratulate the 15 of the 17 members of the Subcommittee—both Republican and Democratic—who have joined in bipartisan sponsorship of Senate Bill 3598. This is in the tradition of earlier Senators who have sponsored and enacted legislation to protect American workers from exploitation, unsafe working conditions and economic insecurity.

As has been the case with similar legislation in the past, opposition to Senate Bill 3598 has developed from an unusual combination of forces. It is perhaps understandable that opposition has come from certain bank officials, financial officers of companies, actuaries and business organizations. It is more difficult to understand the opposition of some labor organizations to the proposed Retirement Income Security Act. I believe this opposition from these labor organizations is poorly thought through and not in the interests of working people.

The major opposition to Senate Bill 3598 is the same stand-pat opposition that in the 1930's fought such social legislation as the Wagner Act, Social Security, the Wage and Hour Law, and public housing. It may be dim in the memories of the younger persons in this audience, but it is deeply etched in my mind that much the same groups that opposed Senate Bill 3598 were also opposed to the New Deal legislation that today is a bulwark against depression and social chaos.

This Nation no longer has the time to wait until a new depression strikes to find the incentive to enact legislation protecting rights of working people. The hundreds and thousands who have been affected by pension fund failures, are only the tip of the iceberg. The failure to protect and guarantee pension funds and pension rights is building a potential social tragedy of terrible dimensions.

We have but to observe the people's reaction to unfair taxes to realize that each unsolved social problem becomes an increment added to every other social problem. And when the sum of all these unsolved problems becomes an intolerable load, the people's reaction may not always be reserved and orderly. Our Union believes that the protection and guarantee of pension funds and pension rights is basic to the future security of workers and the Nation.

I cannot stress too strongly the need for action in protecting and guaranteeing the pensions of workers. In our Union alone, we have had firsthand experiences with the terrible personal tragedies caused by the termination of pension plans. It is not a pleasant experience, I can assure you.

Increasing imports and their devastating effect on the jobs of American workers also underscores the need for action in this area. Union after union has felt the impact of the flood of imports as plant after plant has been forced to close down, wiping out thousands upon thousands of jobs. In the five-year period from 1966 through 1970 this country lost 1,400,000 jobs because of imports and gained 500,000 jobs because of exports. Thus, the total job loss for the five-year period was 900,000. When you translate a trade deficit into human terms, you are talking about food on the family table, money for the doctor, clothes for the children. And when you add the loss of pensions to that, you are talking about additional fear and want and privation. I realize full well that this is a highly technical and complex area, but as one who knows from personal experience the great need for such legislation, I cannot emphasize enough the urgency for action.

Although our Union endorses and supports the basic purposes of the Retirement Income Security Act, we wish to offer some suggestions to strengthen what we believe to be deficiencies in the proposed Bill. Our suggestions are intended to strengthen the Bill and enable it to better serve its stated purposes.

The proposed legislation demonstrates that capable men of good will, who seek solutions to one of the most complex problems of our day, can devise a solution to that problem.

And as Senator Williams has put it, "to guarantee retirement security for the worker and to encourage the continued growth and expansion of private pension plans". I wish to praise the efforts of Senators Williams and Javits in developing the present Bill which attempts to preserve a balance between federal regulation and private initiative. In a sense, the problem the Senate faces in determining what should be the minimum standard for operation of all pension plans, is the same problem it must resolve in discussing minimum wage legislation, industrial safety and health standards, levels of Social Security and other similar legislation.

On the one hand, the regulatory laws should not be so extensive and demanding as to leave little or no room for collective bargaining or other private initiatives. On the other hand, a law should not be so weak that it does little, if anything, to solve the social injustice or inequity it seeks to remedy.

DELEGATION OF AUTHORITY TO THE DEPARTMENT OF LABOR

Our Union believes the proposed establishment of an office of Pension and Welfare Administration in the Department of Labor is a wise and effective step. The administration of pension plans involves both economic and labor relations aspects. It is sound public policy to assign administrative functions relating to labor problems to the Labor Department. In the administration of the Fair Labor Standards Act and other minimum standards legislation, the Department of Labor has always maintained a reputation for effectiveness and integrity. If the functions of this Bill were assigned to a Department having no other responsibilities concerning labor relations, the functions could not be handled as well as they could by the Labor Department.

The Administration, including the Secretary of Labor, has proposed that the policing of pension plans be assigned to the Internal Revenue Service. The Administration believes that high standards of pension administration can be achieved by giving or withholding IRS approval of pension contributions and pension trusts for tax purposes. We believe tax incentives are a weak and ineffective tool to compel proper standards of pension plan benefits and funding. Tax incentives are irrelevant to the problem of pension plan protection.

The approach of Senate Bill 3598 is sound in that it calls for the establishment and enforcement of minimum standards of administration, funding, vesting and pension termination protection. These functions can best be established and enforced by an administrative agency rather than a tax agency.

We commend the Subcommittee for proposing that the office of Pension and Welfare Plan Administration be made part of the Department of Labor, and we strongly endorse this proposal.

PENSION VESTING (SECTION 202)

I am filing with the Subcommittee a statement containing detailed suggestions on various provisions of Senate Bill 3598. But in my prepared remarks I do want to comment briefly on these suggestions.

On pension vesting, we believe the proposed vesting provision does not go far

enough. The vesting schedule under the proposed Bill has two basic elements: (1) It operates only with respect to service on or after the effective date of the Act; (2) Vesting commences partially with the eighth year of service, and by annual increments of 10% becomes fully effective after 15 years of service. The proposed schedule, if enacted immediately, would not fully protect workers until a full generation after enactment because such protection would apply only to service from the date the Bill becomes law. Workers would not receive any credit for time worked before the legislation became effective.

Publicity on this legislation has led workers to believe that the Federal government is about to protect them against the loss of pension rights where either their employment or their pension plan is terminated. It is not difficult to imagine the terrible shock of workers who would find that the legislation, if enacted as proposed, did not protect most of the time they had worked.

We recognize the argument that unless some minimum requirement of service for vesting is adopted, huge amounts of record-keeping may be created, although the federal Social Security system has demonstrated that it can keep total employment records on all the Nation's workers.

If vested rights are to be granted only after there has been a reasonable attachment to an employer, we believe the rule should require no more than five years of service in the case of voluntary quits or discharges. In addition the rule should provide that all years of service after five years should be vested in full and not by increments on an annual basis.

In the case of involuntary breaks in continuous service resulting from layoff, disability or permanent shutdown, no minimum period of service should be required for a deferred vested pension right. In such involuntary breaks in service, all periods of service, regardless of length, should be credited toward the worker's pension at his retirement.

CONTINUOUS SERVICE GUIDELINES

The vesting section of the Bill, governing whether covered service must be continuous, delegates the duty to establish standards to the Secretary of Labor. But the Bill does not clearly indicate the legislative intent that should guide the Secretary of Labor in the establishment of these standards. A general definition of continuous service should be included in the Bill. We believe that hours worked should be part of the definition of covered service and that plans based on lifetime hours worked should be considered as equally acceptable as those that credit service on some annual basis. The major, if not exclusive, consideration of the Secretary of Labor in establishing such standards, should be only to prevent pension provisions designed to evade the law or to obtain unjustifiable benefits from the Insurance Fund.

PENSION COSTS

Pension costs will undoubtedly be increased by the enactment of compulsory pension vesting. But the costs involved in legally establishing vested rights may be compared to the costs involved in raising minimum wages or abolishing child labor. When these costs are measured against the social justice achieved, they are small indeed and should not be considered as a bar to legislative action.

CREDITED SERVICE PRIOR TO THE BILL'S ENACTMENT

Every major pension negotiation in this country since World War II has provided for crediting all service prior to the start of the pension plan. Thus, even employees at retirement age on the effective date of a new pension plan were immediately eligible for a pension based on their total service from the time they were hired.

This has also been true for improvements providing for increased benefits. Unless past service is credited in new pension plans, long-service employees would be entitled to few or no benefits if they are at retirement age or close to retirement age. Yet this is what Senate Bill 3598 would do since it credits only future service for the purpose of compulsory vesting and termination insurance. This is like proposing that minimum wage legislation should not apply to the current workforce—only to employees hired in the future.

What we are advocating is that, where pension plans exist or will be negotiated, all past credited service recognized by the plans should also be recognized by the Bill for the purposes of vesting and termination insurance.

PROPOSED PROCEDURE IN THE EVENT OF PLAN TERMINATION

The proposed Bill is silent on the procedure to be followed when a pension plan terminates and there is not enough money in the pension fund to cover immediate and deferred pension benefits. Where insurance is payable, we believe the logical first step would be to transfer the terminated fund to the Pension Benefit Insurance Fund. Such a transfer would accomplish a number of practical purposes.

1. The problem of when the Insurance Fund takes over would not arise.

2. Administrative problems would be centralized initially.

3. The transfer of pension funds, and assets, will allow the Insurance Fund to become operative immediately with respect to existing plans and with respect to service credited prior to passage of the legislation. This is one of the most crucial points before the Subcommittee.

COST OF PLAN TERMINATION INSURANCE

If our pension experience in the Steelworkers were applied to industry generally, we estimate the deficit in terminated pension plans—when combined with our proposal on the use of employers' assets—would range between $50 million and $100 million a year. This is a very reasonable cost for eliminating the nightmare confronting the workers of this Nation.

RECOVERY (SECTION 405)

We believe the recovery provision should be strengthened in two ways. It should provide that upon the effective date of the legislation, all provisions of a pension plan limiting pension liability just to the pension fund's assets should be declared null and void. Secondly, the Insurance Fund should be entitled to recover from the firm's assets the difference between the actuarial value of the vested benefits and the value of the pension fund transferred to the Insurance Fund. This should be done before any payments are made from the Pension Benefit Insurance Fund, and after the plan's pension fund has been transferred to the Insurance Fund.

ASSETS OF THE COMPANY

Pension plans are different than other employee benefits because of two special characteristics of pensions: (1) Pensions are payable only after an employee ceases to work; and (2) pension plans usually acquire substantial unfunded liabilities.

We believe it is important to establish by legislation the principle that an employer is not absolved from meeting the obligations of a pension plan when it is terminated and when assets are less than liabilities.

When an employee is hired he is not told that he *may* be paid a decent wage, that he *may* have a safe place to work, that he *may* eventually be paid a pension. The new employee is hired on the basis of certain absolute conditions of employment. In fact, the government already has established minimum standards for many conditions of employment.

But at the present time it has not established standards for the retirement of workers.

It is our position that an employer who terminates his pension plan, when all liabilities are not fully funded, should be in no different position than someone who quits his job while owing someone else some money. If he has money in the bank, or other sources of income, he is expected to continue to meet his obligations. We believe an employer has the same duty to meet his obligations to pay the pension benefits due to his employees. During his time on the job, the worker has contributed to the creation of the assets owned by his employer. The worker, therefore, has the right to look to those assets, as well as the pension fund, to pay the retirement benefits he has earned.

The legislation before you should provide that if a pension fund cannot fully meet the obligations of a terminated plan, the employees should be entitled to enough of the employer's assets to make up the deficiency. The legislation also should specify that a successor employer to the terminating employer is as fully responsible for the payment of benefits as the original owner.

Most, if not all, responsible employers accept what we are proposing as perfectly normal. It is not unusual for a company negotiating a new pension agreement to assume pension obligations larger than what the initial contributions to the fund will cover. In such cases, the difference is made up from the company's treasury until the fund is large enough to assume the total obligations of the pension provisions.

Our pension agreement with the U.S. Steel Corporation is typical of the general philosophy of most of our pension agreements. Under that agreement the corporation and our Union agree that the benefits of the plan (quote) "shall be provided by the Company or caused to be provided by the Company". (unquote) Also, in the case of U.S. Steel, the Company (quote) "is free to determine the manner and means of making provision for funding and paying the benefits" (unquote) of the pension agreement. Thus, in any termination involving U.S. Steel, the company's assets are pledged if the pension fund is inadequate to pay all benefits.

We must accept the twin principles that every company must fund its pension obligations prudently, and if the pension fund—despite such sound procedures—is inadequate, the company's asset must meet the deficiency. Any other approach would make penions subject to a kind of roulette: If the employer guesses the life expectancy of his operations and the liabilities correctly, pensions would be paid; otherwise, they would be paid only in part, or perhaps not at all.

TERMINATION INSURANCE IS FEASIBLE

In earlier testimony before the House Ways and Means Committee, Mr. Kenneth L. Houck of the Bethlehem Steel Corporation raised some questions on the feasibility of insuring pensions. Mr. Houck asked, (quote) "should the program be designed against someone making a thoughtless promise; or to cover the bankruptcy of a business or seriously declining operation; or to insure against someone making a decision to discontinue operations for any reason?" (unquote) These are serious questions with which the legislation must contend, and we believe the proposed legislation goes only part way to overcome the implications of Mr. Houck.

We believe the benefit levels that the legislation proposes to insure are reasonable, at least at the beginning. We believe the next step to insure fiscal responsibility is a minimum funding obligation. Then, after a prudent funding program is established, the company's assets should be assigned to cover any unfunded liabilities when the plan is

terminated. The most effective means to guard against "thoughtless promises" would be for each company to carry on its books a legally-binding note acknowledging pension obligations as a debt to be paid in full.

In order to encourage the investment of American funds abroad, the government insures such investments against seizure by foreign governments although it cannot predict when the investments might be seized.

Should we be less eager to protect the pension benefits of American workers whose rights are threatened by equally unpredictable plant shutdowns?

Mr. Houck's question about insuring "thoughtless promises" implies there are pension plans that provide unreasonably high benefits. We are unaware of any pension plans that provide excessive benefits. Pension benefit levels are based on earnings before retirement and are, therefore, self-limiting. Mr. Houck's fears about "thoughtless promises" most certainly cannot be applied to the Basic Steel Industry, or any other industry within our Union's jurisdiction. We have yet to negotiate with any employer who did not first have to be convinced that what he was agreeing to was consistent with the pattern in his own industry or area.

Our private pension system is a major element in the maintenance of industrial peace. We seek positive ways of strengthening that system. We think responsible companies and company officials should support our efforts with constructive proposals of their own, rather than seek out questionable obstacles and try to make them impossible to overcome.

Mr. Houck also pointed out that pension insurance is unlike Federal bank deposit insurance because it does not protect existing assets. We do not argue that there are no differences in insurance coverage. Life insurance is different than fire insurance. It is the difference in the object being insured that requires different types of insurance.

ASSESSMENT AND PREMIUMS FOR PENSION BENEFIT INSURANCE

A problem that has troubled union negotiators for many years is the great variation in actuarial estimates of cost. For the sake of proper administration, the legislation must require that the determination of unfunded liabilities be based on actuarial standards, assumptions and methods established by the Secretary of Labor. Then, uniformity will have been obtained among all employers, and an unnecessary area of labor dispute will have been eliminated.

PENSION FUNDING

A sound pension funding formula should create a pension fund large enough so that if contributions to the fund were to stop on a permanent basis, the fund would provide all the benefits accrued by the workers to the date the payment stopped.

It seems to us that a first approach to the funding-policy problem should be a requirement that enough money should be contributed to the pension fund during the service of the average worker to pay him his pension for life after retirement. But if the average age of a company's employees is 45 years, and the average retirement age is 65, 40-year funding would, in many cases, fail to produce adequate assets. If the legislation is to be effective, authority should be granted to the administrative agency to require contributions adequate to meet all obligations.

Current practice in several large American industries provides for newly-created pension liabilities to be paid off over 30 years. We know of no evidence that a 30-year funding standard has adversely affected the ability of any employer to stay in business or to compete successfully.

How pension costs increase can be illustrated by the pension reports of Bethlehem Steel. Pension payments increased from $699,503 in 1931 to $4,181,184 in 1951 and to $67,502,535 in 1971. If one looks back to 1931 and thinks what the effect would have been if the funding provisions of Senate Bill 3598 were in effect at that time, with the advantage of knowing the problem in 1972, it is evident that 40-year funding is inadequate.

VOLUNTARY PORTABILITY

It is difficult to see what benefits would result from the proposed Portability Program under Title III of the legislation. Our Union is an advocate of portability, and I am proud to say that portability is a part of the pooled pension plan of the Industrial Union Department.

We recognize, however, that portability is only possible if the participants are all members of a single, pooled pension fund in which actuarial assumptions and actual experience is applied the same to all plans. Since no such pooling is contemplated in Senate Bill 3598, the proposed Portability Program is impractical.

However, if vesting and pension protection are achieved, the worker will be assured of his pension benefits whether he receives them ultimately from one employer or a number of them.

For the time being, at least, this subject should be left to collective bargaining. We urge that the proposed portability provision be dropped since it serves no useful function, and does not add anything to Retirement Income Security.

PENSION PLAN OPTIONS (SECTION 215)

The proposed legislation would permit employers with plans in existence, which do not provide for vesting, to keep such plans in effect. But the Bill would require such employers to establish an additional plan that would meet the vesting requirements of the legislation. Apparently, it is intended that a plan without vesting could make the change to vesting without additional cost. This would be accomplished by requiring that contributions to the new plan be made at a rate not less than the contributions to the old plan.

Exactly how this is to be accomplished is not clear, since new employees will all be compelled to participate in the new plan.

But if the principle of equality of contributions between plans could be made to operate, employees covered by the new plan would have a different level of benefits than the employees without vesting in the old plan.

We have recognized that compulsory vesting will add to the cost of pension plans. A plan that seeks to add vesting to its benefits without any increase in contributions can do so only by reducing other benefits of the plan. Such a plan, therefore, transfers the cost of vesting from the employer to the employees, and this would inevitably lead to serious labor-management disputes.

In order for the proposed two-plan system to work, it is necessary to offer employees an alternative to the old plan.

An alternative cannot be some undefined benefit level plus vesting. The proposed two-plan system would be an administrative nightmare since a new alternative benefit—not requiring any change in pension contributions—would have to be a guess subject to change later.

Our experience in Canada, where we are the largest industrial union, convinces us that the cries of doom if vesting is required are without foundation. If public policy mandates vesting of pensions, the provision should apply uniformly to all covered employers on the same date. We oppose the proposed two-plan system and urge its deletion from the Bill.

CONCLUSION

Many areas of this Nation's economic life affect employers and employees where industry and labor cannot solve their problems by themselves. In these areas there must be a cooperative venture of government, industry and labor. We subscribe to the belief that to the greatest extent possible, free collective bargaining should be the primary method for the resolution of labor-industry problems. But in the pension security area, as in others, no amount of negotiating between companies and unions at a time of pension termination will create a pension fund sufficient to cover liabilities, where no such fund exists.

Secretary of Labor Hodgson displays a general hostility to the idea of mandatory funding and pension termination insurance and suggests that Congressional action be delayed until an updated study "on the extent of benefit losses under pension plans which are terminated" can be concluded at the end of this year. Can any amount of further study change Mr. Hodgson's opinion that (quote) "required full funding could raise plan costs to the extent that the formation of new plans and the expansion of existing plans might be curtailed"? (unquote) I submit that no amount of studying can throw light on the reasonableness or unreasonableness of the Secretary's policy position.

Mr. Hodgson's position parallels the position of the National Association of Manufacturers which, in testimony before the House Committee on Labor in 1971, said that compulsory funding "would slow down normal pension plan improvements while discouraging the establishment of new plans". I can only repeat what I have said in response to the NAM position: "This statement is totally illogical, if not downright silly. If pension promises can only be paid if the accruing liability is funded, how can anyone urge the government to permit or encourage the establishment of plans which are almost certain not to pay their benefits? The failure to establish such new plans is no more to be regretted than the failure to establish banks and insurance companies which intend to operate without proper reserves".

The United Steelworkers of America and other unions at the bargaining table and in the legislative halls have done as much or more to create pension retirement income than has any combination of employers acting independently. If Mr. Hodgson believes extension of the private pension system is praiseworthy, he should recognize the contributions of the union movement to this cause. Because we have been so active in this effort, we more than anyone, know the obstacles to pension security through the theory of economics preached by some witnesses before your Committee.

By all means let us encourage the expansion and liberalization of private pensions. But let us make sure the private pension system retains its integrity so that the faith of the people in that system will not be destroyed.

The government can do this by helping the private pension system to deliver all the benefits it has promised to the millions of people who rely on these benefits to achieve a decent standard of living in retirement. Pension insurance is essential for the continued existence of the private pensior system.

In conclusion, I want to express my appreciation again for this opportunity to testify on a subject of such great importance to the workers of America. I also would like to repeat my plea for urgent action to protect and guarantee the pensions of the millions of workers who, after a lifetime of work, are entitled to security and dignity in their golden years. This is one of the most current vital needs of workers.

You have seen proof of that here today. The guarantee and protection of workers' pensions will stand as another landmark piece of social legislation that will give workers an added measure of human dignity. Thank you.

U.S. POSTAL SERVICE

Mr. COOK. Mr. President, a strong and efficient postal system is of vital impor-

tance to our Nation and its people. We all know that the new Postal Service has been going through the ordeals of transition from a system that the Congress itself found to be ineffective and outmoded. The transition to something better is a long way from fruition, but the current issue of the U.S. News & World Report offers encouragement that the new Postal Service is making real progress on several fronts. These items of progress are contained in the U.S. News & World Report article which I ask unanimous consent to have printed in the RECORD.

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

A LEASE ON LIFE FOR THE 8-CENT STAMP

A planned boost in postal rates has been scrapped—at least for the time being.

The reason: A cost-cutting program started five months ago by the U.S. Postal Service is paying off.

That program—mainly a freeze on hiring of new workers—is expected to reduce postal expenses by 900 million dollars a year.

The cut in outlays means that the price of a stamp for a first-class letter will stay at 8 cents, instead of going up to 9 cents on Jan. 1, 1973, as had been anticipated.

Also, for the time being: Airmail postage will remain at 11 cents an ounce, post cards at 6 cents; parcel-post rates will not be changed, and the bulk advertising mail of business firms will continue at present rates.

SOME RAISES SCHEDULED

The only mail rates currently scheduled for increases are for magazines, newspapers, books, records, films and the mail of nonprofit organizations.

Rates for newspapers and magazines, which have gone up 30 per cent over the levels of April, 1971, are to be raised further in four annual steps starting next July—for a total increase which will amount to 126 per cent.

Mailing costs for books, records and films are in line for four more hikes, for a total of 70 per cent.

Rates for nonprofit publications, such as religious magazines, have gone up 38 per cent since April of last year. They are scheduled for nine more yearly hikes, for a total rise of 350 per cent.

These boosts were part of a rate increase of 1.9 billion dollars that was approved by the Postal Rate Commission in June. Most of the higher rates had been in effect on a temporary basis since May of 1971. That was when first-class stamps went from 6 cents to 8 cents, air mail from 10 to 11 cents, and rates were raised for almost all other classes of mail.

What many people did not realize, however, was that the Postal Service had budgeted an additional rate increase of 900 million dollars a year to start next January—to come on top of the one just approved three months ago.

Although the new increase in January is rejected for the moment, officials do not rule out the possibility of further rate hikes next year.

THE LABOR FACTOR

The principal reason is that the Postal Service's contract with its labor unions expires next July. Negotiations on wages and fringes for a new contract are to begin early in the year. These items account for about 85 per cent of total postal costs.

In view of the uncertain labor situation, Postmaster General E. T. Klassen said it would be "foolhardy" to promise there would be no postal-rate boosts in 1973.

Despite the job freeze—which has cut the postal work force by 33,000 employees—Mr. Klassen maintains that, over all, "We are doing a better job."

In most places, he said, 95 per cent of first class letters addressed to local destinations are delivered the next day.

About airmail letters sent to major cities within 600 miles, Mr. Klassen said the same level of fast and reliable delivery can be reached.

The Postmaster General also pledged that much closer checks are going to be made on mail service from now on—to insure that postal management knows exactly how good or bad it is.

To further improve service, the Postal Service has in the works two new nationwide systems.

One is a "bulk-mail network" of 33 highly mechanized plants for handling parcels and the bulk-advertising mail of businesses. Scheduled for completion by 1975, it will cost 1 billion dollars.

The other system consists of automated centers to speed letter mail. The Postal Service is planning to invest 4 billion dollars over six years.

In addition, 400 million dollars is to be spent in the next two years to replace at least 2,000 post offices and other buildings across the country and to improve more than 10,000 others.

For the moment, however, Mr. Klassen cautions: "We can't perform any miracles in bringing service to the levels we think it ought to be."

THE FAILURE TO RESPOND

Mr. BROCK. Mr. President, the failure of this body to speak out on the question of forced busing in our Nation's schools justifies the belief of too many Americans that Congress is unresponsive to their needs.

This is particularly disappointing in that those who now oppose immediate consideration of this issue in the Senate are often the most vocal in their support of a responsive government. Yet, these now stand between their own opinion of what "is best for the people," and the people's rights and their unmistakable desire for action.

Busing is and will continue to be a most pervasive social issue in the American forum. Until Congress acts, we will be vexed with the illogical and unjust condition of having to submit our school-age children to an arbitrary court ordered balances based solely on the color of their skin.

Every day we allow this situation to continue, we risk further hardships on communities and individuals who have set their sights on the true object of education—to impart knowledge. Busing does nothing to further this pursuit.

One recent example where a community has been thwarted in its attempt to educate is the case of the Memphis Board of Education, where the U.S. Sixth Circuit Court of Appeals upheld the April 20 ruling by District Judge Robert M. McRae, Jr. Judge McRae ordered the school board to implement a plan for busing 13,789 students beginning with the fall term which began the week of August 28.

The three-judge panel ruled 2 to 1 in favor of upholding the order. The one dissenting opinion was written by Judge Paul C. Weick. I believe Judge Weick's opinion bears consideration for it points out the blatant disregard for the rights of individuals that busing creates.

In his dissent Judge Weick wrote:

What about the black and white children who do not want to be bused away from their neighborhood schools? Do they have no constitutional rights? It would appear that this issue has been given scant consideration by the courts.

Yet, merely because a child's skin is black or white, he is on that account, and without his consent or that of his parents, assigned to a particular school, and bused away from his neighborhood school in order to achieve a mixture of the races in each school of the city. I submit that the Constitution requires no such thing.

It is not claimed that these unfortunate children, who are the victims of induced busing, have committed any offense. And we are living in a free society in which one of its privileges is the right of association.

As my colleague from Tennessee (Mr. BAKER) has emphasized on numerous occasions, the question of busing is one of the highest priority. The Senate must pass on the issue to halt the course of court-ordered busing.

Mr. President, I have a number of newspaper articles describing the Memphis case which may be of interest to Senators. The board of education has stated their inability to comply with the order and have announced their intent to appeal the case to the Supreme Court. Implementation of the present order would cost millions of dollars. Dollars that would not serve the interest Memphians have in education. I ask unanimous consent that these several articles be printed in the RECORD.

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

[From the Memphis Press-Scimitar, Aug. 30, 1972]

". . . THE CONSTITUTION REQUIRES NO SUCH THING"

Throughout the long history of the Memphis school desegregation case, The Press-Scimitar has expressed many times its opposition to the forced busing of children for the purpose of achieving a racial balance.

Now the U.S. Sixth Circuit Court of Appeals, in a two to one decision, has upheld the April 20 ruling of District Judge Robert M. McRae Jr., which ordered the Memphis Board of Education to implement a plan for the busing of 13,789 Memphis children beginning with the fall term which opened this week.

For comment on the Appeals Court's decision, handed down in Cincinnati, we can do no better than to quote from the dissenting opinion given by Judge Paul C. Weick, of Akron, Ohio.

Judge Weick wrote in dissent, concerning the Memphis case:

"What about the black and white children who do not want to be bused away from their neighborhood schools? Do they have no constitutional rights? It would appear that this issue has been given scant consideration by the courts.

"Yet, merely because a child's skin is black or white, he is on that account, and without his consent or that of his parents, assigned to a particular school, and bused away from his neighborhood school in order to achieve a mixture of the races in each school of the city. I submit that the Constitution requires no such thing.

"It is not claimed that these unfortunate children, who are the victims of induced busing, have committed any offense. And we are living in a free society in which one of its privileges is the right of association.

"The average American couple, who are raising their children, scrape and save money to buy a home in a nice residential neigh-

borhood, near a public school. One can imagine their frustration when they find their plans have been destroyed by the judgment of a federal court."

As to the financial aspects of school busing, the appeals judge declared:

"The cost of all this program will run into millions of dollars . . . The court does not determine where all the money is to come from or whether it is practical or feasible. It is assumed that this burden will be thrust on the Memphis taxpayers."

After declaring that "in Memphis today no person is excluded from any school because of race or color," Judge Weick made the point that upsetting the neighborhood school pattern interferes with parental participation with PTA programs, and with the children's after-school activities and "can even lower the quality of education."

Judge Weick wrote further that "the burden of elimination of all the ills of society should not, in all fairness, be visited upon the public school system and upon innocent school children who are not responsible for these conditions and who are not represented and cannot protect themselves. Nor should the children be used as pawns . . ."

"In remedying discrimination against the plaintiffs, we are not to discriminate against other innocent children whose constitutional rights, with those of the plaintiffs, are equal . . ."

"In our opinion, the school system can not be faulted for conditions resulting from the residential pattern of Memphis, and the board ought not to be charged with the duty of their entire elimination."

At this point, the Memphis school case stands where it did last April 20, when Judge McRae handed down his ruling, now upheld by the two-to-one Appeals Court decision.

The Memphis school board will consider taking the case to the U.S. Supreme Court, a step which we believe the community supports.

Meanwhile, Judge Weick's dissenting opinion must be considered as a powerful and reasonable argument on behalf of parents, children and the neighborhood school.

[From the Memphis Commercial Appeal, Aug. 30, 1972]

MAJORITY SAYS DUAL PLAN NOT "CURED"—OBJECTIONS RULED "WITHOUT MERIT"

This is the text of the majority opinion filed yesterday by the Sixth Circuit Court of Appeals in the Memphis school desegregation case:

An opinion filed Tuesday, Aug. 29 in the United States Court of Appeals for the Sixth Circuit at Cincinnati, Ohio. The opinion is written by Judge Anthony Celebrezze of Cleveland, Ohio. Judge John W. Peck concurred in the opinion. A strong dissent was written by Judge Paul C. Weick of Akron, Ohio. In the opinion Memphis was ordered to follow a school desegregation plan set for earlier by Judge Robert McRae of United States District Court in Memphis.

Case of Deborah Northcross vs. Board of Education of Memphis City Schools.

These appeals represent another installment of an already lengthy serial: "The desegregation of the Memphis Public School System." The initial chapter of this story was written in 1960 when plaintiffs first sought to apply the principles of Brown vs. Board of Education 347 U.S. 483 (1954) (Brown 1) and 349 U.S. 294 (1955) (Brown 2) to Memphis' de jure segregated school system. Since that time various aspects of this desegregation suit have been before the U.S. District Court for the Western District of Tennessee, this court, and the United States Supreme Court.

Most recently, pursuant to our remand (444F. 2D1179) (1971) The district court has reconsidered its previously adopted desegregation plans in light of the principles announced by the Supreme Court in Swann vs. Charlotte-Mecklenburg Board of Education 402 U.S. 1 (1971) and its companion cases: Davis vs. Board of School Commissioners of Mobile County, 402 U.S. 33 (1971); North Carolina State Board of Education vs. Swann 402 U.S. 43 (1971); McDaniel vs. Barresi, 402 U.S. 39 (1971); Moore vs. Charlotte-Mecklenburg Board of Education, 402 U.S. 47 (1971).

As a result of this reassessment, the District Court determined that more intensified desegregation efforts were required in Memphis. In April, 1972, after holding extensive hearings, the District Court ordered into effect a new plan which would, for the first time in the history of this suit, require the transportation of children as part of an effort to eliminate "root and branch" the vestiges of the dual school system in Memphis. The plan is to be operational by the start of the 1972–73 school year.

Most defendants and plaintiffs have appealed from this latest order of the U.S. District Court. This court (court of appeals) granted a stay of that order pending our decision in the cases. Mindful of the need for speeding implementation of appropriate desegregation orders, however, we also granted expedited hearings in connection with such appeals. Northcross vs. Board of Education of Memphis City Schools (Sixth Circuit MISC. 1576 decided June 2, 1972; rehearing en bloc denied, July 5, 1972).

In its appeal, the defendant school board asserts that it has achieved the constitutionally required unitary school system or will shortly attain such unitary system as a result of minor changes to be effected in its student assignment plans. The school board therefore assets that the new plan adopted by the district court in April, for September 1972 implementation, imposes an unnecessary burden upon it and the school children within its system. It also contends that the busing ordered by the district court "is wrong" because such busing is harmful to the interest which the board asserts Brown 1 and Brown 2 sought to further.

In their appeal from the district court's order, the plaintiff complained that the new plan adopted by the district court does not meet the requirement of Green vs. County School Board of New Kent County 391 U.S. 430, 439 (1968), that any desegregation plan adopted be one which "promises realistically to work now."

The Memphis School system is one of the largest in the nation. When this suit was begun in 1960 the schools of the system were segregated by law despite the Supreme Court's rulings in Brown 1 and Brown 2, handed down years earlier. As a result of decisions handed down by the federal courts in connection with this suit the school board adopted several plans for the desegregation of the Memphis schools in the period subsequent to 1960. The effectiveness of these plans can be gauged by a quick look at the "vital statistics" of the Memphis system as it now exists.

In the 1971–72 school year some 145,581 students attended classes within the school district. Of these children 53.6 per cent were black and 46.4 per cent were white. The school board operated 162 schools in that year. In 123 of these schools, students of one race comprised 90 per cent or more of the school's total enrollment, despite the near-equality in the number of black and white children in the system as a whole. Forty-seven schools (29 per cent of the total) have student populations which were entirely black or white.

The present racial discrimination has been a result of an assignment plan essentially based on geographic zoning and the "neighborhood school" concept. Such assignment plans became fully operational in 1964 when overt assignment by race was finally abandoned with respect to all grades. The attendance zones have been modified several times since 1964 by court order in an effort to increase the degree of integration which could be achieved within the system. During this past year minority to majority transfers within the system were prohibited.

It is the defendant school boards contention that notwithstanding the fact that some 79 per cent of its schools has an essentially monolithic racial structure, it has satisfactorily cured the violation of law involved in its past de jure segregation and has, in fact, established a unitary system. We cannot accept this contention.

As recently as 1970, the Supreme Court affirmed the district court in its finding that Memphis was not a unitary school system. Northcross vs. Board of Education of the Memphis City Schools, 397 U.S. 232, 235 (1970). While additional faculty integration has occurred since the date of that decision the continued pattern of racial separation with respect to student assignment convinces us, as it did the district court, that the dual system has not yet been eliminated in Memphis.

We recognize, of course, the Supreme Court's caution that the existence of "some small number of one-race or virtually one-race schools within a district is not in and of itself the mark of a system that still practices segregation by law." Swann vs. Charlotte-Mecklenburg Board of Education, 402 U.S. 126 (1971).

We cannot believe that this language—obviously designed to ensure that tolerances are allowed for practical problems of desegregation where an otherwise effective plan for dismantlement of the dual system has been adopted—was intended to blind the courts to the simple reality that a formerly de jure segregated system has not dismantled its dual system when 87 per cent of its black students still attend one-race schools.

Even were we to assume that the existence of the large number of one-race schools in this case is not a per se indication that the Memphis Board has failed to eliminate its dual system, there is still a presumption that such is the case under Swann, 402 U.S. 126. To overcome this presumption according to the Supreme Court, the school board would have to demonstrate that at the very least its remaining one race schools are not in any way the product of its past or present discriminatory conduct. It is clear that the school board has not met that burden in this case.

The board maintains that the present one-race schools are attributable to the pattern of residential segregation within the Memphis area. Evidence taken at a 1971 hearing held with regard to this matter demonstrated, however, that through a pattern of school location decisions, selective construction and systematic over and under utilization of school buildings. The racially neutral geographic zone assignments formulated with court approval have been undermined and made to serve the cause of continued segregation in Memphis. The District Court found that such conduct by the school board, continuing up until the time of the 1971 hearing itself has contributed "to the establishment of the present large number of one-race schools." Our independent review of the evidence leaves us to conclude that the District Court's findings were not clearly erroneous, and in fact represent an accurate and realistic view of the factors responsible for the present racial pattern in the Memphis City Schools.

It is thus clear that far from having achieved a unitary school system, the board has helped to perpetuate the old dual system. Under these circumstances there can be no doubt that the district court was under an obligation to order the adoption of a plan providing for further desegregation. Since many of the one-race schools are clearly the result of discriminatory actions of the school

board there can be no doubt that under any interpretation of Swann the elimination of such schools must be one of the objectives of any appropriate desegregation plan.

In adopting such plan, the District Court was not bound to employ a system which merely would be racially neutral in operation. "The objective is to dismantle the dual system:" Swann, 402 U.S. 1, 28 and "the measure of any desegregation plan is its effectiveness." Davis vs. School Commissioners of Mobile County, 402 U.S. 33, 37 (1971). Given such a measure:

"Racially neutral assignments plans proposed by school authorities to a district court may be inadequate; such plans may fail to counteract the continuing effect of past school segregation resulting from discriminatory location of school sights or disportion of school size in order to achieve or maintain an artificial racial separation. When school authorities present a district court with a 'loaded game Board' affirmative action in the form of remedial altering of attendance zone is proper to achieve truly non-discriminatory assignments. In short, an assignment plan is not acceptable simply because it appears to be neutral. Swann supra 402 U.S. act 28.

Recognizing the applicability of these comments to the Memphis situation the District Court went beyond the mere gesture of requiring that future construction locations and utilization decisions be truly neutral. It acquired affirmative action including pairing, the alteration of some zone lines and counter the observed—and the unobservable—results of past school board—enforced segregation.

The school board does not contest the fact that any further substantial desegregation cannot be accomplished without the transportation of school children; nor, as discussed in the preceding paragraph is there any reason to believe that such further desegregation is not required. Nevertheless, the school board opposes the use of busing in this case. Its position is simple; the use of compulsory busing for desegregation purposes is unwise and counter productive. In short, the school board argues busing for the purposes of desegregation "is wrong."

The Supreme Court has, of course, come to the opposite conclusion in a recent unanimous decision holding that "bus transportation" is one "tool of desegregation" which school authorities may be required to use. Swann, supra, 402 U.S. 1, 30. Recognizing this to be the holding of Swann, defendants nevertheless suggest that we come to a contrary conclusion on the basis of a single piece of much-criticized sociological research, the conclusions of which are, by its own terms, inapplicable to the Southern school pattern. It would be presumptious in the extreme for us to refuse to follow a Supreme Court decision on the basis on such meager evidence. Swann is controlling and requires us to sanction the use of bus transportation as a tool of desegregation when, as here, such busing is necessary to accomplish the dismantling of the dual system and its use does not pose intolerable practical problems.

With respect to this latter point we note that the most serious practical problem which busing commonly presents—that of requiring children to spend an excessive amount of time on the buses—is not a factor in this case. Under the plan adopted by the district court, the maximum time to be spent on the buses by any child is 34 minutes—slightly less than the maximum time involved in the Swann case and there found acceptable. See 402 U.S. at 30.

The only other practical problem which has been raised by the school board is its lack of familiarity with the administration of a transportation program. It is true that while the board has used buses in recently annexed areas pending the construction of new schools, it has not used them on a regular basis within the the school system proper. This lack of experience, while perhaps a factor of marginal significance to be considered in creating a timetable for implementation of any busing program, surely cannot be allowed to bar entirely the use of such a program where busing is the only effective means of accomplishing the constitutionally required job of desegregation.

Under the circumstances of this case we believe defendants' objections to the implementation of the plan adopted by the district court are without merit.

Plaintiffs too have objected to the District Court's over-all decision, however. They assert that the District Court erred in rejected plans which could have provided for more desegregation faster. Plaintiffs point out that the present plan will still leave 80 of the defendant's 162 schools in the one-race status at the close of the 72–73 school year. They contest the accuracy of the District Court's finding that the more effective plans submitted to it would prove impractical. At the same time plaintiffs raised these objections, however, they acknowledge that at this late date no more effective desegregation plan could be implemented for the beginning of the 1972–73 school year. Since they also recognize that the district judge accepted a need for further desegregation in the future they request only that this court direct the district court to prepare a timetable for further desegregation. We believe such a request is reasonable. It will allow the implementation of the present plan unimpeded by procedural wrangles while providing an opportunity for the District Court to arrive at a final plan which is effective, "feasible and pedagogically sound." See Robinson vs. Shelby County Board of Education, 442 F 2d 255, 258 (6th Cir. 1971). (Opinion of McCrea, Judge.)

Accordingly we affirm the order of the District Court in its timetable providing for the establishment of a fully unitary school system in the minimum time required to devise and implement the necessary desegregation plan.

Upon entry of this decision the stay heretofore granted by this court shall be dissolved and the order of the District Court implemented forthwith.

Busing Victims' Rights Are Ignored, Dissenter Charges

Here is the dissenting opinion of Circuit Judge Paul C. Weick:

The order of the District Court which this court has just affirmed requires the daily busing of about 14,000 school children, but this is just the prelude to a great, massive busing program, for which this court directs the District Court to "prepare a definite timetable providing for the establishment of a fully unitary school system in the minimum time required to devise and implement the necessary desegregation plan."

The District Court has characterized the plan providing for the busing of 14,000 children as "minimal." Indeed it is minimal when compared with an alternate plan under consideration by that court, which alternate plan provides for the busing of 39,085 children, and the plaintiff's plan which they are urging the court to adopt, providing for the busing of 61,530 children.

The cost of all this program will run into millions of dollars, not only for the buses but also millions of dollars annually to operate them. The court does not determine where all the money is to come from, or whether it is practical or feasible. It is assumed that this burden will be thrust upon the Memphis taxpayers.

Nor do we know what effect the massive busing programs will have on the education programs now in existence, on the educational achievement of the children who attend public schools, or on the constitutional rights of the children (if they have any) of both races who do not want to be assigned away from the neighborhood schools where they are attending, which assignments are made fully because of the color of their skin, and by which assignments the children will be bused to strange and unfamiliar surroundings in order to achieve a racial quota or mixture in each and every school in Memphis.

Immediately upon the filing of the appeal, plaintiffs moved that the appeal be expedited. We granted the motion and assigned the appeal for all arguments on July 15, 1972, during our summer recess. It now appears that this is a piecemeal appeal, or an appeal from an interim order, and that the massive busing orders which are being requested are not supposed to become effective until the 1973–74 school year. We stayed the order of the District Court pending appeal.

The history of the case and the developments in the law appear in the reported decision of this court in Northcross vs. Board of Education. Since adoption of the desegregation plan no student has been excluded from any school because of race or color, except in compliance with a transfer plan ordered by the court.

Upon the last remand of the case by this court for reconsideration in the light of Swann vs. Board of Education (1971), and related cases, the District Court conducted an evidentiary hearing and filed the two opinions which are the subject of review in the present appeals.

In the Dec. 10 opinion of the District Court, the school system is described as follows:

"During the current school year (1971–72), the defendant system is based upon a curriculum arrangement of elementary schools of grades 1–6, junior high schools of grades 7–9, and high schools of grades 10–12. There are 145,581 pupils, 53.6 per cent of them are black and 46.4 per cent of them are non-black (hereafter referred to as white). Percentagewise (87.7 per cent of the blacks are in 90 per cent or more black schools and 76.4 per cent of the whites are in 90 per cent or more white schools. There are 162 schools, 67 of them are 90 per cent or more black and 61 of them are 90 per cent or more white (29 are all-black and 18 are all-white). Percentagewise, 37.6 per cent of the 162 schools are 90 per cent or more white and 41.3 per cent are 90 per cent or more black. Pursuant to previous orders of this court the present pupil assignment phase of the defendant system's desegregation plan is basically a geographic zone plan with minority to majority transfers prohibited. The proof unquestionably establishes the one-race schools do follow racial housing patterns."

Substantial evidence was offered pending to prove that these racial housing patterns were not peculiar to Memphis, but that such housing patterns existed in other cities throughout the county, irrespective of the type of school system in operation (whether they be de jure or otherwise). This was testified to by Dr. Robert Guthrie. In his book on "Negroes in Cities," Dr. Karl Taeuber states that residential segregation exists "regardless of the character of local laws and policies and regardless of other forms of discrimination." He said substantially the same thing in his article "Residential Segregation," in the August, 1965, issue of Scientific American:

"No elaborate analysis is necessary to conclude from these figures that a high degree of residential segregation based on race is a universal characteristic of American cities. This segregation is found in the cities of the North and West as well as of the South; in large cities as well as small; in non-industrial cities as well as industrial; in cities with hundreds of thousands of Negro residents as well as those with only a few thousand, and in cities that are progressive in their employment practices and civil rights policies as well as those that are not."

It seems to us that this evidence ought to carry great weight on the important issue as to whether the board was responsible for the creation or maintenance of the residential patterns of the city and whether the entire burden for the integration of the races should be placed upon the public school system and the school children.

In Bradley vs. School Board of City of Richmond (decided June 5, 1972), the court said: "The root causes of the concentration of blacks in the inner city are simply not known . . ." and "whatever the basic causes it has not been school assignments and school assignments cannot reverse the trend."

Since 1960 the Board of Education has spent an average of 10 million dollars per year on school construction. Some schools have vacant spaces, whereas others are overfilled with students. This condition can easily be remedied. It has been the established practice of the Memphis Board of Education and of other Boards of Education throughout the county to locate schools in areas of the residences to be served. The neighborhood school system has existed throughout America and its value only recently has been the subject of bitter attack in desegregation cases. The District Court now requires court approval of any new school construction.

I disagree with the District Court that the accommodation of the board to the housing patterns made it or its predecessors an active partner in discrimination. The record shows that on occasions the board interceded with housing authorities in an effort to persuade them to locate structures so as to either approximate integration or retard segregation. There has been mobility of both white and black families which the board cannot very well control.

Three plans were considered by the District Court. Plan A, which the court adopted, provides maximum use of pairing of adjacent or nearby schools without transportation of students, changing some zone lines of adjacent or nearby schools, closing some schools, plus the minimum use of transportation of students by clustering or pairing non-contiguous zones or other methods.

The transportation, which the court characterizes as minimum, provides for busing of about 14,000 pupils, just as a starter. Memphis does not have a history of transportation of students. The board estimates this will require a capital expenditure of $1,664,192 for buses, plus an annual operating cost of $629,192. It had an estimate of $744,330, annually from one contractor. The annual cost of transportation would be about $50 per pupil. The court was of the view that adoption of Plan A would provide the board "with an opportunity to observe the best ways and means for implementing further desegregations in the future." Plan B was ordered by the court as an alternate, to desegregate all schools necessary so that "no school will have a minority race of less than 30 per cent." It would require the busing of 39,085 pupils, at a cost of $1,783,490 annually or a total investment as estimated by the board in the amount of $3,924,000. This, of course, is the "quota" system.

Plaintiffs submitted a proposed plan prepared by their expert, Dr. Gordon Foster, which plan would require minority races to be present in each and every public school in the system, regardless of where the children live. It would require the daily busing of 61,530 pupils. Plaintiffs have submitted estimated operating costs of $2,354,220, $2,431,710, or $3,463,100, depending on whether the board buys its own buses, and if so, whether diesel or gasoline buses are used, and whether the buses are provided by contract carriers.

Memphis has a large concentration of population in the inner city, with small numbers of the outskirts. The only way these residential patterns can ever be dismantled is by forced or induced busing of black and white children away from their neighborhood schools to other schools located some distance therefrom. It is claimed that all of this is necessary in order to achieve integration of the races in the public schools.

What about the black and white children who do not want to be bused away from their neighborhood schools? Do they have no constitutional rights? It would appear that this issue has been given scant consideration by the courts. Yet merely because a child's skin is black or white, he is on that account and without his consent or that of his parents, assigned to a particular school, and bused away from his neighborhood school in order to achieve a mixture of the races in each school in the city. I submit that the Constitution requires no such thing.

It is not claimed that these unfortunate children, who are the victims of induced busing, have committed any offense. And we are living in a free society in which one of the privileges is the right of association.

The average American couple who are raising their children scrape and save money to buy a home in a nice residential neighborhood near a public school. One can imagine their frustration when they find their plans have been destroyed by the judgment of a federal court.

The elimination of neighborhood schools necessarily interferes with the interest in and participation by parents in the operation of the schools through parent-teacher associations, interferes with activities of children out of school, and interferes with their privilege of association, and it deprives them of walk-in schools. It can even lower the quality of education.

In Brown 2, the court said:

"The opinions declaring the fundamental principle that racial discrimination in public education is unconstitutional, are incorporated herein."

The effect of prior discriminatory practices can hardly be deemed to exist when children are permitted to select the schools they desire to attend and are furnished free transportation to that school at public expense.

In Alexander vs. Holmes County Board of Education the court required: ". . . unitary school systems within which no person is to be effectively excluded from any school because of race or color."

In Memphis today no person is excluded from any school because of race or color.

However, it is contended that discrimination of individuals and of public and private agencies either caused or contributed to cause the concentration of black populations in the inner city. The fact should not be overlooked that socio-economic conditions were involved, importantly and principally, in the concentration. The burden of elimination of all of the ills of society should not, in all fairness, be dissident upon the public school systems and upon innocent school children who are not responsible for these conditions and who are not represented and cannot protect themselves. Nor should the children be used as pawns.

As Chief Justice Warren Burger well stated in Swann:

"The elimination of racial discrimination in public schools is a large task and one that should not be retarded by efforts to achieve broader purposes lying beyond the jurisdiction of school authorities. One vehicle can carry only a limited amount of baggage."

In remedying discrimination against the plaintiff, we ought not to discriminate against other innocent children whose Constitutional rights, with those of the plaintiff, are equal.

Boards of education have no jurisdiction over discrimination by private individuals or by public or private agencies. Moreover, they are not parties to this case. Adequate remedies exist under the civil rights act (1866, 1964, 1966) and under the Fourteenth Amendment to remedy discrimination in the rental or purchase of homes.

We considered this situation in Deal vs. Cincinnati Board of Education, (1967), where we said:

"Because of factors in the private housing market, disparities in job opportunities, and other outside influences, (as well as positive free choice by some Negroes), the imposition of the neighborhood concept on existing residential patterns in Cincinnati creates some schools which are predominantly or wholly of one race or another. Appellants insist that this situation, which they concede is not the case in every school in Cincinnati, presents the same situation and hints the same Constitutional violation condemned in Brown. We do not accept this contention.

The element of inequality in Brown was the unnecessary restriction of freedom of choice for the individual, based on the fortuitous, uncontrollable arbitrary factor of his race. The evil inherant in such a classification is that it fails to recognize the high value which our society places on individual worth and personal achievement. Instead, a racial characterization treats men in the mass and is unrelated to legitimate governmental considerations. It fails to recognize each man as a unique member of society.

In the present case the only limit on individual choice in education imposed by state actions is the use of the neighborhood school plan. Can it be said that this limitation shares the arbitrary invidious characteristic of a racially restrictive system? We think not. In this situation, while a particular child may be attending a school composed exclusively of Negro pupils, he and his parents know that he has the choice of attending a mixed school if they so desire and he can move into neighborhood district of such a school. This situation is far removed from Brown where the Negro was condemned to separation, no matter what he as an individual might be or do. Here, if there are obstacles or restrictions imposed on the ability of a Negro to take advantage of all the choices offered by the school system, they stem from his individual economic plight, or result from private, not school, prejudice. We read Brown as prohibiting only enforced segregation."

Subsequently we considered Deal (Deal vs. Cincinnati Board of Education) again and affirmed the principles therein set forth. Twice the Supreme Court had opportunities to review Deal and twice it declined to do so.

Deal, of course, dealt with alleged de facto segregation in Northern schools, but, as we have shown, there is concentration of blacks in the inner city in the North the same as it exists in the South. The same rule of law should apply throughout the country.

Also, we are not unmindful of programs of the federal government and of industry for job training and employment opportunities for minority groups. As these programs become more effective, the black population will be able to move into better living quarters and neighborhoods and their children will attend schools in these neighborhoods. . . .

INTERNATIONAL ACTION AGAINST HIJACKING AND TERRORISM

Mr. JAVITS. Mr. President, two newspapers in my State have published editorials of unusual merit on the issue of the 17-nation conference on aerial hijacking and the failure to deal with those countries that might in effect be a haven for air pirates. I spoke at length in this Chamber last week on the failure of the conference so far and the need

for the United States, if necessary, to take unilateral action or to act in concert with any other nation willing to join with us in dealing effectively with those who in effect facilitate hijacking—as well as lawlessness and terrorism like the barbarism we saw recently at Munich.

I am pleased that these two outstanding newspapers in the State of New York The Times-Union, of Rochester, and the Buffalo Evening News, as I am sure other newspapers have displayed such editorial perception and vigor in addressing themselves to this very serious problem.

I invite the attention of the Senate to the editorials and ask unanimous consent that they be printed in the RECORD.

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

[From the Times-Union (N.Y.), Sept. 7, 1972]

SANCTIONS NEEDED TO CURB HIJACKERS

Hopes for international sanctions against countries that offer refuge to airplane hijackers have suffered a severe blow.

Delegates to a 17-nation conference have rejected U.S.-Canadian efforts aided by Israel to negotiate an international anti-hijacking treaty which could require signatory nations to suspend air service to any nation that did not punish or extradite air pirates or saboteurs.

Russia opposed the treaty on the grounds that only the United Nations Security Council should have the right to impose sanctions. Other nations also raised legalistic objections.

But remarks of Secretary of Transportation John A. Volpe to the conference seemed more to the point:

"We have long recognized that the elimination of shelters is essential to the ultimate control of the hijacking problem. No nation can do that job alone.

"Piracy on the high seas came to an end when the ports of call were closed to the plunderers of ships. Piracy in the skies will die the same death when the doors of welcome are universally slammed on hijackers around the world."

Under the U.S.-Canadian proposal, a panel of international representatives would have decided what sanctions to impose against nations violating treaty requirements. An international boycott of air service for an offending country would have been the maximum penalty.

The conference has now turned its efforts to salvaging some agreement.

But no agreement will be effective and no airplane passenger will be secure as long as unprincipled nations have nothing to lose—and, in the case of some Arab countries, something to gain—by sheltering air pirates.

[From the Buffalo (N.Y.) Evening News, Sept. 8, 1972]

FACING UP TO TERRORISM

In the aftermath of the horrible bloodbath at Munich, angry and frustrated onlookers throughout the world cry out for something to be done to put an end to such mindless acts of terrorism against innocent people.

The overriding sense of dismay is heightened by the failure of the rescue attempts by Munich police. An observer cannot help thinking of the tragic toll at Attica prison just a year ago when realizing that in spite of all the careful planning in both cases, the results could hardly have been worse. And the shock of the tragedy was magnified in the end by the issuance of a false report that the Israeli hostages had been freed.

Nevertheless, the German authorities—at every level up to Chancellor Willy Brandt—did their best, and not a hint of blame has come from Israel on their handling of the case. They were dealing with desperate fanatics, and their rescue attempt was a last-ditch, desperate move. Israel did, in fact, approve the German action, which was in accord with Israel's own policy of resisting force with force.

It was also in accord with an increasing trend against too-easy compliance with the fantastic demands of such terrorists or plane hijackers. Compliance only encourages more hijackings; on the other hand, Israel, which has had several successful shootouts with hijackers, seems to have solved its hijacking problem. While each case has to be played by ear, increasingly stringent measures in this country have had their effect too. Most hijackings in the U.S. in the past year have failed, with the result that three hijackers are dead and 17 are in jail. The best way of discouraging hijackings or new atrocities like those at Munich is to make sure they fail.

Besides the use of force, this can also be achieved by international agreement. Few Arab terrorists would stage an attack like that at Munich unless there was an escape route, but the readiness of several Arab nations like Algeria and Lebanon to provide havens for terrorists and air pirates leaves that escape route open. The response of most Arab nations to the Olympic tragedy provides an odious contrast to the revulsion felt by the civilized world. Only Jordan, whose premier was killed by the same "Black September" terrorists last November, has condemned the atrocity outright. Egypt, which rejected Chancellor Brandt's personal appeal to assist in freeing the hostages, allowed a terrorist group to hail the Munich raiders as "heroes" and "martyrs" in a Cairo broadcast.

While other countries have denounced the terrorists, they have been reluctant to take any action in conflict with their national interests. Russia and France, which are courting the Arab nations, are dragging their feet in the negotiations on air piracy now being held in Washington by 17 nations of the International Civil Aviation Organization. One also awaits the response of the African and Asian nations that in the past have been loud in their denunciations of Israel. Only by joint action can the havens for air pirates be eliminated.

Hanging over the whole horrible incident is the bitter irony that Munich, which has had connotations of appeasement, Nazism and anti-Semitism over the years, had taken on a happy aura recently but is now once again under a cloud. The new tragedy is felt so keenly by some that they have proposed canceling the remaining events of the Olympic Games, but that would make about as much sense as canceling the United Nations or the U.S. Congress because of the act of some deranged individual.

The tragedy tarnishes the image of the Olympics as being beyond national rivalries and conflicts, but to the participants themselves it has brought home—more than to outsiders—the true brotherhood of all mankind. "This little girl from Jerusalem was in my heat next to me," one athlete recalled, feeling the shock of the tragedy. "It was just like somebody in my family died," said another. Maybe some good will come from it all if a trace of this sense of unity and brotherhood reaches the world's corridors of power.

PHILADELPHIA AREA NEWS MEDIA EDITORIALS CALL FOR PENSION PLAN REFORM

Mr. SCHWEIKER. Mr. President, on July 17, the Subcommittee on Labor of the Committee on Labor and Public Welfare held field hearings in Philadelphia to examine case histories of two pension plans which had terminated, leaving workers either without any pensions at all or with pensions much lower than they anticipated. I was pleased to have presided at these hearings.

These hearings focused on the termination of the pension plans at the Horn & Hardart Baking Co., which is in financial difficulty, and the Eddystone plant of Baldwin-Lima-Hamilton Corp., which has ceased operations altogether. In both cases, workers who labored for years expecting a company pension were sadly disappointed and will undergo additional hardships in their retirement years because their pension plans terminated. The hearings made an excellent case for comprehensive pension plan reform legislation to protect the rights of workers, and such legislation is S. 3598, now about to be acted upon by the subcommittee. It is sponsored by the chairman of both the subcommittee and full committee (Mr. WILLIAMS), the ranking minority member of the subcommittee and full committee (Mr. JAVITS), and 13 other members of the committee, myself included.

The hearings in Philadelphia attracted several hundred spectators and were fully covered by the major news media, including both newspapers and television. I had reprinted in the RECORD of August 1, 1972, at pages 26305 to 26307 several newspaper accounts of these hearings. In addition, Mr. President, a number of excellent editorials have appeared in the Philadelphia area media commenting on the hearings and calling for enactment of pension reform legislation.

Mr. President, I ask unanimous consent that four editorials be printed in the RECORD: From the Philadelphia Evening Bulletin of July 28; from WCAU–TV, Philadelphia, July 20; from the Philadelphia Daily News, July 19; and from the Daily Local News, West Chester, Pa., July 17:

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

[From the Philadelphia (Pa.) Evening Bulletin, July 28, 1972]

PAYLESS PENSIONERS

Testimony from workers who lost all or part of their pensions when two Philadelphia area firms went broke points to the need to shore up poorly funded pension plans.

At a hearing in Philadelphia of a Senate labor subcommittee, Sen. Richard S. Schweiker (R–Pa) elicited grim stories from workers with 30 to 40 or more years' service of how they were left with little or no pension income.

Pensioners who expected to have an extra financial cushion have been forced to live mainly on Social Security checks. Older workers who were laid off before they reached retirement may be even worse off. Many of them are having problems finding new jobs.

The plight of workers whose pension rights vanished through no fault of their own suggests that a pension reform bill sponsored by Sens. Harrison Williams (D–NJ) and Jacob Javits (R-NY) is more to the point than the Nixon Administration's proposed bill on pensions.

Senator Schweiker is backing the Williams-Javits bill, noting that it would require both the funding of pension plans and insurance to cover any unfunded claims. The Ad-

ministration's bill includes no provisions for either funding or insurance. And it takes a more conservative approach to vesting pensions than the Senate bill does.

Insisting on adequately funded pension plans will be costly to many employers. But some movement toward guaranteeing pension rights is called for.

In many cases, union-dominated pension plans are no more secure than unfunded plans run by employers alone. Unions frequently prefer higher pay over adequate pension financing. And there have been instances, as in the case of former Teamsters Union president, James R. Hoffa, where union pension funds have been invested unwisely.

Employes who invest 30 or more years of service in a company that collapses are entitled to more than a forum for airing the hardship that their curtailed or nonexistent pension benefits are causing.

[From WCAU–TV, July 28, 1972]

WORKERS' PENSIONS MUST BE PROTECTED

It was a parade of people with truly pathetic stories who appeared before Senate Subcommittee hearings in Philadelphia yesterday. These were people who had worked for firms for years, one who had worked for 49 years for the same firm. Now, in retirement, their pensions had been suddenly cut off.

How can this happen? It can happen when a firm goes bankrupt or merges with another firm. It can happen when a firm simply goes out of business.

What do these people do . . . many of them in their seventies . . . what do they do when their pensions are stopped? What do they have to show for 20, 30, or 40 years of work? What protection do they have? The answer, apparently, is no protection.

WCAU–TV agrees with Senator Richard Schweiker, who chaired the Senate Labor Subcommittee hearings in Philadelphia, that workers should be able to confidently look ahead to their retirement years . . . retirement years with a secure pension. And yet, the Senator estimated that one-third of the work force in this country would never realize any benefits from their pension plans.

The hearings held in Philadelphia are in conjunction with Senate Bill 3598. Among other provisions, this bill would provide federal insurance for protectoin of pension funds. That means, if a company did fold for one reason or another, those workers who had earned a pension would not lose it.

It is our hope that, if the hearings show that Senate Bill 3598 should be strengthened, this should be done before the bill is brought to the Senate floor for a vote. Workers' pensions must be protected.

[From the Philadelphia (Pa.) Daily News, July 19, 1972]

FOUNTAIN PEN BANDITS

Through all this world I've wandered,
I've seen lots of funny men,
Some will rob you with a six-gun
And some with a fountain pen.

Woody Guthrie, longtime champion of the workingman, wrote those words many years ago. They remain true today.

Fountain pen bandits continue to plague the working man. With a stroke of that pen they can effectively rob him. Sen. Richard Schweiker described one of the biggest legal rackets at a hearing here Monday.

"One-third to one-half of all workers now covered by pension plans will not realize a nickel when they retire," Schweiker testified.

That's because the companies these employees are working for will either have merged with another company or gone bankrupt by the time the employee is eligible to collect on the pension plan he dutifully paid into during his working years.

And, up to now, it's all been perfectly legal. While the bigshots have their stock options, capital gains, allowances, annuities and tax shelters, the little guys must depend on their pensions. But it turns out that those carefully collected pensions are all too easily wiped out, leaving the little guy—if he's one of the lucky ones—with nothing more than a gold watch or a handshake for all his years of labor.

Schweiker, a member of the Senate Labor subcommittee, co-sponsored Senate Bill 3598. That bill would guarantee the worker partial pension rights after eight years and complete rights after 15 years of service.

The People Paper would like to see Schweiker's bill passed and passed quickly—before any more little guys fall victim to the fountain pen bandits.

[From the West Chester (Pa.) Daily Local News, July 17, 1972]

EFFECTIVE PENSION REFORM IS OVERDUE

Testimony being given in Philadelphia today will serve to underscore the urgent need for pension reform as it relates to pensioners whose employers have come upon hard times.

Sponsored by the United States Senate Labor Subcommittee, the sessions are chaired by Senator Richard S. Schweiker, Pennsylvania's junior senator, a strong advocate of reform through effective legislation.

Witnesses include workers who have lost their pensions, company representatives, union spokesmen as well as pension plan actuarial experts.

Is there a need for reform in this area or is this simply one more hearing being conducted under Federal auspices? Senator Schweiker pinpoints the need in these words: "The hearings are being held to gain first-hand information from area workers who have lost pension rights and benefits due to the financial failure of the Horn and Hardart Baking Company and the shutdown of the Baldwin-Lima-Hamilton Company's Eddystone plant."

Pennsylvania's senator points out that in both cases, "many workers lost any hope of receiving pension payments even though they had paid into the pension fund in good faith." That has proved to be a serious blow to former employes who, over the years, had counted on pension checks to help them in their retirement.

Senator Schweiker who resides in Montgomery county is close enough to the Philadelphia scene to realize what pension failures mean to workers who have been turned out to fend for themselves. Adequate legislation to make certain that the experiences of former workers of the above two mentioned plants aren't repeated must be the aim of the subcommittee. Such concern on the part of our lawmakers is long overdue.

NUCLEAR REACTORS

Mr. GRAVEL. Mr. President, the Members of this body are well aware that I have long opposed the widespread use of nuclear reactors to generate power unless they can be proven to be 100-percent safe. I am well aware of the power crisis this Nation is facing. I am well aware of the need for finding alternatives to the present methods of generating electricity. But because humans are fallible, careless, and sometimes demented, it is unreasonable and wreckless to assume that "failsafe" nuclear reactors can be operated year in and year out. Furthermore, it is foolish to count on some special immunity when it comes to sabotage, war, and natural disasters such as tornados and earthquakes.

I have brought my views on this subject to the Senate floor before. I have done so in spite of claims by the AEC that 99.99 percent radioactive containment was possible through so many redundant safety features that any conceivable accident simply could not happen. I did not believe this and I said so. It simply boggles the mind to think of what death and devastation one nuclear accident could cause.

Now, within the AEC itself, scientists and safety experts also are publicly expressing their concern. This week, Time magazine carried a short report on the recent AEC hearings held in Bethesda, Md., which bears this out.

Mr. President, I ask unanimous consent to have that article printed in the RECORD at this point.

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

HOW SAFE THE ATOM?

Are nuclear power plants safe? For years the Atomic Energy Commission has insisted that they are. For one thing, the AEC argues, the plants are equipped with so many redundant safety devices that any conceivable accident simply could not occur. For another, they are designed to the most rigorous specifications of any peacetime industry. But evidence has recently accumulated that the AEC's position is not as secure as it sounds. The commission held extensive hearings at Bethesda, Md., to allow nuclear critics, who represented a coalition of 60 citizen groups, to dispute the effectiveness of a safety device called the "emergency core cooling system." This back-up complex of pipes and valves is designed to bathe the hot reactor core with cooling water if the main cooling system fails. Since the system has not ever actually been tested, not even in scale models, scientists have had to depend on mathematical models to decide whether it would really work. In the hearings, much to the AEC's chagrin, many of its own top nuclear-safety experts testified that "technically indefensible" assumptions were being made about the device. One AEC scientist even went so far as to label AEC rules governing operation of the cooling system "a triumph of hope over reason."

BAD RODS

There is also disturbing evidence that the nuclear fuel rods in one kind of big atomic plant have bent, crushed or cracked during normal operations. (So have those in a comparable plant in Switzerland.) What makes this problem especially troublesome is the fact that the fuel rods are among the most thoroughly tested part of any nuclear plant. The damage therefore probably cannot be traced to the simplest explanation: shoddy workmanship. Instead, it may have a more serious, generic cause: the rods, designed for and proved in a previous generation of smaller reactors, may simply not stand the higher pressures and temperatures of today's big reactors. Even so, the rods do not pose an imminent hazard to public safety—except in the unlikely event of a failure of the cooling system. Says a respected engineer: "We haven't the foggiest idea how this fuel would behave in such an accident."

In any case, the AEC has concluded that it would rather be safe than sorry. It just ordered that seven plants* must operate at restricted power levels until a crash study on the fuel problem is completed later this fall.

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*Among them: the Robert E. Ginna reactor near Rochester, N.Y., Palisades near Kalamazoo, Mich., Maine Yankee at Wiscasset, Me., Indian Point No. 2 at Buchanan, N.Y., Beach Point No. 2 at Two Creeks, Wis., Turkey Point No. 3 on Florida's Biscayne Bay and Surry No. 2 in Gravel Neck, Va.

REDTAPE AND PAPER POLLUTION

Mr. HATFIELD. Mr. President, recently the Senate Small Business Committee held hearings on problems of redtape. I submitted a statement to the committee, on which I serve, calling attention that the three "R's" of the Federal bureaucracy have become rules, regulations, and redtape. This must be halted, or our small businesses across the country will die from suffocation in triplicate.

Mr. President, I ask unanimous consent that my statement at the hearing be reprinted at this point in the RECORD.

The PRESIDING OFFICER. Without objection it is so ordered.

STATEMENT BY SENATOR HATFIELD

I am pleased to comment on the problems of redtape and its effects on small business. First, I want to commend the Chairman for his leadership in this effort. We in the Congress must take more steps to help ease the growing paperwork burden on our small businessmen, and I hope today's hearing will represent only the beginning.

Others today will tick off the staggering statistics concerning effects of redtape on businesses, and how this volume of redtape has grown in recent years. The only statistic that will quote today stems from the Chairman's observation that the Government, at the Federal level only, generates about 4.5 million cubic feet of paper. I had some statisticians at the Congressional Research Service do some calculating, and their results are equally staggering. That 4.5 million cubic feet equals a stack of forms seven million feet high. I calculated that this would equal 14,000 stacks of typing paper the height of Oregon's tallest office building.

What runs through all of our discussions is the practical effects of the redtape. The time and money that goes to completion of redtape government forms could be used to hire part-time high school or college student help. When United States productivity statistics are running behind those of nearly all other Western nations, we should be encouraging greater productivity, and not putting up roadblocks which impede greater productivity. Certainly, paperwork is not the only contributor to the declining productivity of this country, but it is one factor.

Businessmen in Oregon have told me that they would be able to hire part-time help, except that the costs of such action in paperwork would be nearly as much as the increase in service, or production, that a part-time employee could contribute. Something is bascially wrong with our governmental system when this occurs. We must be taking steps to increase employment.

Another example is the case of a small company in Southern Oregon, who was chosen by a computor in the Bureau of Labor Statistics to "voluntarily" participate in a statistical research program. This business employs only a few people, and the information requested is so detailed that the owner would have to pay an accountant to compile it. What makes this even more absurd is that I think most of this information could be compiled from the IRS or the Oregon State Division of Employment. We must take steps to increase information sharing between governmental units, so that the volume of paperwork can be curtailed. In addition, the frequency of reports should be curbed wherever practical, for there are many instances where I think a vicious circle exists: government bureaucrats are created, and then they generate statistics and reports to justify their positions. This is not true in all cases, certianly, but an examination of record-keeping requirements in some areas makes me believe that it is true in some areas.

I think our committee should investigate the possibilities of introducing legislation requiring a "paperwork impact" statement as a part of our legislative review of prospective laws. Certainly the environmental impact statements have been a great help to us, and I would like to know the estimated volume of paperwork that each new law will require.

In conclusion, Mr. Chairman, it appears that the three Rs of the Federal bureaucracy have become Rules, Regulations, and Red Tape. Today's hearing should be the beginning of a concerted effort to curtail this paperwork explosion. Employment would increase, as would productivity. Trust in government, weakened as it has been by paperwork demands, would increase. I hope our committee can begin steps to improve this situation.

THE FUTILITY OF WAR

Mr. HATFIELD. Mr. President, many parents in the United States have been forced to suffer the agony of losing a son as a result of our involvement in Vietnam. We tend to forget this agony as the reduction in ground troop activity takes place. I ask unanimous consent to have printed in the RECORD an article from the Christian Herald in which a mother reflects upon the loss of her son to remind us of some of the consequences of our involvement. Her reflection gives consolation to others that while the United States may always regret its involvement in Indochina, the lives of these men have not been given in vain if they serve to remind us of the futility of war.

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

WHAT SHALL WE SAY TO BUDDY?

I had thought a thousand times of what we would say to Buddy when he returned home. How many ways can you tell a son you are sorry?

For days I had rehearsed what we would say to him. Myriads of thoughts and emotions were teeming in my brain, but I could not search them out, separate them, put them into words.

And now he was home.

Family and friends who met him at the airport, and others who thronged to see him this first evening, were gone now. Tomorrow the house would be filled again with acquaintances and relatives; there would be no time to reflect, to think of an explanation, to humbly lay my apologies at his feet.

The room was still as I slipped in. He was asleep. I tiptoed over to look at him again. My stomach constricted at the gauntness of his young face as it had constricted when I first saw him that afternoon. A great surge of maternal love rocked my body.

My arms ached to sweep him to my breast as I had done when he was a baby; rock him, comfort him, pour out my love. Most of all, to pour out my apologies.

But I knew I must not.

I heard quiet footsteps behind me and felt my husband's arms about my shoulders. As we looked down at our only son's exhausted young face, a montage of his childhood scenes unfolded before my eyes. . . .

He was a quiet child, asking little, playing happily on the soft carpet of grass under the crooning pines, feeling a special kinship with the land and its creatures.

Knowing nothing of killing, blood and torture, he taught the chattering squirrels to come to him and eat bread from his hands. The birds sang joyous songs for him alone, the farm animals crowded about him, vying for his pat of attention and special tidbit.

He carefully weeded and hoed the crooked rows of his own garden, pride glowing softly in his brown eyes as he laid the products of his sweat and toil before us.

With a quiet love bordering on reverence, he gloried in the deep snows of winter, autumn's bright harvest, the warm breath of spring smelling of violets deep in the woods, fresh rain, gurgling brooks.

We taught him to love and respect the country that nourished him. When other parents took their children to Disneyland, we took him to see the Freedom Train. We wanted him to see the documents of his nation's birth, to appreciate the hardships, blood and tears shed in creating this country.

His daddy spent long hours with him in Boy Scouts, building up his mind and body, teaching him service to God and country and duty to all human beings. We urged him to make good use of his free hours, to take advantage of America's free enterprise system, to accept individual responsibility, to stand on his own sturdy feet.

He learned his lessons well. He worked his way through college with after-school and weekend jobs. We cheered him on when he engaged in baseball games, swimming, bowling.

We trained Buddy in the philosophy that to enjoy a country's freedoms one must accept its responsibilities. He never questioned it.

He had marched off that morning much as he had marched off another morning only a few short years before, it seemed, to kindergarten—eyes straight ahead, going with courage and trust into a world totally unknown to him.

We stood smiling in the doorway as we bade him a brave farewell, saluting his strength, much greater than our own now. He looked back only once, a last unguarded, longing, little-boy look, before he turned the last corner. . . .

I clasped my husband's hand. He stared straight ahead now, eyes dark with memories.

He no doubt was remembering, as I was, the night Buddy called to tell us he had received his overseas orders. His young voice, still gallant with hope and trust, cracked only once. He had hesitated a second before he spoke the word that edged every parent's heart with ice—Vietnam.

But his country had pledged itself. The goal, we were told, was freedom and democracy for the people in South Vietnam.

Buddy was not reared to bewail his lot in life. When he fell off his first bicycle, we encouraged him to get up, brush himself off without complaining and keep trying until he mastered the skill. If he had been given more than his fair share of a load or treated in a way that was unfair, we pointed out that it was the knocks we get that we don't deserve that build strong moral fiber. He took us at our word.

"You'd never believe how long it took us to get over here," was all he wrote about the long, fearful journey of innumerable stops, starts and weary waits to a steamy jungle halfway around the world.

Each night we read of the bloody warfare, the exploding mines, the shot-down helicopters, while our hearts lurched with fear. We stormed heaven with our prayers. Each day our eyes frantically searched the print for some glimmer of hope for a peace settlement and an end to the killing, the bombings, the torn bodies.

"One of the boys in my outfit was shot down yesterday. He died instantly, thank God. He was my best friend," Buddy wrote with stark simplicity. We remembered the anguish in his eyes, the tight-set lips, how he averted the favored spot on the porch for weeks the summer his pet dog was struck and killed on the highway.

We kept our letters cheerful, full of hope, as we wrote daily accounts of familiar, family things, all pointing to the day when Buddy would be home again. "The yellow kitten caught his first mouse today. Mark was asking about you. You'd hardly recognize him with his hair cut."

We haunted the mailbox for the letters

with the firm, young handwriting. They were often folded and crumpled but they ended always, "Take real good care of yourself, and don't worry, Mom, I'll be all right."

We would awake in the middle of the night, shaking uncontrollably, as the horror of it all washed over us. We paced the floors, lovingly fingered the pictures, the comb and brush on his dresser, the bowling and swimming trophies on the shelf in his closet, trying to put out of our minds the hardship he was going through now.

As the weary days dragged on, we slowly forced our numbed minds away from the scenes of the battles to look about the country and the Congress that had sent these young men away to war and to death.

We see our legislators vote themselves raises of two-thirds or more, while haggling over GI benefits and asking the rest of the country to tighten their belts. We see many of our Congressmen showing little or no concern for the fate of over one thousand six hundred Americans, either missing or prisoners, whom they helped send away to war.

We see a selfish, heedless nation squabbling for more spoils, pushing for the top dollar, unwilling to make the slightest sacrifice for their country as it writhes in the throes of an economic depression. When at last wage and price controls are tried, we hear industrial unions and federal employees weep about the great sacrifices they are making and nothing about the fifty thousand American boys who were sent to give up their lives in rice paddies on the other side of the globe.

We see examples of official deceit corrode our democracy, calculated deception from federal departments to cover mistakes, forestall criticism and deny voters the facts they need to make enlightened choices.

What shall we say to Buddy?

We learn with continuing anguish that the country to which we send our sons to help refuses to cooperate, steals our products off the docks, sells them in the open at outrageous prices and those guilty are not arrested. The black market is owned by the Saigon police, we were told politely.

We see the country which is supposed to be our beneficiary taking advantage of our young sons' loneliness and homesickness, and plying them with drugs and diseases. Our beneficiary rewards us by returning our sons to us, not as heroes, but addicts to heroin or in caskets or broken in body and spirit forever.

We hear our President telling how we got into Vietnam, and we hear of our complicity in the overthrow and murder of President Diem. We read that the United States finds itself embarrassed because its long and costly battle to give the South Vietnamese "freedom of choice" is bolstering a regime which has arranged matters so there is only one candidate in the presidential election.

After ten years of sacrifice, fifty thousand young American lives lost, two hundred billion dollars of taxpayers' money spent, three hundred thousand Americans wounded, thousands of other young American lives ruined forever, the United States is presented with a sleazy, cheap carnival-type election, emceed Ellsworth Bunker and starring Nguyen Van Thieu, who is convinced the United States, after its tremendous investment of lives and treasure, is not going to leave him unsupported and unprotected . . .

My husband's arm tightens about my shoulders. Then I become aware that the staff of the funeral home is waiting, patiently and sympathetically. It is past time to close the doors.

We give a long last look at the quietly resigned young face, at the unnaturally white gloves on the still hands folded on his chest, the flag draped on his casket. And our souls are turned inside out.

But we have our answer, in this desolate moment with the awful remnants of war laid out bare before our eyes—broken bodies, grieving families, half-fulfilled dreams hanging before us because man has not found a way to settle his differences without brutality, murder and the power of arms.

Buddy, we say to you, if your life, and the thousands of other lives given up can keep our country from blundering into future Vietnams; if this can help teach our leaders to use reason instead of force, that wars actually settle nothing, but only sacrifice the blood of our youth and wreak irreparable misery and anguish; our son, we say to you, if your going can help keep other parents from having to wear on their hearts this shroud that will drape ours until the end, then, and only then, will there be a reason.

We turn to leave, remembering another who gave his only son.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

REVENUE SHARING ACT OF 1972

The PRESIDING OFFICER. Under the previous order, the unfinished business, Senate Joint Resolution 241, will be temporarily laid aside and remain in a temporarily laid aside status until the disposition of H.R. 14370 or until the close of business today, whichever is earlier.

The Chair will now lay before the Senate H.R. 14370, which the clerk will report.

The legislative clerk read the bill by title, as follows:

A bill (H.R. 14370) to provide payments to localities for high-priority expenditures, to encourage the States to supplement their revenue sources, and to authorize Federal collection of State individual income taxes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. Amendment No. 1505 is the pending question now before the Senate, with debate thereon limited to 1½ hours, equally divided between Mr. ROTH, mover of the amendment, and the manager of the bill (Mr. LONG).

Mr. ROTH. Mr. President, I yield myself 10 minutes.

I am happy to have my amendment cosponsored by the senior Senator from Washington (Mr. MAGNUSON), the senior Senator from New Hampshire (Mr. COTTON), the senior Senator from Delaware (Mr. BOGGS), the junior Senator from California (Mr. TUNNEY), the junior Senator from Kansas (Mr. DOLE), the senior Senator from Texas (Mr. TOWER), the senior Senator from Illinois (Mr. PERCY), and the junior Senator from Kentucky (Mr. COOK).

Mr. President, roughly 1 month ago, when the HEW appropriations conference report came back to the Senate floor for action, I proposed, through a series of motions, that we insist on the conference reimposing a $2.5 billion ceiling on the spending covering social services. This $2.5 billion ceiling was the same amount that the Senate had earlier approved.

I regret to say that this action did not succeed, and consequently social services remained open ended.

I come here today again in an effort to provide an airtight ceiling on spending under the social services program. For the same reasons we were in a serious situation in August, we are today in September.

Originally, when this legislation was proposed, it was estimated that the total cost per year would not be in excess of $60 million. That was in the early 1960's. Originally the President proposed for fiscal year 1973 an expenditure of $1.2 billion.

Subsequently, as I have pointed out, the Senate imposed a ceiling of $2.5 billion.

The Secretary of HEW has now predicted that during the current year it will be at least $4.6 billion. There are others who estimate it could go as high as $6 billion to $8 billion.

I think we are all aware of the many statements in the press covering how every State is now trying to increase substantially the number of dollars it can pour through the loophole in the law. I think better than anything I can say myself was said in a recent editorial in the Washington Post. This editorial was headed "A $5 Billion Error in Social Policy." It reads, in part, as follows:

Impossible though it sounds, the Federal Government has apparently backed itself blindly into a multibillion dollar promise to subsidize State social services. The fiscal drain is not only unexpected but, under the present law, uncontrollable. Whereas this fluke of Federal law is encouraging the States in a massive turn in precisely the wrong direction for our national social policy, it is a classic example of a great decision that was made without foresight, without public debate, and without any deliberation on the other and better choices.

Mr. President, this is exactly the same social services program that I am trying to cap today.

The Senate Finance Committee, in the revenue-sharing legislation, likewise tries to place a limitation, and I applaud it and am happy that it is interested in providing an end to this open funnel to Federal funds. My great concern with the Finance Committee proposal is that it does not do the job. It is not an airtight limitation, but it continues very significant—and I want to emphasize, very significant—loopholes that could face us with almost the identical problems in the future that we are facing in the present language.

More specifically, under the proposal of the Finance Committee, they would cap everything but the following, and I quote from section 301 of the bill:

. . . no payment shall be made to any State with respect to services (other than child care services (as defined in subsection (b)(3)), family planning services, and services provided pursuant to section 402(a)(19)(G) of such Act) . . .

In other words, the limitation on grants for social services does not apply to child care services, it does not apply to family planning services, and it does not apply to services under section 402(a)(19)(G), which provides for setting up independent social welfare agencies in the State government.

The problem that we have faced under the social services legislation, Mr. President, is the fact that there is no overview or control exercised by the Congress. So long as the States meet the relatively lax requirements of this legislation, the Federal Government must reimburse them for every $3 of

every $4 spent. The same will continue to be true under the new proposal. In other words, for every dollar that a State spends for child care services, for family planning services, and for a department of social services, the Federal Government will be required to pay $3, and we will have no overview, no supervision, nor authority within this area of activity.

Now, why do I say that? I think it is important that we look at the specific language with which we are dealing.

"Child Care Services" is defined in the new act, and I would like to read that language. It says:

> The term "child care services" means services provided to meet the needs of a child for personal care, protection, and supervision, but only in the case of a child where the provision of such services is needed (1) in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or (2) because of the death, continued absence from the home, or incapacity of such child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child.

This language, I believe, is very indefinite and vague. I think any State that has competent professional services, which most of the States have today, or a competent lawyer, will find that this language is a wide-open door.

I admit and applaud that it is not quite as open as it is today. But the fact remains it is not an airtight limitation, and we will find that the States will simply be forced to pervert their programs a little bit more in order to fit the language that the Finance Committee proposes.

In explaining why I say the language is lax, I would like to look at some of the individual words. It says that "Child Care Services" means services provided to meet the needs of a child for personal care.

Well, "personal care," insofar as I can determine, is not a word of art. It is not limited to custodial care. It could be argued, and probably argued persuasively, that this language could include such things as home care visits by a nurse. One might argue that it includes health and dental care. Some of these proposals may seem a litle extreme, but when we see what has already happened under the existing law, I think we have no reason to rely upon the fact that the States will not be ingenious in their efforts at expanding the intent and use of the purposed language.

The next word is that that child service shall include "protection" of a child. What is protection to a child? It seems to me it could be argued, and argued persuasively, that all law enforcement and police protection should be financed at least in part under this particular section. After all, if a local policeman is helping to protect children, it does fall within the language of this section. The same kind of example could be made as to the word "supervision." When we say "to meet the need for child supervision," that is very broad. If we are talking about schools, it could include supervision at every level, from the State secretary of education in the Governor's cabinet on down.

What I am trying to show, Mr. President, is that because of the vagueness or indefiniteness of this language, there is opportunity for the States to do again what they have done in the past: To use this language as a loophole, as a means of providing broad coverage at Federal expense; and I agree with the Washington Post that there is a better means of meeting these problems than through uncontrolled Federal subsidies.

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

Mr. ROTH. I would like to complete my statement, if I may.

The PRESIDING OFFICER. The Senator may proceed.

Mr. ROTH. Mr. President, in illustrating just how broad "child services" can be, I would like to point to one section of the current law that gives an idea of the broad range of problems that may be covered by this term. I do not argue that all these propositions would fall within the language of the definition of child-care services, but I think they do illustrate the kind of approach a State could take if it were trying to use this language as an open door to Federal funds.

In section 625 of title 42 of the United States Code annotated, the term "child welfare services" is defined as make such services available for the purposes of:

> (1) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities.

The Finance Committee, in its report, asserts that this language would not authorize massive child care or prekindergarten programs in low income neighborhoods, and perhaps that is partially correct. But the fact remains that it would come very close to doing that, because the language specifically says that "child care services" can be provided for children in order to enable a member of such child's family to accept or continue in employment, or to participate in training to prepare such member for employment.

So I say that where you have persons on welfare, and you want to retrain them for jobs, you can certainly, under this section, justify a child care center; and while it may not be quite as broad as the language in the Finance Committee report, it would mean that a State could, with care, organize massive child care centers for the purpose of enabling people to be trained for employment. In fact, it might even be argued that if you have a young man and his wife both going to college, they would be entitled to child care services under this program.

In any event, the point I am trying to make, and one can argue as to exactly what the language means or is intended to mean, is that it is so broad that, with skill, I fear that it can be expanded far beyond what was intended by the Finance Committee.

I would make the same argument with respect to the language under family planning. There is no definition in the revenue sharing legislation, so one cannot be exactly certain of what is intended here, but if one goes to section 300 of title 42 United States Code, one will find a long description of family planning programs. I shall not take the time of the Senate to read everything that this section says, but at one point it says:

> The Secretary is authorized to make grants, from allotments made under subsection (b) of this section, to State health authorities to assist in planning, establishing, maintaining, coordinating, and evaluating family planning services.

It would appear that any State which adopted an extensive and massive family planning program could get three-quarters of its cost reimbursed by the Federal Government under this language, and I think no one can say at this point exactly how many dollars we would be dealing with.

The third loophole is, of course, the independent social agencies at the State level. The basic point I am trying to make today, Mr. President, is that the revision provides, in fact, no ceiling at all; that it is so broad that Congress will be faced in the future with the same problems that it is today, because the States will find means of getting many of their social programs under this tent even though that is not the intent or desire of the Finance Committee.

One of the things I find difficult to understand is why the Finance Committee put a limit on other programs but not in the areas of child care services and family planning.

As I said earlier, I fully agree that the family planning programs and the child-care services are desirable programs. But I also feel that programs for the aged, mental health, drug addiction, and health clinics, all of which are covered by the present social services legislation are desirable. Why should we distinguish between the two groups and in one case place a fixed limitation but leave the others wide open? That is difficult for me to comprehend.

Mr. HANSEN. Mr. President, will the Senator yield at that point?

Mr. ROTH. I yield for a minute, for a question.

Mr. HANSEN. I think that the reason why the twin exceptions of child care and family planning were made is that it is in precisely these two areas that government activity offers the greatest promise of moving people from welfare and into workfare. For those persons who already have children, if child care arrangements can be made so that they can go to work, that is a real plus for this country. Second, if through——

Mr. ROTH. If the Senator is to speak at length, I would like him to speak on his time, since we are on controlled time.

Mr. HANSEN. The Senator said he did not understand why the Finance Committee did what it did, as I understand, and I was offering this explanation in an attempt to be helpful.

Second, if through family planning unwanted children will not be brought into the world, I think we will move this country closer toward full employment.

Mr. ROTH. I would answer the Senator's statement in two ways:

No. 1, I am not arguing that child care or family planning are not very desirable objectives. But I go back to what the Washington Post article says—that this is not the correct way for us to propose these types of programs. They remain unsupervised and uncontrolled by the Federal Government. I think that if we want to spend funds in these areas, we should legislate and appropriate funds for that purpose.

Let me make this point very clear. I am not arguing against these programs, any more than when I propose a ceiling across the board, I am arguing against programs to help the aged or the mentally handicapped. In my judgment, these are highly desirable programs. I am just saying that this is the wrong approach to an important problem.

Second, what I am saying is that, because of the open-endedness of the Finance Committee language, we are in effect inviting the States to try to convert as many of their programs as they can into these rather loose definitions. I do not pretend to know precisely what they mean; but if I were a Governor or a mayor, I would get myself the best professional advice I could from consultants and lawyers. I think the language is so broad that we are going to find that reimbursement under child care service and family planning are going to balloon just exactly as they did under the original social service program. What I am seeking is a total limitation across the board, and I think that is what needs to be done.

Mr. President, how much time have I used?

The PRESIDING OFFICER. The Senator has used 25 minutes up to this point.

Mr. ROTH. I should like to make one further brief comment, and then I will yield to the other side.

I feel that my proposed amendment will cost no more than the committee amendment during the first year. I know there are those who think that the Finance Committee proposal will cost considerably less, but that is not the case as I understand it and from figures I have received from HEW.

Under the Finance Committee proposal, for the first half year of fiscal 1973, all States would be permitted to continue programs in operation so long as they are not new projects as defined in the act. The figures I have received are that this would bring the total cost of the Finance Committee proposal up to roughly $3 billion. That is very close to what my proposal would cost.

The great advantage in my proposal is that we know exactly where we are going. The problem with the Finance Committee proposal is that we leave a large, gaping hole through which the States are going to drive a steamroller; and we again could end up with exactly the same situation we face today.

Mr. President, I yield the floor.

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

The PRESIDING OFFICER. The Senator has yielded the floor.

Mr. LONG. Mr. President, will the Senator yield on my time for a question?

Mr. ROTH. I am happy to yield.

Mr. LONG. May I say to the Senator that what disappoints me about the Roth amendment is the fact that the Senator from Delaware would permit an expenditure for this purpose of about $1.5 billion more than the Finance Committee proposal contemplates.

Those of us on the Finance Committee take the view toward the Senator's amendment that, if worst comes to worst, we might be required to compromise with the House for a figure that would approach what the Senator is proposing here, but we would hope to settle for a limitation a great deal lower than this.

Incidentally, does the Senator know that the biggest spenders under this program are supporting his amendment? They are doing so for the reason that they hope to get a great deal more money under the Roth amendment than they could under the Finance Committee amendment.

Usually, the Senator is very interested in economy, and he is trying to hold down the cost of these programs; and when we look at what the Senator is proposing, it is far more money than we would like to settle for. If need be, in order to get the House to agree to cut off this most irresponsible spending program in the history of the Federal Government, we might have to go as high as the Senator is suggesting. But why should we start out with that amount as openers?

It seems to me that our position ought to be that we hope to settle for a great deal less than this. Then, if the House insists on trying to go to a $4 billion or $5 billion figure, perhaps we might have to compromise around the figure that the pending amendment proposes. But why would the Senator want to put us in the position that for openers we would be beyond the figure for which we would hope to compromise?

Mr. ROTH. Would the Senator tell me what he estimates the Finance Committee proposal would cost in the first year?

Mr. LONG. We estimate that what we are proposing here would cost approximately $1.6 billion. What the Senator is proposing would cost $3.15 billion. That is twice what we hope to settle for.

I do not have the slightest doubt that 50 Governors out of 50 would be willing to settle on the basis of taking a great deal less money if it were put on a basis by which they could spend it at their discretion, rather than having to pour it into this so-called social services category in order to get 3 for 1 Federal matching.

I am not talking about what the welfare administrators would like. I am talking about the Governors for whom the welfare administrators work, what the Governors and the State legislators would settle for if they were given the choice of determining what the money would be used for. That is why we on the Finance Committee think the average Governor would just as soon have $1 billion on a no-strings-connected basis as he would to have $3 billion to put in some kind of social services program in order to get the money.

This extravagant and wasteful program has run out of bounds and been criticized, rightly, by the Senator, for having done things which the mind of man never conceived of as a social service proposition. But the Senator's amendment would spend twice what was spent in fiscal 1972 for the program. As one who wants to hold it down, why would the Senator want that much for starters?

It seems to me that the Senator would much prefer the committee's position, which includes $1 billion which can be spent any way they want as a trade-off to get us out of things we never intended to get into to begin with.

We should have some money for child care. We should have some money available for family planning. Family planning, from the fiscal point of view and the point of view of economy, is the best investment we can make. We will save many times over in welfare costs for every dollar spent on family planning.

Our experience in New Orleans with family planning was that it had a dramatic effect on reducing births out of wedlock. So there is an enormous potential saving to be made thanks to family planning, and the cost is small.

It can cost a lot more to support a child on welfare for just one month than to provide family planning services for a whole year to a young mother who does not want to be pregnant to begin with.

The PRESIDING OFFICER (Mr. CHILES). The time of the Senator has expired.

Mr. LONG. I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 5 additional minutes.

Mr. LONG. Of course, we are not just thinking about saving 1 month's welfare check. A mother with no job, no training, no education, no income, and no husband, who is left with an unwanted pregnancy, may receive welfare for both herself and the children for 18 years or more.

Therefore, family planning services are something everyone agrees we do not want to reduce. We would like for the States to take advantage of that part of the program because it saves their money and it also saves the Federal Government money.

Now in the child care area, we know that a good child care program is necessary to make it possible for welfare mothers to take jobs and go to work. Even where as much is spent on child care as would have been spent on welfare, it is still a good investment, because it does so much for the morale and the pride of a family, that they are paying their own way and earning something and contributing to their own support.

Perhaps one reason States have not expanded family planning and child care as we had hoped is that it has been so politically attractive for people to spread money all over the countryside on the kind of social services that no one ever had in mind.

Whoever had in mind, for example, that States would pull money out of their medicaid programs providing medical care to the needy, just to put money instead into lower priority social services programs? Yet we find that the States are actually reaching into their medicaid program to take out money from that program where they get less Federal matching funds, and putting it instead into social services programs.

We hear about the meals-on-wheels

program. It sounds good. One can argue that an old person might have to otherwise go to a nursing home, and if we can bring them meals on wheels, this would not be necessary. So the meals-on-wheels man comes around, something like the Good Humor man who used to go through my neighborhood when my children were small. All the children would run out to the Good Humor man when he rang his bell. They would come out of the woodwork from all directions, gathering around the Good Humor man to get some Good Humor ice cream.

The PRESIDING OFFICER. (Mr. CHILES). The time of the Senator has expired.

Mr. LONG. I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 more minutes.

Mr. LONG. So after we start that program, everyone else in the neighborhood sees the man with his meals on wheels drive up. The next thing we know, every aged person up and down the neighborhood has applied for meals on wheels, just like the Good Humor man all over again.

Thus, we start out by planning to save money when we keep one old person out of a nursing home and the next thing we know we are feeding everyone a hot lunch as part of the meals-on-wheels program.

At the minimum, we should not be providing any higher degree of Federal matching for meals on wheels than we provide for cash welfare payments. It does not make any sense to provide 3-for-1 matching for meals on wheels while there is 50–50 matching in many States for payments to mama and papa, grandpa and grandma, to provide their own meals at their own expense and putting their own effort into it. There are some situations, of course, where we might justify going beyond 50–50 matching, but the program has gotten so far out of bounds that we have got to bring it under control first. I am disappointed to see the Senator offering an amendment to put in twice as much as the committee bill has in it.

The point has been made that perhaps it would be a good idea to provide a firm cutoff figure for child care and family planning services, on some realistic basis. I would have no objection to a limit of about $600 million.

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

Mr. LONG. I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 additional minutes.

Mr. LONG. Mr. President, I do not object to nailing down the funds for child and family planning. I do not think we will need as much as $1 billion, but I would not mind pinning it down to a limited figure. However, if we go to the House and start by offering them twice what we spent last year, just for openers, it seems to me that is an irresponsible way to handle this thing. We would be far better off if we were to start with the amount of money the Senate committee proposes and not start by talking to them in terms of spending twice the amount of money that we spent last year for these purposes.

Mr. BENNETT. Mr. President, would the Senator yield a half minute so that I may make unanimous consent request?

Mr. LONG. I yield.

Mr. BENNETT. Mr. President, at the request of the Senator from New York (Mr. JAVITS), I ask unanimous consent that Mr. John Scales, a member of his staff, may be on the floor during the discussion of the pending amendment.

The PRESIDING OFFICER (Mr. CHILES). Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, would the Senator from Louisiana yield for a unanimous-consent request?

Mr. LONG. I yield.

Mr. EAGLETON. Mr. President, I ask unanimous consent that Mr. James Murphy, of my staff, may have the privilege of the floor.

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

Mr. ROTH. Mr. President, I ask unanimous consent that Curtis Moore, of my staff, be given the privilege of the floor during the discussion of the amendment and the rollcall vote on the amendment.

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

Mr. ROTH. Mr. President, would the Senator from Louisiana permit me to answer on his time?

Mr. LONG. Mr. President, I yield 2 minutes to the Senator from Delaware.

Mr. ROTH. Mr. President, my concern with the Finance Committee position is that it is not an airtight position and that it leaves very broad loopholes in three different areas. That is one of the primary reasons I have offered my proposal.

Let me say that I am not going to argue against any program. I agree with family planning. However, I do not feel that this is the way to legislate it. I agree that there are needs for child care services. However, I do not feel this is a way to legislate it.

What gives me great concern after listening to the distinguished chairman of the Finance Committee is his admission that in conference he will probably have to compromise at roughly the same level as my amendment, but unlike my amendment, he will have no ironclad amendment.

Mr. LONG. Mr. President, I hope that we do not have to compromise. We might be forced to compromise for the figure the Senator is proposing. We hope to compromise far below that figure.

The point is that if we have to compromise, we might have to compromise at a figure that would go as high as the Senator proposes. However, I would hate to think that we would go to conference starting with twice the amount that we think we ought to have, and then we might have to compromise even higher than that.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

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

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

Mr. LONG. Mr. President, the Senator may have a part of my time, if he needs time.

What I am trying to achieve is the same as what the Senator from Delaware is trying to achieve. I want to cut the spending down as far as we can.

The Finance Committee has worked for many months on this matter. As for the peril that the Senator sees in the bill is concerned, we are willing to meet the Senator's objection by putting a strict limit on how much is available for child care and family planning. We are willing to do that, if that will make our amendment acceptable to the Senator.

However, we think that the Senator ought to be willing to compromise with us and to take out the provision that doubles the amount of money we are asking for. We hope that the Senator will work with us and try to get this runaway program under control so that it would cost half as much as his amendment would make it cost.

It would seem to us that if we go to conference with what we have, which we estimate amounts to $1.6 billion, and the way the Senator's amendment would do it, the cutoff would be $3.1 billion.

Our thought is that if we go to conference with a $1.6 billion cut off, we might have to settle for $3 billion. However, if we go to conference with the $3.1 billion, we might have to settle for $4.5 billion or $5 billion, which is a great waste of the Federal money and would constitute irresponsible spending which I know the Senator opposes.

I hope that something constructive will come out of this. I think the most constructive thing would be to have us agree, as close as we can, to the initial figure suggested by the Finance Committee and, with your suggestion, we would have a provision for the two open ends that remain. If we could do that, it would seem to me that we would have a far better amendment to go to conference with.

Mr. ROTH. Mr. President, I should like to go back to my original concern about what the Senator from Louisiana is saying, as well as go into the question as why I do not believe the House would buy our Finance Committee proposal.

One reason is that under the Finance Committee language two-thirds of the funds would go to local governments and one-third would go to State governments. However, many of these programs in many States are administered by the State government. So, we would be changing the allocation of these funds to local units who in some States are not responsible for the programs. This would work a very heavy burden on State governments who supply these services.

Second, I would like to point out that there would be a very rapid drop between funds available the first 6 months of calendar year 1973 and the second 6 months of calendar year 1973.

In my State of Delaware, for example, it would be something like $13 million to $2.5 million. And we are only 3½ months away from the first half of calendar year 1973.

It is perfectly obvious that the Governors will fight this tooth and nail. They have made commitments and they will have a hard time trying to change them. I do not think the original proposal is

realistic. Therefore, I agree with the chairman when he says that the House will not accept it.

What concerns me is that he says he may well have to compromise the figure at roughly $3 billion, which is the figure mine contains.

Now the chairman says that he would be willing to agree to a limitation across the board. Of course, that is paramount in my mind. I think there has to be a total ceiling if we are going to accurately cast this flow of funds.

For the reasons that I have pointed out, I think the Finance Committee language is so broad that it does provide another loophole. The Senator says that he would be happy to accept a total ceiling. I suggest that the best one we could get is mine. I doubt that the House would accept his proposal.

Mr. LONG. Mr. President, would the Senator yield at that point? There is no way of knowing yet whether we can persuade the senior members of the Ways and Means Committee to take this amendment back to the House of Representatives.

I would point out that thus far the struggle has been between the conferees of the Appropriations Committees of the two Houses. It may very well be that what we are proposing here might be a sufficient ceiling to Chairman WILBUR MILLS of Arkansas and Representative JOHN BYRNES of Wisconsin and that those men would be happy to go back and recommend this Senate amendment to the House. We would not know until we tried.

If the Senator thought we could take his concept of a limitation, but set it at one-half the figure he is proposing, and have it agreed to, would he want to foreclose us from doing that?

Mr. ROTH. To answer the distinguished Chairman, for the reasons I have already discussed, I do not think there is any chance of the House accepting the proposal of the Committee on Finance.

Mr. LONG. I say to the Senator that we would not know until we try. This Senate amendment does not have much appeal to the welfare directors. But I am willing to assert that virtually every mayor, every county commissioner, and every State legislator would be for the committee approach. For them, this is a very appealing proposition. Governors have said that if they had their choice, they would not put the money into welfare. But they say they have no other choice because of the matching available for social services.

The Governor of one State, which I prefer to remain nameless, told me in confidence, on signing that application for social service funds on the day he signed it, "I am going to do so because it means a great deal of money to our State." He said confidentially to me and another member of the committee, "This is the most irresponsible waste of any funds I have ever seen in my life."

If the same Governor were asked if he would be willing to take the committee approach, even though it means less money to his State, he would rather do it this way.

We tell the States, "We are going to give you $1 billion and leave you $600 million for child care and family planning; if you think that the social services program is all that worthwhile, go ahead and take your share of the $1 billion and put it in social services; if you think you can find something better to spend it on, put it in that." I think it very likely that almost every Governor will take all or part of that $1 billion and put it into something else other than social services.

All these situations such as lessons in hair grooming and all that sort of thing we will stop, and we will stop telling the Community Chest that they do not have to raise more than one-fourth of what they raised last year because they can run it through the State welfare agency and pick up three times as much from the Federal Government. We would stop that foolishness and instead we would put this program in a context that makes sense. Every mayor would favor it and every county commissioner would favor it. The only people who would be upset about it would be the welfare commissioners who want to get in on this. New York has shown how you can exploit this thing and pick up $850 million for New York.

Governor Rockefeller called me a couple of days after the revenue-sharing bill was reported, when he returned from Europe, to congratulate us on what the Committee on Finance had done. I would assume he might be for the amendment because New York victimized this program more than any other State in the Union up to now, but they are not the only State to victimize it.

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

Mr. LONG. I yield.

Mr. PASTORE. Apropos the argument just made by the Senator from Louisiana I remember an incident back in August 1963 when I was designated by President Kennedy to go to Moscow to witness the signing of the Nuclear Test Ban Treaty. In our party was Dean Rusk, then Secretary of State. I remember after a little recess at the end in Moscow we took a little stroll because they were afraid to talk on the porch for fear it might be bugged. Of course, the Russians had devices with which to do things of that kind.

While strolling through the yard the question of foreign aid came up. I remember that as if it were 1 hour ago. I remember it verbatim almost. He said:

> John, on this Foreign Aid Program, instead of the $3 billion you give us with all these strings telling us in advance what we have to do with it, because times change I can do a better job if you give me $1 billion without strings.

That is the argument being made by the Senator from Louisiana. If we begin on this revenue sharing to put in a lot of ifs and buts on how much money is going to be spent, we better leave everything the way it is and get back into categories.

Mr. LONG. That is the point. We believe that even taking this figure of $3 billion, if we say, "Governor, do you want funds on a no-strings-attached basis or would you rather pour it down the social services rat hole," they would say, "Let us use it where we think it ought to be spent."

I would not be surprised if the Governors and mayors can find ways to spend $1 billion and get the results they would get for the whole $3 billion. After all, $600 million is being left in the one part we intended, for child care and family planning. It is not the Governors who are exercised about this; it is these welfare commissioners.

I hope the Senator finds a way to cooperate with us to get this done.

Mr. ROTH. Mr. President, in answer to what the Senator from Louisiana said, what I am trying to secure is a total and complete ceiling.

Mr. LONG. The Senator can have that. We would be willing to join with the Senator now to agree to that. That we can agree on.

Mr. ROTH. The problem is that we have to get it through the Senate. May I point out that in August I proposed a $2.5 billion ceiling and that lost by 10 votes.

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

Mr. ROTH. The Senator made certain statements and charges which I would like to answer. My proposal in August was to reimposing what the Senate had agreed to. As far as my current proposal is concerned I would like to point out it is a total and complete ceiling. We have discussed it not only with Governors but with organizations representing mayors and county officials, and NACO, as well. I do not think they have officially approved it, but they have discussed it with their own people, and many of us have individually heard from these groups.

I do not want this legislation to leave the Senate wide open. That is what the Committee on Finance is doing. The chairman said they will have to compromise at the higher figure. Maybe it will be $3 billion but it will be a compromise, and you place no limitation on child services or on family planning. I point out you have a wide-open door, narrower than now exists, but nevertheless wide open.

Mr. LONG. If the Senator will permit us to add an amendment to our bill, we on the committee would be willing to propose or to agree to an amendment to limit the funds available for child care and family planning to the $600 million that we estimate will be spent in that area. If we cannot agree to a $600 million limit, then we might agree to a $1 billion limit. But we would not be willing to agree to the Senator's amendment of giving up the ball game before it starts, and that is that it means we settle now for $3.1 billion. At the least, for openers, the Senator suggests that we should settle for $3.1 billion.

Keep in mind that when the Senator was trying to put his amendment on the appropriation bill one reason why he could not get it done was that the conferees did not have it within their power to touch that distribution formula, because they could not legislate on appropriation bills. But that will not be the case when we get together with the con-

ferees from the House Ways and Means Committee. We will have the power to change the formula or legislate with regard to that formula if need be.

I would add that it has been the experience of the Senator from Louisiana that there is a concern to keep spending within limits that the Government can afford within the committees that have to write the tax laws, more so than there is within the committees that appropriate the money.

It has been my experience, from serving on the Foreign Relations Committee and the Finance Committee, that Senators could sit in the Foreign Relations Committee and vote to give away as much as anyone else, and then proceed to go to the Senate Finance Committee room and be as tight as a hatband, because then they would have to act in the context of raising revenue and would try to control spending and would be much more careful when they had to find ways of providing those revenues than when they were thinking in terms of appropriating huge amounts of money without having to think about the discipline of finding the money, and the unpopularity of imposing a tax to pay for it.

I urge the Senator to give us a chance to see if the two tax-writing committees cannot get this matter back into control, and not give the ball game away before it ever starts by running the figure up to $3.1 billion, which we feel is $1.5 billion too high.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield the Senator from Illinois (Mr. PERCY) 3 minutes.

Mr. PERCY. Mr. President, I would like to address myself to some of the comments made here by our distinguished colleague from Louisiana, because while the statements he has made may be true in some cases, they simply have no relationship to the problems and the solution of those problems that we face in Illinois.

I wonder if I could address myself directly to a few of the questions the Senator from Louisiana has raised. I believe the Senator knows the Governor of our State, Governor Ogilvie, is not a starry-eyed liberal. He was sheriff of Cook County, he was chairman of the Board of Supervisors of Cook County and ran a tight budget, and he runs as tight a budget as is possible to run in the State of Illinois.

The way we have administered this program I think is exemplary. Illinois was the first State to develop a system of cost-benefit analysis. We spent $850,000 of our own State money just to set up a cost accounting and accountability system for the expenditure of that money.

Second, we have maintained, and in fact have increased, our own expenditures by more than the increase we have received in Federal dollars. Those are hard dollars to spend, and yet we have felt it was worthwhile to do so.

Under Illinois' social services program, we have implemented a whole new service directed to finding jobs for people who are now on welfare. This new service would have to cease if Illinois' social services funds were cut. We are not cutting out frill expenses. We are cutting large amounts from programs where the effort has been to get people off welfare and see if we cannot make productive citizens out of them.

We have analyzed what we would have to cut out of the State's programs. We would have to cut out many types of day care, notably for mentally retarded children. That is what we are spending money for. I do not know what we would do if we had to cut that out.

Homemakers' services are the kind of essential services that we think are important for the kind of people affected.

Services for foster care of children are important services because they involve care of children who do not have parents of their own.

Family counseling is another program. Everybody recognizes the need for having this kind of service for families who have migrated into Illinois and who do not have the background for the kind of family union that we think is right for them to have in our society. Family counseling services have paid dividends a hundredfold in many cases.

We have protective services for children, which is care for children who have been abused. Anyone who reads the newspapers in the Midwest recognizes the problem we have. We have had a rash of such cases of child abuse.

We have services for the visually handicapped. How could anyone question that?

We have an alcohol abuse program, a drug abuse program, a community mental health services program, correctional services and preventive services—all important programs.

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

Mr. ROTH. Mr. President, I yield the Senator 1 more minute.

Mr. PERCY. I would like to address myself to a program we have called meals on wheels. I myself have wondered whether or not providing free meals delivered directly to homes would not cause a rash of requests for that service. I can assure the Senate that is not true in our case. Recently I picked at random 10 cases, went on the truck and delivered these meals myself. The first woman I called on lived on Wilson Avenue in an apartment hotel, in a one-room apartment. She had a broken hip and a broken leg. She was unable to stand up and support herself. She would have had to be institutionalized, but she said:

> I want to stay here. I can look at my television. People in the hotel can visit me. I would rather do that than go to a nursing home. Besides, I love the young man who comes here and talks to me. He spends 5 minutes talking to me, and that is wonderful.

We do know that if this service were interspersed through the community, it would be noticeable, because a meal on wheels truck there would indicate that that person needed that kind of service. Anyone in the community would know the person did not need the program if that were the case. I did not see one case of abuse in the 10 cases I pulled at random, and I was convinced this program was paying off.

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

I would like to ask the Senator a question. Let us agree that the meals on wheels program is a good program. But why should it attract any higher Federal matching than the cash assistance program? Second, even when we start out with a social service for which a good case can be made, the situation can get out of hand. When we take an application such as that made by Mississippi for example, for more than $400 million, would that not provide meals on wheels to every person in the State, with a higher degree of matching than could be had by most States for medical care?

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

Mr. LONG. I yield myself 1 additional minute.

Some social services certainly sound good, and everybody would tend to be for them, but when we have this wide open matching for anything that might be classified as social services, for all sorts of things that the mind of man could conceive, then, instead of providing the services to welfare recipients, as we intended, we would have social services for everyone in the neighborhood, poor or not. One person would say, "Well, if they are getting it, I ought to have it."

The point is that this program, if we are going to do all these things, ought to be done on a considered basis, where we consider what we are going to do before we do it, rather than this kind of thing that just spreads all over the lot in all directions.

I believe the Senator knows that the committee proposal is favored by the Nixon administration. The Department of Health, Education, and Welfare favors the committee amendment, and they are trying to get word to Republican Senators that that is how they feel about it. They think it ought to be agreed to.

Furthermore, I would like to point out that it has been felt among Democratic administrators and Democratic Governors that this thing has obvious indications of political appeal and favoritism; here is an article that discusses some of these things that appeared in the National Journal.

It is pointed out in this article, for example, that nobody really thought Governor Rockefeller could get that $850 million, but that man has so much charm and charisma that by the time he got through talking to these people, he had it approved.

California got this thing started, undoubtedly not only due to the charm and professional appeal of Mr. Veneman, but also of Mr. Reagan, its charming Republican Governor, who has been a great friend of the President for all these many years.

Then, as to Illinois, I quote from the article as follows:

> Following California's lead, Illinois, facing a budget deficit of $180 million, refashioned its social-service program in 1970 to conform to the 1967 amendments and realized a windfall of $135 million new federal dollars the first year.

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

Mr. LONG. I yield myself such time as I may require to read the statement. It continues:

During the year-long negotiations between HEW and Illinois that ultimately led to the massive infusion of new Federal dollars, the State hired a private consultant—

That is Arthur D. Little, by the way—one of the Nation's largest accounting firms—

They hired Arthur D. Little Associates—and a Washington law firm, and used a degree of political influence to develop and press its case.

They needed a bunch of specialists to show them how to get Federal money for 3-to-1 matching, so they decided to use Arthur D. Little Associates.

Now, listen to this, Senators:

Asked whether the Republican credentials of Illinois Governor Richard B. Ogilvie were helpful, Thomas J. Corcoran—

That would be Tommy the Cork. Governor Ogilvie is a Republican Governor, but he decided to use one of the best Democratic lobbyists to work on the other side—

Thomas J. Corcoran, director of the State's Washington office, said:

That is a job I did not know he had.

"There's no question about it. We wouldn't have had access to the White House or to important people in Congress or Richardson . . . without them."

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

Mr. LONG. I yield.

Mr. PERCY. I cannot let this go by. Tom Corcoran is the director of the Illinois office. He is 30 years old. There is no relationship to the Democratic Tommy Corcoran; it is ludicrous to imply that. It is an entirely different person.

Mr. LONG. I thought it was the same Tommy Corcoran.

Mr. PERCY. You might have a John Dillinger or someone else. But this is one of the finest young public servants I have ever known. He is not a lobbyist; he works for the State of Illinois.

Mr. LONG. Well, it says they hired a private consultant. That is what the article says.

Mr. PERCY. Tom Corcoran is not a private consultant. He is the director of the Illinois office in Washington, D.C.

Mr. LONG. Senator, I would not have thought I in any way offended your Tommy Corcoran by referring to our Tommy Corcoran. We have a high regard for ours.

Mr. PERCY. Well, the implications were very, very clear to everyone.

Mr. LONG. Well, let us just read on with the statement. The suggestion of the article is that there was political influence, and let us just read what they are talking about. Tommy Corcoran said——

Mr. PERCY. I would not say it was without political influence. There is nothing onerous about that.

Mr. LONG. Let us just read what your Tommy Corcoran said, with the credentials you give him, about using political influence to get the $135 million:

There's no question about it. We wouldn't have had the access to the White House or to important people in Congress or Richardson (HEW Secretary Elliott I. Richardson) without them.

So whether it is your Tommy Corcoran or our Tommy Corcoran, the fact remains that you have three Republican Governors who have their fists in here, and are doing a magnificent job. I do not care whose Tommy Corcoran you hired.

Mr. PERCY. The Senator is talking about my Governor. It is perfectly legitimate for a Governor to try to further the interests of his State.

Mr. LONG. All I am accusing your Governor of is having political influence, and I do not know why you would want to deny that.

Mr. PERCY. I am very proud that he has, and if I may respectfully mention the fact, there is not a Member of this Senate who does not go back home, when he campaigns, and talk to his constituents about his political influence. He gets reelected because he has a little clout.

Mr. LONG. Well, I am not going to come up here and brag that my governor can come up here and get $135 million that I as a U.S. Senator cannot get for my State, or that my governor can get $850 million at the call of the White House that the two Senators from our State cannot get.

I am not complaining that Governor Rockefeller has so much influence. I am complaining that we do not have that much. I am not complaining that Governor Reagan has so much influence.

Mr. PERCY. I must say you are not doing badly.

Mr. LONG. I am complaining that Governor Edwards or Governor McKeithen did not have the power to get all this money. I am complaining that our people were told this could not be done, that these applications could not be accepted. We were told, at that Southeast and Southwest Regional Office, "Do not even make the application, you will hurt your chances," while Mr. Reagan, Mr. Rockefeller, and Mr. Oglivie were sitting down at the White House getting their applications approved.

I am not angry about them getting it. I am just angry about the discrimination involved in this.

It seems to me, Mr. President, that the logical way to handle this thing is to put it all back under control on some basis where everybody gets an increase, and then if we want to open up all these new programs the Senator has in mind, and spread the joy in all directions to everybody, then at the same time let us all come in together on an equal basis; let us not reward somebody for getting there first.

For example, under this amendment, the fellows who got to the trough first and got it approved get more money. For example, New York gets more, Illinois gets more, Delaware gets more, and California gets more because they got there first. They were telling our people, "No need to even apply," while the other guy was getting his application approved; and, of course, the sad part about it is that what that regional office was telling Oklahoma, Arkansas, Louisiana, Mississippi, and Tennessee was correct; that was the way it should have been all the time. That is what they should have done to New York, Illinois, and California. But, oh, no, they let them come in and hog up all this money, and by the time we are trying to get the thing back under control, they do not want to let that be done.

It would seem to me that all States ought to be put on an equal basis, and then, if we want to expand the social services program, we can expand it to where everybody gets equal access and an equal chance.

I do not blame a Republican President for favoring Republican Governors, but even if I were a Republican Governor I would get a little irritated at the favoring of the Governors of these large States at the expense of the Governors of the small States. That is the kind of thing we would like to bring back under control.

We think it would be far better to put this thing on a basis where we provide money for the child care and family planning they have in mind, and then give the States a billion dollars to use however they want to.

Mr. PERCY. Mr. President, does anyone have 1 minute I can have to summarize my position?

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

The PRESIDING OFFICER. The Senator from Delaware has 10 minutes.

Mr. ROTH. I raise a parliamentary inquiry on that point. I had 25 minutes earlier, and I yielded 3 minutes to the Senator from Illinois. I have not yielded any further time. I specifically asked that my discussion be on the time of the Senator from Louisiana.

The PRESIDING OFFICER. The Senator specifically asked if he could have the time to answer a question.

The Chair advises that on the one exchange in which the Senator specifically asked that the Senator from Louisiana yield him time to answer a question, the time did come from the Senator from Louisiana.

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

The PRESIDING OFFICER. The Senator from Louisiana has 4 minutes remaining.

Mr. LONG. How much time does the other side have?

The PRESIDING OFFICER. The Senator from Delaware has 9 minutes remaining.

Mr. PERCY. In view of this, I will withdraw my request.

Mr. LONG. I will yield the Senator a minute of my time.

Mr. ROTH. Mr. President, I want to press this point, because I did not yield the time.

How much time did I use in answering the question by Senator LONG?

The PRESIDING OFFICER. During the one exchange, in the answering of a question, the Senator from Louisiana yielded 2 minutes, and then he yielded an additional 3 minutes. After that, additional time was taken from the Senator from Louisiana. After that, another exchange ensued in which the time was taken from both Senators in proportion to the time they were then using.

Mr. ROTH. That was the exchange between the Senator from Louisiana and the Senator from Illinois?

The PRESIDING OFFICER. No. That exchange was on the Senator from Louisiana's time. In the last exchange between the Senator from Delaware and the Senator from Louisiana, both Senators were charged a proportion of the time they were using.

Mr. ROTH. Mr. President, I did not yield further time.

I raise a parliamentary inquiry. Are we not entitled to be advised when our time is being used?

The PRESIDING OFFICER. The Senator from Delaware was controlling the time, and he did take the floor in two instances after that.

Mr. ROTH. I yielded the floor. I do not think it can be said that I had the floor in the exchange between the Senator from Louisiana and the Senator from Illinois.

The PRESIDING OFFICER. The Chair did not hear the Senator's last statement.

Mr. ROTH. It seems to me that the Chair is counting the exchange between Mr. PERCY and the Chairman against the time allotted to me.

Mr. LONG. Mr. President, might I suggest to the Senator that we are going to propose an amendment to this amendment when the time has expired, anyway; so there will be more time to discuss the matter, and the Senator will have his share.

Mr. ROTH. I also have agreed to yield time to the Senator from Washington. I ask the Senator from Washington how much time he desires.

Mr. MAGNUSON. Four minutes.

Mr. ROTH. And the Senator from New York?

Mr. JAVITS. Three minutes.

Mr. ROTH. I yield 3 minutes at this time to the Senator from Washington.

Mr. LONG. Mr. President, I would suggest that we find out how much time the Senator feels he has lost needlessly and that we increase the time on both sides by that amount.

Mr. ROTH. I thought I had 22 minutes remaining.

Mr. LONG. Mr. President, I ask unanimous consent that the Senator be accorded an additional 12 minutes and that the opponents be accorded an equal amount of time.

The PRESIDING OFFICER. The time of the Senator from Louisiana would have long since expired if all time had been coming from the time allotted to him. The vote on this measure is to occur at 11:02 a.m.

Mr. LONG. Mr. President, I ask unanimous consent that there be an additional 12 minutes, to be divided equally. That would give both sides 6 minutes.

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

Mr. PERCY. The distinguished chairman has offered 1 minute of his time so that I can finish. Then I will have completed my summary statement.

Mr. President, I agree fully and completely with the ceiling, and this is what the distinguished Senator from Washington and the distinguished Senator from New Hampshire (Mr. COTTON) tried to accomplish in the Appropriations Committee. I agree that there should be a lid, that there should be a ceiling. But I do believe the record will show that the State of Illinois, for one, has been exemplary in carrying out these provisions.

When we hire not a lobbyist but one of the finest management consulting firms, Arthur D. Little, to scientifically approach the problem as to how we can best utilize these funds for the welfare of the State, the people, and the Federal Government, I think it is to the credit of the State and should not be put in the category of their being hired as lobbyists. They are not lobbyists, as I understand the work of Arthur D. Little Co.

I feel that we all agree that a ceiling should be imposed, and it should be.

Mr. President, in conclusion, I support the Roth amendment as it:

First. Provides a great deal of equity of distribution of money among the States. By using population as the basis of distribution, it avoids favoring the very few States which got into these programs early and have been receiving the bulk of the money—or who happened to have the best "grantsmen."

Second. Most importantly, the Roth amendment provides the necessary ceiling on social services costs, which have recently been skyrocketing.

Third. The ceiling can be considered a cutback from the present rate of usage by the States. Initial August estimates for fiscal year 1973 are between $3.6 billion and $4.6 billion.

Fourth. It is a reasonable middle ground between destroying these programs entirely, as the Finance Committee bill would do, and allowing them to continue to grow without limit.

Fifth. It is consistent with what the Senate Appropriations Committee has tried to do, which has been to try to close the lid on social services.

Sixth. It answers the objections raised by the House conferees—that there was no formula for distribution of the funds in the Senate Appropriations Committee limitation.

HOW ILLINOIS IS HURT BY THE FINANCE COMMITTEE BILL

First. Illinois currently receives—fiscal year 1972—$181 million. Under title III of the bill, Illinois would receive about $41 million. The bill allows limited child care and family planning programs—only—to continue unimpeded, which would be of only limited value to Illinois because it would actually cut back, by its definitional limitations, such Illinois child care and family planning programs. In addition to the approximately $41 billion under title III, subtitle B would provide a total authorization of $1 billion for all the States, of which Illinois receives $60 million. But, of this $60 million, only one-third would go to the State, and two-thirds to the localities.

The result of the committee bill for Illinois is to cut back social service programs from $181 million to a maximum of $61 million.

ILLINOIS USE OF THESE FUNDS HAS BEEN EXEMPLARY, HAS NOT BEEN A RAID ON THE TREASURY, AND DOES NOT DESERVE THIS TREATMENT

Second. Under the bill, Illinois would have to eliminate:

Many kinds of day care, notably for mentally retarded children.

Homemaker services.

Foster care supportive services.

Family counseling.

Protective services for children—take child out of home because of abuse to child.

Services for visually handicapped.

Alcoholism programs.

Drug abuse programs.

Community mental health services.

Corrections education support services and preventive services.

Third. It would mean that a large number of people who are not now institutionalized would have to be institutionalized, particularly in mental health facilities, or kept in institutions for longer periods than present. In many cases the Federal Government would be liable for these additional costs, particularly where people end up in nursing homes.

Fourth. One result of the elimination of many of these programs would be an increased rate of family breakup, resulting in more people on welfare. The purpose of these social service programs was to try to keep people off the welfare rolls. The Finance Committee amendment would appear to be limiting an element of welfare costs, but would in fact be generating new upward pressure on welfare programs.

Illinois is exemplary because:

First. The first State to develop a system of cost-benefit analysis. It is spending $850,000 of State money just to set up an effective cost accountability system.

Second. It is maintaining its own effort, and in fact has increased its own expenditures by more than the increase it has received in Federal dollars.

Third. Illinois plans for social services have been fully approved by HEW.

Fourth. Illinois has implemented a whole new service directed to finding jobs for people who are now on welfare. This new service would have to cease if Illinois' social service funds were cut.

Mr. LONG. I yield myself 1 minute.

Mr. President, with respect to the hiring of Arthur D. Little, Illinois is not the only State that has done so. It might be a very wise thing to do. But the hiring of Arthur D. Little may have been a case of hiring a consulting firm to show how to move these State funds around in order to obtain the highest degree of Federal matching. This team of Arthur D. Little has been employed by States to show them how to take money from one Federal matching program of 50–50 and move it into a matching program of 3 for 1.

So, in effect, a State gets twice as much Federal money overall if it can shift it from one Federal program into another. The hiring of Arthur D. Little has been used to take from a program that gets lower matching and shift the money and call it social services, even though it is actually spent for the same

thing. They are not lobbyists, but they are advisers on how to extract the largest amount of money from the Federal Government.

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

Mr. ROTH. I yield 3 minutes to the Senator.

Mr. MAGNUSON. Mr. President, the Senate should be aware of the fact that the reason for the problem we have here is the law itself. Until now, there has been no indication from anyone, including the Secretary of HEW, the administration, the committee in charge in the Senate, and the House, to change the law. That law has been there for some time, and the Governors have decided that they should take advantage of it.

It is true that California started first. They came to realize that they could get $3 for every dollar someone put up, and then it started to grow and grow.

Before this year, the Secretary of HEW on two occasions came to the Appropriations Committee and asked us if we would put a percentage ceiling on this. We tried and lost in the Senate, due to the lobbying of all Governors—Republicans and Democrats.

This year, the Governors asked for $2.1 billion in their May estimates. This was their earlier request to HEW under this formula, which should be changed. In the meantime, they had a Governors' Conference, and now they have increased their requests to between $4 and $5 billion. It may reach $6 billion, or perhaps it will be $7 billion before the year is over.

For instance, Maryland is now asking for around $426 million. The Senator put into the RECORD the chart showing all these increases. My State happens to be one, I suppose, that took advantage of it. They have a Republican Governor, I might say to the Senator from Louisiana.

When we marked up the Labor-HEW appropriations bill, Senator COTTON and I and the other members of the Appropriations Committee took a long look at this matter and decided that we would put on a ceiling, and we put a ceiling of $2.5 billion on the costs of these social services. We thought that would give them a leeway of around $400 million above what they asked for—the $2.1 billion requested in the beginning.

Now the matter has gotten out of hand. But, I happen to think that the $1 billion that would be provided here is not enough. Therefore, I am going to support the amendment of the Senator from Delaware, because we will again have to make a decision on this in the Appropriations Committee within the next 10 days, when the Labor-HEW bill comes before us again, but I think that this debate has been very good. The action of the Finance Committee and our committee surely called attention to this whole matter.

Mr. LONG. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER (Mr. CHILES). The Senator from Louisiana is recognized for 2 minutes.

Mr. LONG. The Senator should keep in mind that those of us on the Finance Committee have an advantage in working this thing out with the Ways and Means Committee that did not exist with the Appropriations Committee with this same problem. The reason is that we on the Finance Committee have legislative authority to change the basic law which is not available to those on the Appropriations Committee.

Mr. MAGNUSON. But the Senator did not change the law, and this has been growing and exploding for several years now.

Mr. LONG. We have not had a chance yet, Senator, but when we go to the conference on it, we will get that chance if we have the amendment in, because it would shut the whole social services program off, except for child care and family planning, with a tradeoff of $1 billion. In conference, there would be many variations between our going all the way up to what they are spending now. So we do have legislative flexibility in conference that was not available to the Appropriations Committees when they tried to work the same thing out. In other words, they did not have the power to legislate on an appropriation bill. That situation is not the same when we are legislating on a tax bill. So that with the Finance Committee's amendment, we would have the power to legislate in this area.

If there is a program that has great merit to it, we can leave it in. In other words, we would have the power to change the formula on the social services in conference with the House.

I am informed that one of the reasons this thing could not be worked out by the Appropriations Committee is that they could not change the basic law in conference with the House Appropriations Committee.

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

Mr. LONG. I yield myself 1 additional minute.

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

Mr. LONG. I believe that the Texans did complain that they were being left out of the social services program. They were told they could not apply for the money. They were not willing to agree to some settlement whereby we would limit funds because that would give grandfather rights to States like New York who were getting their applications approved at a time when Texas was told it could not apply.

Mr. MAGNUSON. California was the beginning.

Mr. LONG. Yes, but New York surpassed what California achieved in this regard. So, Senator, what I would contend is that we begin with flexibility in conference and try to work this thing out, including a change in the basic law which we would seek to amend. Our amendment would seek to change it with regard to social services, which we feel have gotten out of hand, except for child care and family planning which we would leave in. But we are willing to accept a limitation even on that.

Mr. MAGNUSON. I am not so sure when you get to conference you can negotiate up. You have to negotiate down from the $1 billion—the House has nothing, and you will find it difficult to go higher than the Senate amount.

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

Mr. MAGNUSON. I am not so sure——

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

Who yields time?

Mr. MAGNUSON. Will the Senator yield me 1 more minute?

Mr. LONG. I yield 1 more minute to the Senator from Washington.

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

Mr. MAGNUSON. The Senator from New Hampshire and I have been trying for a good long time to get a ceiling on this program. We thought that with the Roth amendment at $3.1 billion, that then when we meet next week on a new Labor-HEW bill, we will have a chance probably to take a good long look at it again and probably come back to $2.5 billion, $2.8 billion, or $3 billion, or $3 billion plus—or hold that ceiling. We can talk all we want, again, about the jurisdiction of the Finance Committee vis-a-vis the Appropriations Committee but what we have to do is to change the law. Perhaps even the 75 percent to 25 percent matching——

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

Mr. MAGNUSON. Change the $3 for $1 matching provision. There have been many abuses.

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

Mr. MAGNUSON. Will the Senator yield me one-half minute?

Mr. ROTH. I yield 1 minute to the Senator from Washington.

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

Mr. MAGNUSON. It is still open-ended. Let us be honest about this, changes need to be made and the open-end closed. But, we cannot cut this too much because good administrations of welfare programs have achieved some success in some States. They have lowered the rolls. That is true in my State.

Mr. President, I want to put in the RECORD the experience of my State. I wholeheartedly support the amendment of the Senator from Delaware (Mr. ROTH) because I think it is a better way to do it. Until now, there has been very little indication from anyone that has the responsibility that they want to change the law.

Mr. LONG. We do want to change the law. We on the Finance Committee are responsible for this thing being in the law. It has been mishandled completely by poor and maladministration. We want to amend the basic law as part of bringing this matter under control. There is no limit on funds in present law. Our present situation was permitted to be brought about by loose administration. Much of this mischief occurred under the Nixon administration. But they want to bring it under control. They support what the committee recommends.

CONCERNING SOCIAL SERVICE EXPENDITURES IN THE STATE OF WASHINGTON

Mr. MAGNUSON. Mr. President, I would like to call the attention of the Senate to program data which I have received from the State of Washington demonstrating that my State is making some significant strides toward providing services that have real cost benefit, that are reducing dependency and are providing clear evidence of rehabilitation. During fiscal year 1972 in the State of Washington, approximately $52 million of State and Federal funds were expended on social services that related directly to cost benefit programs. Based upon data supplied by the State, I can report that savings realized from this investment during that first year of 1972 amounted to approximately $55 million with continuing benefits that will carry over into subsequent years.

I also want to point out that these savings, including a reduction in caseload, were realized during a time when my State was suffering over a 12-percent unemployment rate.

As a result of this investment, it is apparent that we will realize a short-term return of almost $2 for every one of these dollars spent on social services. Major areas of savings realized included services that allowed and afforded the disabled and the handicapped to remain in their homes and communities or services that enabled them to return to their communities from institutions or nursing homes. Another major area of saving was in the services provided to employable persons on our welfare rolls that enabled them to find partial or full-time employment and our support enforcement program which the General Accounting Office and the Senate Finance Committee have already cited as an example for the rest of the Nation.

I would like to point out also that we have very fine programs providing protective services for children, special services for blind children and adults, protective and supportive services for the aged, disabled and handicapped, and excellent service programs covering the problems of alcoholism and drug abuse. While these programs are obviously essential from a humanitarian standpoint and do provide social stability in our communities, it is also apparent that while we may not realize short-term cost benefits from programs such as these that the long-run cost savings may be very substantial in continuing such programs.

I have taken the time to very briefly outline what we are doing in the State of Washington because I believe it shows very clearly what can be accomplished if proper management controls are exercised by the Department of Health, Education, and Welfare and this administration and, at the same time, demonstrate the very critical need to continue the social services program as an integral part of our welfare system. Without the ability to provide the essential services to the poor, the old, the crippled and the disadvantaged persons of our Nation, we will return to that period where the unfortunate in our society were swept into the periphery. Instead of being afforded the less costly, and certainly, the more humanitarian alternative of a place in the community and in the home, they will have to accept the desolation of institutionalization and the despair of continued existence on a welfare dole. That is a possibility which, I know, no Member of Congress would want to come true.

Mr. ROTH. Mr. President, I ask unanimous consent for additional time, so that I may yield to the ranking member of the Finance Committee.

Mr. LONG. Mr. President, how much additional time does the Senator need?

Mr. COTTON. I can get by with 3 minutes.

Mr. LONG. Mr. President, how much time remains to us?

The PRESIDING OFFICER (Mr. CHILES). The Senator from Delaware has 6 minutes remaining and the Senator from Louisiana has 3 minutes remaining.

Mr. LONG. Use all you have and we will ask for some more if need be.

Mr. ROTH. I yield 3 minutes to the distinguished Senator from New Hampshire (Mr. COTTON).

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 3 minutes.

Mr. COTTON. Mr. President, I wish to commend the Senate Finance Committee for its effort to control the increasing costs of social services. Because of certain provisions in the Social Security Act and broad Federal regulations, the Federal Government has an open ended commitment to match 3 Federal dollars for each dollar that States spend on social services. A definition of social services—developed by the Department of Health, Education, and Welfare—covers almost anything imaginable, even education.

Consequently, the Federal commitment for the funding of social services has practically exploded during the last several years—from approximately $345 million in fiscal year 1969 to an estimate of somewhere around $3 to $4 billion in 1973 as State after State discovered and took advantage of the liberal financing provisions of the program. For example in one State alone, the Federal contribution is estimated to increase by 42,000 percent. Frankly, these large and apparent disproportionate increases in spending disturb me deeply. It was for this reason that I have worked for the establishment of a ceiling on social services in the annual appropriations bill for Labor-HEW for the last several years. This year we were successful in securing a $2.5 billion limitation in the Labor-HEW bill, only to have it lost in conference with the House.

However, even though I have been a strong supporter of a limitation in social services, I do feel that the limitation suggested by the Senate Finance Committee could virtually eliminate these programs which may result in increased welfare rolls and increased dependency in other program areas. This will mean increases in grant assistance in other titles of the Social Security Act, such as cash assistance and medicaid that can, in the long run, cost the Federal and State governments more—for example, the Finance Committee proposal could result in a significant constraint for such programs as homemakers services for the aged, which allow these citizens to live in their own home instead of a nursing home and becoming a burden on public agencies.

I want to say that I am for a level of social services when the effect is to help welfare recipients achieve self support or reduced dependency; but I am opposed to the open end of social services which finance just about everything imaginable even education.

Consequently, I am willing to lend my support to Senator ROTH'S proposal. It is a higher level of funding than I personally would like the Senate to approve, but we failed in conference to get the House to accept a $2.5 billion limitation. So it appears to me that some figure in excess of $2.5 billion will be necessary in order to gain acceptance with the House on this issue and I think that the figure suggested by Senator ROTH is an appropriate amount.

Now, as to the comments of the opponents to this amendment, let me say that in the first place, with the Roth amendment, the conferees will still have elasticity and will still have freedom in the conference to agree with the House on something. They are not deprived of that.

In the second place, let us not get away with the idea that it will only cost $1.6 million for what the committee has provided including the two large loopholes for child care and family planning; because, remember, there is a 6-months moratorium, 6 months more where it will be wide open.

I have just received information that for that period when it will still be open season on the Treasury, from July to December 1972, the Department of Health, Education and Welfare estimates that it will cost $2.147 billion. Then we add what would come into effect under the committee bill and we are up to the Roth amendment.

Mr. LONG. Mr. President, will the Senator from New Hampshire yield on my time?

Mr. COTTON. Yes, certainly.

Mr. LONG. While the Senator was out of the Chamber, I said that we in the committee would be willing to agree to a limitation on the child care and family planning money of $600 million. So we are willing to close off that open end. But what the Senator from Delaware is proposing would start us off at twice that amount.

Mr. COTTON. When the Senator goes to conference, if he thinks the Roth amendment is too strict, has too high a ceiling, or is not satisfactory, the Senator has all the freedom of action of his own because the Roth amendment is in there.

Mr. LONG. The Roth amendment is too loose. It is twice the cost of the committee bill. I am willing to close off the open end on child care and family planning, but the Senator is willing to add another $1.5 billion on top of that for social services.

Mr. COTTON. Mr. President, in our subcommittee we have been living with this for years. And we have seen it grow

and grow and grow. When we tried to get a $2.5 billion limitation, we found that State after State was going to be penalized. The thing for us to do is to stop up this loophole definitely and certainly, even if we have to have it higher so that it does not work a hardship on any particular State at the present time. This is what the Senator from Delaware has worked out and I am glad to join the chairman of our Appropriation Subcommittee on HEW in supporting this amendment.

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

Mr. ROTH. Mr. President, I yield 3 minutes to the Senator from New York (Mr. JAVITS).

The PRESIDING OFFICER. The Senator from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. President, we heard again about New York today and how Governor Rockefeller is now being charged with something merely because he did not raise the money, because he did not say that New York needed it very urgently. These charges have some implication that he does not need it.

I think there is one very hard fact which is being avoided entirely in this debate. It is unfair that it should be. Why is a big industrial State like New York in great trouble? The reason is that there has been an enormous demographic shift in this country. New York City with a population of 8 million people has had 2 million people move out of the city and another 2 million people come in.

Where have they come from? They have come from the South. They have come from Southern States like Georgia, Mississippi, and from States where they found life very difficult. They have exercised a solemn privilege of American citizens and have shifted their residence. But they have brought with them enormous problems at an enormous cost for the cities. States cannot shoulder all of this cost. There is no revenue sharing. There is no base under welfare. There is no H.R. 1. There is a lot of conversation about it. However, there is no law.

These States have literally been bankrupted by this situation. And this social services provision showed a little promise so that a little life might be restored and the situation might be alleviated a little bit. Because they have tried to help, they are charged with being arch criminals, with cheating the Government, and taking money out of the Federal till, and so on.

Why is not welfare money provided in Mississippi and Alabama and other States equal to what the people can live on as decent human beings? Why are these people being chased to other places?

I do not know how the Senate will vote on this matter. However, I think that the Senator from Delaware (Mr. ROTH) is trying to approach this in an intelligent and humane way. For that reason I shall support the amendment. However, the reason for this is not the fault of Illinois, New York, California, or any of the other big States. It is because of the demographic changes which have resulted in a huge number of people moving from one place to another simply because they have considered the living conditions in their native States as being most difficult.

I think it comes with ill grace for Senators from those States to abuse us because it is charged that we are reaching into the Federal till and helping ourselves to the Federal money and working through "loopholes," quite apart from the fact that every one of those States has the advantage over us 4 to 1 when we compare the amount of money going to the various States and the amount of money coming from the various States.

Mr. President, this is the United States of America. And I hope very much that the parochialism that has characterized much of this debate may be eliminated.

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

SOCIAL SERVICES AMENDMENT

Mr. DOLE. Mr. President, I support the amendment No. 1505 proposed by the distinguished Senator from Delaware (Mr. ROTH) as a substitute for the social services portion of the revenue sharing bill now under consideration. I feel the amendment establishes a fair and financially responsible formula for continued funding of the State social services programs at a reasonable level, and I would ask my colleagues to join in support of this proposal.

Federal spending for social service programs authorized under title IV of the Social Security Act has been given much consideration by the Senate in recent months. This consideration has disclosed a number of defects and weaknesses in the social services area, both in term of finances and programs. Under title IV States are authorized to receive funds on a 3-to-1 matching basis for a broad image of so-called social services programs. Any State program which provides "service to a family or members 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 independence," is automatically eligible for these Federal matching funds. Any past, present, or potential future welfare recipient is eligible to be served by the programs.

This broad definition of social services and accompanying loose restriction on participants eligibility have resulted in a nearly unlimited number of huge social programs being created to take advantage of 3 for 1 matching Federal expenditures. As States have become more aware of the attractions of this program, participation has increased dramatically. In fiscal year 1969, the total Federal expenditure in matching funds for State social programs amounted to only $370 million. The fiscal year 1973 Federal budget initially allocated $1.2 billion dollars for this item, but since early this year, more and more States have qualified for increasing larger grants which have raised the estimate of Federal expenditures to the $6 billion level, a fifteenfold increase in Federal costs over the 4-year life of the program, and a fivefold increase over original estimates for this year alone.

State social programs do provide necessary assistance for disadvantaged and disabled citizens throughout the United States, yet it is doubtful that the need—or the delivery of—these services has increased at a rate equal to the increase in Federal supporting expenditures.

The upshot of the situation is that in effect the social security laws have authorized an outlay for State social programs whose funding, unless controlled, will most likely exceed the total amount of general revenue sharing authorized for the coming year. The only apparent limit to the Federal costs for these programs is the imaginations of State planners who devise and qualify them. So, rather than assist and promote the development of well-planned economical and effective State social programs the present system has encouraged a maximum increase in State expenditure merely to secure matching Federal funds. No incentive whatsoever has been provided to bring about more needed, more efficient, more effective or more comprehensive programs; the only goal has been to spend more money. This is not good government. One State actually initiated a 42,000-percent increase in social services programs between 1971 and 1973. It would be interesting to learn if the quality or effectiveness of these programs increased by a comparable margin.

Senate efforts were undertaken to limit the appropriation for the social services program to $2.5 billion in the 1973 labor, and health, education, and welfare appropriation bill. But these provisions were deleted in conference, and the appropriations bill was eventually vetoed.

Recognizing the need for some type of fiscal control on Federal matching expenditures for State social service programs, the Committee on Finance included in title III of H.R. 14370 a program which provides for funding State social services programs on a revenue-sharing basis. Under the committee version of the bill, only State child care and family planning services programs will be eligible for continued Federal funding on an open-ended 75-percent Federal matching basis. The remaining State social programs which include employment services, health related services, educational services, transportation services, and other vital programs for the disabled, will be funded under a $1 billion revenue-sharing authorization; $1 billion would be apportioned among the States in proportion to their urbanized population.

While the committee provisions do limit Federal expenditures made in support of social services programs, an unreasonable restriction is placed on some vital State social service programs, and I am especially concerned for the future of programs for the disabled in Kansas.

Kansas programs to provide needed supportive services for the disabled are currently being developed and expanded in line with the President's policy of encouraging deinstitutionalization of the disabled. Federal assistance under the committee bill would place the expansion of this program in jeopardy because only $1 billion would be available for State social service programs. I, therefore, urge your support of amendment No. 1505,

which combines fiscal responsibility with an adequate level of support for all State programs and a fair division of funds among the States.

Amendment No. 1505 provides $2.75 billion to be distributed among the States on the basis of population, with an additional $250 million to insure that no State receives less social service money in fiscal year 1973 than it did in fiscal year 1972, limited only by the provision that no State can receive more than $450 million in Federal assistance. An additional $150 million plus whatever money is turned back by the States is made available as discretionary funds for the Secretary of Health, Education, and Welfare to use for special needs.

Amendment No. 1505 would thus authorize a total expenditure of $3.15 billion in Federal matching funds for State social services programs. It would provide Federal support for all vital social services and effectuate a fair division of funds among the States.

Under amendment No. 1505, Kansas would be eligible to receive nearly $30 million in Federal assistance should the State feel that such an additional amount is needed and if the State share can be afforded. This amount is nearly three times the figure the State would be authorized under the committee bill. This eligibility is extremely important to the Kansas disabled program which is attempting to expand training and rehabilitation for the disabled. Funds made accessible to the State by amendment No. 1505 could provide CORE support for community programs and induce community participation and involvement in a most worthwhile program.

This amendment will benefit Kansas and every other State. Its provisions establish a reasonable level of funding for State social services programs while placing a responsible ceiling on Federal outlays. It provides fair division of funds among the States while insuring that all States can receive funding at a level equivalent to that of last year. I feel amendment No. 1505 will contribute to the efficient use of Federal funds and greater effectiveness of State social service programs, and urge my colleagues to join in support of the measure.

Mr. TUNNEY. Mr. President, I wish to express my support for the amendment offered by the distinguished Senator from Delaware (Mr. ROTH), which I have joined in cosponsoring.

I believe that it is absolutely necessary that a reasonable and responsible limit should be placed on the Federal funding of social services. Although I would have preferred that the Finance Committee not use the revenue sharing legislation as a vehicle to attempt this limitation, the social services programs, with the exception of limited child care and family planning services, have been virtually eliminated by the committee.

Such wholesale emasculation does little to serve a constructive approach to curb the apparent abuses which have developed. There are many more worthwhile programs in social services than those left intact by the committee, and the States should be allowed to continue them on a reasonable basis.

Senator ROTH's amendment will enable States to carry out those programs deemed to be worthwhile, and at the same time will impose a reasonable limitation based upon a straight population allocation or an amount equal to fiscal year 1972 expenditures, subject to a $450 million limitation. Under this amendment, California will be able to continue its responsible administration of its social services program.

Under the committee bill, California would receive only $134 million as its share of the $1 billion supplemental grant program. Under Senator ROTH's amendment, California will receive up to $270 million.

Under Senator ROTH's amendment, another beneficial by-product will accrue. It will allow the social services funds to be distributed in the same fashion as is currently the case, thereby leaving it up to the States themselves as to how they wish to administer their social services programs. As the committee bill stands, a substantial portion of the funds would go to the cities and State government, which, at least in California, do not administer social services programs.

I urge the Senate to act favorably upon Senator ROTH's amendment.

Mr. TOWER. Mr. President, I am pleased to cosponsor the amendment offered by the distinguished Senator from Delaware (Mr. ROTH). This amendment would affix a ceiling on Federal social services expenditures authorized under title IV of the Social Security Act. The amendment calls for $2.75 billion to be distributed to the States on the basis of population. Additionally, there is a $250 million "hold harmless" provision to assure that no State would receive less than it did last year, and a provision for $150 million in discretionary funds to the Secretary of Health, Education, and Welfare.

I have opposed amendments offered this year in the Senate to impose a ceiling on social services expenditures because the proposals contained no mechanism for the distribution of the funds in an equitable manner. The social services debate has now become more difficult and controversial due to the fact that only a few States have been receiving the vast amount of funds necessary to establish and administer new programs to reduce welfare dependency and maximize employment opportunities.

By emphasizing population as the basis for distributing the bulk of the social services funds, the Roth amendment eliminates my major objection to proposals seeking to establish a ceiling. The Roth amendment would not penalize the State of Texas for its inability to participate in the title IV programs as early as did some of the other States. Texas' participation was delayed because of the Department of Health, Education, and Welfare's failure to interpret the program's regulations in a consistent and nondiscriminatory manner. It took the Department 9 months to correct this misinterpretation before Texas was allowed to participate.

The distribution formula in Senator ROTH's amendment would provide the State of Texas with $152.9 million for fiscal year 1973. In terms of the overall commitment by the Federal Government, I think it is quite clear that this is an equitable figure and will allow the State government to plan its programs while at the same time greatly reducing the need for a State tax increase.

I agree with Senator ROTH that this amendment should be viewed as a temporary solution to this problem. While it provides an equitable basis to disburse these funds for fiscal year 1973, I believe that both the Senate Finance Committee and the House Ways and Means Committee should carefully review the social services programs with the idea of improving their effectiveness, emphasizing the need for fiscal responsibility at the Federal level. I would hope, therefore, that title IV of the Social Security Act could be amended in the near future.

After Senate consideration of the Department of Health, Education, and Welfare Appropriations Conference Report, I wrote a letter to Secretary Richardson emphasizing the need for a social services ceiling based upon an equitable formula. Because of the letter's relevance to the debate at hand, I ask unanimous consent that it be inserted into the RECORD at this time.

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

AUGUST 11, 1972.

Hon. ELLIOT LEE RICHARDSON,
Secretary of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: I too am very much concerned over the increasing costs of the federal social services program. Therefore, I am in sympathy with your request for a ceiling on these expenditures.

However, before I could support such a limitation, I would have to be convinced that the social services expenditures would be disbursed to the states on an equitable basis. Discussions between your Department and my office have led me to believe that an equitable formula has not been devised. It is my understanding that if a $2.5 billion ceiling was approved, your Department would distribute the vast majority of the funds to each state on the basis of either what it received from the federal government in fiscal year 1972 or the amount compiled in the May 1972 estimate for fiscal year 1973, whichever is the highest.

Under such a formula the most Texas could receive would be $58,017,000. On the other hand, California would receive $272,999,000, New York $618,443,000 and Illinois $181,317,000.

I do not believe a state should be penalized because it did not take advantage of the program at its inception or soon thereafter. Furthermore, the State of Texas is in a most unique position because its State Plan for participation was actually approved in July of 1971. However, on September 7 of that year the Regional Office of HEW in Dallas notified the Texas State Department of Public Welfare that they were not in compliance with federal regulations on Title IV–A of the Social Security program. On June 15, 1972, the Regional Office informed the State that the interpretation stated in the September 7 correspondence was never the policy of the federal government.

These events prevented Texas' participation in the program and to a large extent caused the dollar imbalance I have already noted.

I urge you to give this matter your serious consideration. While a ceiling of these ex-

penditures is in order, I cannot condone a formula that would provide a windfall for two or three states at the expense of the rest of the nation.

Because of recent legislative activity by the HEW conference committee and because this matter may again be taken up in the very near future during debate on the Revenue Sharing bill, I would appreciate receiving a response to this letter as quickly as possible.

Sincerely yours,

JOHN TOWER.

Mr. ROTH. Mr. President, I ask unanimous consent that I may have 6 additional minutes.

The PRESIDING OFFICER. Is there objection?

Mr. EAGLETON. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG. Mr. President, I send to the desk an amendment in the nature of a substitute for the pending amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to state the amendment.

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

Mr. JAVITS. Mr. President, I object. I would like to hear the reading of the amendment.

The PRESIDING OFFICER. The clerk will report the amendment in full.

The legislative clerk read as follows:

Strike out beginning on page 1, line 1 and all that follows, and insert in lieu thereof the following:

On page 106, after line 5, of the bill add the following:

(c) Effective July 1, 1973, title XI of the Social Security Act is amended by adding at the end thereof the following:

"LIMITATION ON FUNDS FOR CHILD CARE AND FAMILY PLANNING SERVICES

"SEC. 1130. (a) Notwithstanding the provisions of sections 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 with respect to expenditures incurred for child care and family planning services under any such section 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, 1973) for child care and family planning services does not exceed the allotment of such State (as determined in subsection (b)).

"(b) For each fiscal year (commencing with the fiscal year ending June 30, 1973) there shall be allotted to each State an amount which bears the same ratio to $600,000,000 as the urbanized population of such State (as defined in sec. 123 of this Act) bears to the urbanized population of all the States."

Mr. LONG. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 minutes.

Mr. LONG. Mr. President, this amendment seeks to reach one main argument of those who support the Roth amendment because they want to control the social services program. What this amendment would do would be to close off the open end that would be left for family planning and child care services under the committee amendment.

We offer this as a substitute for the Roth amendment. This would then give us what we intended to begin with, a very strict limitation.

Some might say that this is too strict a limitation, but this is a concept that the Department of Health, Education, and Welfare supports and that the administration supports, and we may well be required in conference to go above what we members of the Finance Committee believe it should be.

We are recommending what we think it should be. But we do not want to give away the whole ball game before we even start. We do not want to start our offering them a $3.1 billion limit. Last year the program cost $1.5 billion. Even then it was far beyond what anyone intended. We do not want to be in a position of offering $3.1 billion, a large figure, for this item when, as far as we are concerned, that is far too much.

So we propose that we retain the $1 billion additional revenue sharing with no strings attached, which we propose in the bill. And we would put a $600 million limit on child care and family planning.

They could expect that $1 billion. But we think it would be unfortunate, having said that they will get the revenue sharing, not to tie down the social service program and close off the open end. For anyone interested in economy, that is where economy comes in, closing off the open end for this program.

Admittedly those who got in early got large amounts of money and might not like to have that cut down. The amendment might adversely affect the State of Delaware. It would adversely affect Illinois.

It would adversely affect New York; it would adversely affect Alaska; but on balance this is a better approach.

Again I say to the Senator that to get this program under control we may have to raise the figure we are talking about, but I hope the Senator from Delaware will go along with a figure far below the figure the Senator is offering. If worst comes to worst maybe we could settle for the figure the Senator from Delaware suggested the first time, $2.5 billion, but we have something here with which to negotiate. We have funds with no strings attached that these governors and State legislators want worse than they want any other bill.

If the social services program is to be brought under strict control now is the time to do so. I hope the Senator agrees to this approach. It seems to me that he is trying to save the taxpayers from an irresponsible spending program and this proposal would go further toward achieving that end than the Senator's suggestion.

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

Mr. LONG. I yield.

Mr. ROTH. My understanding is that this proposed limitation would not take effect until after fiscal year 1973, and that it applies to fiscal year 1974. Is that correct?

Mr. LONG. This amendment cannot take effect for the period that already has expired. There is no way we could do that, to my knowledge. We could not legislate except for the months of October, November, and December. I am told the Senator from Washington stated on the floor that somebody tried to give us an estimate that there could be a vast expansion of some of these programs between now and then. We do not think so. But so far as we can control the expansion of this program from now until January, we are willing to try to control that.

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

Mr. LONG. I yield.

Mr. BENNETT. Does not the Senator think that a State administrator would be very foolish to develop a fancy new program that he had to abandon on January 1? I think this is an effective brake against the development of any new program.

Mr. LONG. The Senator is correct. No one is going to start something knowing that it will come to an end in January.

If we can get this part in I am willing, if the Senator wants to do so, to have some amendments to keep them from getting some new programs between now and January.

Mr. ROTH. I would like to know if this is true. For the remainder of fiscal 1973 the Senator's amendment would continue in effect the present language of the Finance Committee bill. Beginning in fiscal year 1974 the Senator's new limitation takes effect. I would like to ask this question. Does the Senator's new limitation apply to all the services covered by the exception in the Finance Committee's original language, which I quote:

other than child-care services defined in subsection (b) (3), family planning services, and services provided pursuant to 402(a) 19(g) of such Act?

I am asking whether beginning in 1974 the Senator's limitation applies not only to child care services and family planning services but also to 402(a) 19(g).

Mr. LONG. That is the intention. The amendment was amended to do that.

Mr. ROTH. It would provide a maximum of $600 million in those three areas, based on urban population.

Mr. LONG. That is right, based on the urbanized formula, to the States. That is at the State level so they can put in their State level program. This $600 million would remain in this measure. That is to achieve an even stricter limitation than the Senator was advocating and to close off the open end the Senator talks about. We believe it meets the objective and we hope it is acceptable to the Senator from Delaware.

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

Mr. LONG. I yield.

Mr. COTTON. If the Senator goes into conference with the amendment that the Senator is now offering, then the Senator can agree that the House will have no limitation, the Senator will have this small limitation, and the Senator cannot agree to any limitation higher than that. If you go into the conference with the higher limitation of the Senator from Delaware, then you start at the higher figure and the compromise is going to be upward.

Mr. LONG. The Senator is correct.

Mr. COTTON. But, if the Senator is

able to go into conference with the limitation he now suggests, is it not his purpose to get a higher limitation? I think it would squeeze some of these States too much at the level of his amendment.

Mr. LONG. Any time the House conferees want to accept the Senate amendment, that is all there is to it. They would be privileged to accept the amendment without going to conference, but that is not going to happen. What is going to happen is this: we go to the House and we propose to limit this matter. Meanwhile, all the welfare directors are at work trying to expand it. Immediately somebody is going to say, "How about care for retarded children? Certainly you would want money for that." If they insist on that we might have to say we would be willing to let this program include money for retarded children. How much? Let it be definitely understood so every State gets its share and that no State gets it all.

It might be said that is too severe a limitation. What overall limitation would you be willing to settle on? I hope it is far below $3.1 billion, but if we go in with $3 billion we could only go above it. We want to go in with a figure we hope they will accept. The Senator from Washington thinks this is too strict. If they say that, we would like to be in a position to say, "If you think that is too strict, what would you be willing to agree to?" Presumably they might say a figure far above what we suggest. Maybe we could get them to go to the first Roth figure. Maybe we could get them near our figure. But in any event, if anyone has negotiated these matters, they know that you start at the low figure and then you are in a better bargaining position to keep the cost down than if you start at the higher figure.

In my opinion, if we start at $3.1 billion, we can only go up. But if we go in at what I urge, we would have the flexibility we need. I do not think anybody here thinks we should settle for anything more restrictive than that. So a compromise would have to be by way of moving it up. We have an advantage not ordinarily available to the Committee on Appropriations. As the legislative committee that started this program, we do have the legislative power in conference with what we have in this bill, as the committee that has jurisdiction to amend the basic law.

There have been many complaints and I know the Senator agrees, that we should not have any huge bounty to pay off any State because it was the one that got the Federal administrator to drift away from the law to begin with. So whatever system is worked out should be the one that will do justice and equity to every State.

Mr. COTTON. I thank the Senator. The attitude of this Senator is that we have to have an all-encompassing ceiling. What that ceiling is is something else again, but we cannot have loopholes in it, or exceptions; we have to have a ceiling, or this matter is going to be outrageous.

If this gives the distinguished chairman and his associates on the Finance Committee a better bargaining position, with the understanding he is not going to squeeze these things into the program, I will certainly vote for the amendment.

The PRESIDING OFFICER. The 15 minutes of the Senator have expired.

Mr. JAVITS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state this point of order.

Mr. JAVITS. I make the point of order that the amendment is not a proper substitute for the Roth amendment.

The PRESIDING OFFICER. As submitted, the Senator from New York is correct, but the Chair thinks the Senator has corrected that.

Mr. LONG. Mr. President, I send to the desk a modification of the substitute. In this fashion I think the point of order cannot be sustained.

The PRESIDING OFFICER. The clerk will state the modification.

The legislative clerk read the modification, as follows:

On page 1, strike out line 1 through line 4 and in lieu thereof insert the following language:

TITLE III—LIMITATION ON GRANTS FOR SOCIAL SERVICES UNDER PUBLIC ASSISTANCE PROGRAMS

Mr. JAVITS. Mr. President, I do not understand the reference to page 1. Page 1 of what?

Mr. LONG. Page 1 of the amendment.

Mr. JAVITS. So that this is an amendment?

The PRESIDING OFFICER. That is right, in the nature of a substitute.

The substitute amendment, as perfected, is as follows:

Strike out page 1, line 1 through 4 substitute for Roth amendment and in lieu of the language proposed to be inserted, insert the following:

TITLE III—LIMITATION ON GRANTS FOR SOCIAL SERVICES UNDER PUBLIC ASSISTANCE PROGRAMS

INTERIM PROVISIONS

SEC. 301. (a) Notwithstanding sections 3 (a) (4) and (5), 403(a) (3) and (5), 1003(a) (3) and (4), 1403(a) (3) and (4), and 1603 (a) (4) and (5) of the Social Security Act, no payment shall be made to any State with respect to services (other than child care services (as defined in subsection (b)(3)), family planning services, and services provided pursuant to section 402(a)(19(G) of such Act) provided under any of its plans approved under titles I, X, XIV, or XVI or part A of title IV of such Act for the period commencing July 1, 1972 and ending with the close of December 31, 1972. In lieu of payments for such period pursuant to the above enumerated sections the Secretary of Health, Education, and Welfare shall pay to each State an amount equal to whichever of the following is the greater—

(1) an amount which bears the same ratio to $500,000,000 as the urbanized population (as defined in section 123 of the Revenue Sharing Act of 1972) of such State bears to the urbanized population of all the States, or

(2) the total of the Federal payments which it would (except for the provisions of this section) have received with respect to expenditures for such services for such period under the above enumerated sections, but not counting, for purposes of determining the amount of such Federal payments, any expenditure by such State which is attributable to the provision of such services (A) after December 31, 1972, or (B) under a new project (as defined in subsection (b)(2)).

(b) For purposes of this section—

(1) The term "State" means the fifty States and the District of Columbia.

(2) The term "new project", when used in reference to the provision of social services, means any project for the provision of such services (whether operated directly by the State agency authorizing the project or by any other person) under which social services are initially provided after August 9, 1972. Social services provided after August 9, 1972, under a project, under which such services were initially provided on or before such date, shall be regarded as being provided under a new project, if such services would not have been provided thereunder except for a modification, expansion, renewal, or extension, of such project.

(3) The term "child care services" means services provided to meet the needs of a child for personal care, protection, and supervision, but only in the case of a child where the provision of such services is needed (A) in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or (B) because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child.

(c) Any appropriated Federal funds which are available after June 30, 1972, for the purpose of making payments to States for services under title I, X, XIV, or XVI, or part A of title IV of the Social Security Act, shall be available for the purpose of making grants authorized by this section.

AMENDMENTS TO PART A OF TITLE IV OF THE SOCIAL SECURITY ACT

SEC. 302. Part A of title IV of the Social Security Act is amended—

(1)(A) by striking out "and rehabilitation and other services" in the first sentence of section 401, and

(B) by striking out "and services" in the second sentence thereof;

(2) by striking out "and Services" in the heading immediately preceding section 402;

(3)(A) by striking out "and services" in the matter preceding clause (1) of section 402(a),

(B) by striking out ", with particular emphasis" and all that follows down to the semicolon in clause (5)(B) of such section and inserting in lieu thereof "in the administration of the plan",

(C) by striking out clause (13) of such section,

(D) by striking out "such family services, as defined in section 406(d), and child welfare services, as defined in section 425" in clause (14) of such section and inserting in lieu thereof "such child care services, as defined in section 406(d), family planning services, and child welfare services available under the State plan approved under part B";

(4) by inserting "subject to subsection (e)," immediately before "75 per centum" in section 403(a)(3)(A);

(5)(A) by striking out "any of the services described in clauses (14) and (15) of section 402(a)" in subparagraphs (A) (i) and (ii) of section 403 (a)(3) and inserting in lieu thereof "child care services as defined in section 406(d) and family planning services",

(B) by striking ": Provided" and all that follows down through "if provided by such staff" in subparagraph (C) of such section,

(C)(i) by striking out "subject to limitations" in subparagraph (D) of such section and inserting in lieu thereof "under conditions", and

(ii) by striking out "by the State health authority" and all that follows in such subparagraph down through "under the Vocational Rehabilitation Act or",

(D)(i) by striking out "except that serv-

ices described in clause (ii)" and all that follows down through "vocational rehabilitation services so approved;" in the matter following subparagraph (D) of section 403 (a) (3), and

(ii) by striking out "child welfare services, family planning services, and family services" in such matter and inserting in lieu thereof "child care services (as defined in section 406(d)) and family planning services"; and

(6) by striking out section 403(a) (5) and inserting in lieu thereof the following:

"(5) in the case of any State, an amount equal to 50 per centum of the total amount expended under the State plan during such quarter as emergency assistance to needy families with children."

(7) by amending section 403(d) (1) to read as follows:

"(d) (1) In addition to amounts paid under subsection (a) (3) (A), the Secretary shall pay to each State with a plan approved under this part an amount equal to 90 per centum of the total amounts expended during any quarter as are found necessary for the proper and efficient administration of the plan and as are for social and supportive services provided pursuant to section 402(a) (19) (G)";

(8) by adding at the end of section 403 the following new subsection:

"(e) Notwithstanding subsection (a) (3) (A) (i) and (ii), the amount of the payment made thereunder to any State for any quarter shall not exceed 12½ per centum of the total of such amounts paid thereunder for such quarter to all the States.";

(9) by striking out "and services" in the matter preceding clause (1) of section 404 (a);

(10) by amending section 406(d) to read as follows:

"(d) The term 'child care services' means services provided to meet the needs of a child for personal care, protection, and supervision, but only in the case of a child where the provision of such services is needed (1) in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or (2) because of the death, continued absence from the home, or incapacity of such child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child.".

(b) The amendments made by this section shall become effective January 1, 1973.

(c) Effective July 1, 1973, title XI of the Social Security Act is amended by adding at the end thereof the following:

"LIMITATION ON FUNDS FOR CHILD CARE AND FAMILY PLANNING SERVICES

"SEC. 1130. (a) Notwithstanding the provisions of sections 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 with respect to expenditures incurred for child care and family planning services under any such section 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, 1973) for child care and family planning services does not exceed the allotment of such State (as determined in subsection (b)).

"(b) For each fiscal year (commencing with the fiscal year ending June 30, 1973) there shall be allotted to each State an amount which bears the same ratio to $600,000,000 as the urbanized population of such State (as defined in section 123 of this Act) bears to the urbanized population of all the States."

CONFORMING AMENDMENTS TO TITLES I, X, XIV, AND XVI OF THE SOCIAL SECURITY ACT

SEC. 303. (a) (1) Section 1(c) of the Social Security Act is amended by striking out "to furnish rehabilitation and other services".

(2) Section 2(a) (5) (B) of such Act is amended by striking out ", with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency", and inserting in lieu thereof "in the administration of the plan".

(3) Section 2(a) (10) of such Act is amended—

(A) by inserting "and" after the semicolon at the end of subparagraph (A) thereof; and

(B) by striking out subparagraph (C) thereof.

(4) Section 3(a) (4) of such Act is amended to read as follows:

"(4) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of the remainder of such expenditures."

(5) Section 3(a) of such Act is further amended by striking out paragraph (5) thereof.

(6) Section 3 of such Act is further amended by striking out subsection (c) thereof.

(7) Section 2(a) (12) (C) of such Act is amended by striking out "for services referred to in section 3(a) (4) (A) (i) and (ii) which are appropriate for such recipients and for such patients;".

(b) (1) Section 1001 of the Social Security Act is amended by striking out "to furnish rehabilitation and other services".

(2) Section 1002(a) (5) (B) of such Act is amended by striking out ", with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency" and inserting in lieu thereof "in the administration of the plan."

(3) Section 1002(a) of such Act is amended—

(A) by inserting "and" immediately after the semicolon at the end of clause (11) thereof; and

(B) by striking out the semicolon at the end of clause (12) thereof and all the matter following such clause up to, but not including, the period at the end of such section 1002(a).

(4) Section 1003(a) (3) of such Act is amended to read as follows:

"(3) in the case of any State an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of the remainder of such expenditures."

(5) Section 1003(a) of such Act is further amended by striking out paragraph (4) thereof.

(6) Section 1003 of such Act is further amended by striking out subsection (c) thereof.

(c) (1) Section 1401 of the Social Security Act is amended by striking out "to furnish rehabilitation and other services".

(2) Section 1402(a) (5) (B) of such Act is amended by striking out ", with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency" and inserting in lieu thereof "in the administration of the plan".

(3) Section 1402(a) of such Act is amended—

(A) by inserting "and" immediately after the semicolon at the end of clause (10); and

(B) by striking out the semicolon at the end of clause (11) thereof and all the matter following such clause up to, but not including, the period at the end of such section 1402(a).

(4) Section 1403(a) (3) of such Act is amended to read as follows:

"(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of the remainder of such expenditures."

(5) Section 1403(a) of such Act is further amended by striking out paragraph (4) thereof.

(6) Section 1403 of such Act is further amended by striking out subsection (c) thereof.

(d) (1) Section 1601(c) of the Social Security Act is amended by striking out "to furnish rehabilitation and other services".

(2) Section 1602(a) (5) (B) of such Act is amended by striking out " ,with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency" and inserting in lieu thereof "in the administration of the plan".

(3) Section 1602(a) of such Act is further amended by striking out paragraph (10) thereof.

(4) Section 1603(a) (4) of such Act is amended to read as follows:

"(4) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of the remainder of such expenditures."

(5) Section 1603(a) of such Act is fur-

ther amended by striking out paragraph (5) thereof.

(6) Section 1603 of such Act is further amended by striking out subsection (c) thereof.

(7) Section 1602(a)(16)(C) of such Act is amended by striking out for services referred to in section 1603(a)(4)(A) (i) and (ii) which are appropriate for such recipients and for such patients;".

(e) The amendments made by this section shall take effect January 1, 1973.

PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 304. The amendments made by sections 302 and 303 of this title shall not be applicable in the case of the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

Mr. JAVITS. Another point of order, Mr. President. Who controls the time in opposition?

The PRESIDING OFFICER. The time would be controlled by the Senator from Delaware and the Senator from Louisiana.

Mr. JAVITS. May I make another point of order? Will it be the Senator from Delaware unless he is opposed to the amendment?

The PRESIDING OFFICER. There is nothing in the agreement one way or the other.

Mr. JAVITS. I am more than pleased to have the Senator handle the control of that time. I just wanted to inquire whether he opposes the amendment.

Mr. ROTH. I have not made up my mind at this time. I want to be certain I understand the proposal.

Mr. JAVITS. When the Senator does, will he let us know? I am glad to have him run the whole thing.

Mr. LONG. I assure the Senator, after we have discussed it and have had a chance to exchange our views, if the Senator wants any time I shall be glad to yield him my time, or the Senator can yield him his time.

Mr. JAVITS. I am not interested in the courtesy of it. We will be as courteous as possible, but I am a little unhappy with the fact that the Senator from Missouri (Mr. EAGLETON) found it necessary to object to another Senator's getting a moment or two. I hope that will not be the tenor of the debate.

I think it is fair to inquire, when there is an amendment to an amendment which one supports, whether the author of the amendment supports it, so the time may be allocated, not as a matter of courtesy, but as a matter of right, as the principle really lies. I think that is fair, but I am perfectly willing to wait until the Senator from Delaware decides whether he supports the amendment.

Mr. ROTH. I cannot say, until I have had a chance to study the amendment. I am interested in an overall limitation, so I may vote for it. For that reason, I am willing to let the Senator from New York control the 15 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 15 minutes.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield?

Mr. LONG. Mr. President, I will speak on my own time.

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

Mr. LONG. Does the Chair mean my time has expired on my amendment?

The PRESIDING OFFICER. The Senator spoke 15 minutes.

Mr. LONG. I just offered a new amendment. Do I not have time on that?

The PRESIDING OFFICER. It was a perfecting amendment.

Mr. JAVITS. Mr. President, I yield myself 5 minutes.

It seems to me that this whole debate has gotten off really on a complete tangent with respect to the real essence of what we are here to discuss, and that is the propriety of the Federal Government's sharing to the extent of 75 percent in the social services provisions.

As I tried to say before—within the very narrow limitations of time we had—the difficulty is that what has failed to be recognized is the enormous demographic shift which has taken place into New York. This is not just a shiftless New York, or a shiftless Illinois, or a shiftless California that have just decided to dip into the Federal Treasury, but they have suddenly faced an enormous problem which, in another form of government, would be faced by the Federal Government.

And so, as I pointed out, in the city of New York—which is so important a part of the State of New York—we had a 2 million shift in population from those who were, generally speaking, taxpayers, and who are reasonably good earners, to those, who for a period of time, perhaps a decade, perhaps two, have to be integrated into the fabric of this society at a very, very substantial cost to the State and to the localities.

This was the only program which was in a position to accommodate, to some extent, the effort to stem the expense which ensued as a result of the demographic shift in the population.

In addition, there has been a very great exaggeration of figures. The fact is that approximately $1.5 billion was actually spent on this program in fiscal 1972, and again, I repeat, that is in the absence of revenue sharing. It is in the absence of a basic floor in welfare, which has been a high priority proposal of the administration for well over 2 years, while these States have been hurting and while these States have had to receive such a large number of people from other States from which they came, because they felt themselves so seriously disadvantaged in those other States.

One does not have to make a finding, like a judge, that the other States were wrong and that we were right, to deal with the factual problem on a national basis.

I can understand the effort to arrive at a ceiling and I accept it by voting for the Roth amendment, but I do not believe it is acceptable or advisable to limit the authority of the Senate conferees to deal with this problem, as the Senator from Louisiana has suggested, because I think it is going to be counterproductive.

I think, in fact, the Senate conferees may find it impossible to agree with the House conferees at all, and we may very well lose revenue sharing, which is so urgently necessary, because we will split on this rock. The rules of the House and the Senate are such, with all respect to the Senator from Louisiana, that there will be a grave question in the conference as to whether, when the Senate has legislated and the House has not legislated, the figures above those provided by the Senate can be negotiated at all. I have been in a lot of these conferences, and I doubt very much that they can be. The House can refuse to take anything back from conference which does not have as a ceiling what is in their bill. There is nothing in the House bill, so the ceiling would be what is in the Senate bill. That is very different and quite opposite from what the Senator from Louisiana has represented in the colloquy with the Senator from New Hampshire as being the basis for his hope for negotiations.

I yield myself 2 more minutes.

So a negotiation will not be possible, because the House is not bound to do any such thing, and probably will not, based on my experience in conference. So the Roth ceiling, the ceiling prescribed by Senator ROTH's amendment, in my judgment, is the right one. Any effort to lock us into anything stronger will deprive the conferees of the ability to negotiate and may very well mark the demise of revenue sharing in this Congress, Mr. President, many States get close to what they will get in revenue sharing in this type of program, and therefore there is no tradeoff involved. It is simply a matter of exchanging those dollars for these dollars, and so, as much as the States, including my own, want revenue sharing, they may find that there is no point to it; it has been washed out by what has been done in this particular matter.

Finally, Mr. President, there is the power to insure that every conceivable precaution is taken to see that these are desirable programs. After all, there is no adequate child care now, because we do no have H.R. 1, yet—which we are being promised—but it has not arrived, and we can easily repeal this, if we would like to, when we do get H.R. 1. However, we should not do it in advance, because we do not have H.R. 1. The States and the cities are broke, and this is their one chance to be rescued. We should not abort that chance by the ill-advised adoption of a plan which will inhibit the very thing we are trying to assist.

For those reasons, Mr. President, I would hope very much that the amendment of the Senator from Louisiana—which only adds a ceiling to the ceiling upon the particular proposition—would be defeated in view of the national responsibility which is involved in the demographic shift and which affects New York, Michigan, Pennsylvania, Illinois, California, and many other States.

One final word: I would like to read from the Finance Committee report. At page 65, the committee says:

The Secretary—

To wit, the Secretary of Health, Education, and Welfare—

by law, is given specific authority to limit the contracting authority for social services

and to limit the extent of services to potential (as opposed to actual) welfare recipients.

So the argument we had yesterday and today respecting who has authority to put on a substantive ceiling by regulation is solved by the Finance Committees' own report. He can do it, he should do it, and I have no doubt he will do it.

It seems to me that very adequate provision is made by the amendment of the Senator from Delaware to deal with any danger that we could convey that there is going to be an excess in this situation, without at the same time strangling, in the absence of other programs which are promised but not delivered, the States which have taken enormous migrations of population from the very States which are complaining the strongest, including Louisiana; because those people have exercised their right as Americans to shift from a place where they were not happy to a place where they thought they would be happy.

We ought to help that, not inhibit it, or we ought to at least try to adopt a decent attitude toward it. That would be the substance of the Roth amendment. So I hope very much that the Long amendment to the Roth amendment will be defeated.

The PRESIDING OFFICER. Who yields time?

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

Mr. LONG. Mr. President, the Senator is in error when he says we could be more restrictive than this in conference. The committee amendment would provide for child care and family planning, as open-ended programs; and this amendment would limit Federal funds for those two programs to $600 million.

In conference, where you have an open-ended program, and can see it could cost $6 billion or more, and you place a limitation of $600 million in the Senate bill, you cannot come down; all you can do is go up, and raise the figures up to a billion dollars, or beyond that.

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

Mr. LONG. Yes.

Mr. JAVITS. I have been in a lot of conferences, too, with the House of Representatives. There is nothing in the House bill on this. What we want would be only in the Senate bill, and the House treats that as a ceiling, because they have a new rule of germaneness which applies in these conferences. They have done it with me time and again, if they wish to, and they will in this conference, or it will be the rock upon which the whole thing founders. They say the maximum is what appears in either bill, and as there is nothing in the House bill, the ceiling would be what is in the Senate bill.

Mr. LONG. Mr. President, I have been in many conferences with this same committee, and it all depends upon the bill. If you have a bill where, presumably, the ceiling is outer space, unlimited, then when the Senate puts a ceiling of, let us say, $600 million on, if nothing is agreed to, the ceiling remains outer space, but if there is a compromise, the difference would be somewhere between the Senate figure, in this case $600 million, and a higher figure. So in this type of conference situation, you can only go up; you cannot go down.

Those types of compromises work both ways, depending on what the situation is. So it would be within our power to move up as the Senator would like to see us do. It would not be within our power to move down. That is why it is so important that we ought to go to conference with a lower limitation, not a higher limitation, as the Senate has suggested on other occasions, or a higher limit than the Senate committee has agreed to.

We on the committee are willing to accept the principle for which the Senator from Delaware (Mr. ROTH) argues, that the limitation ought to be complete, and that there be no open end for this program. I am glad that the Senator from Delaware is prepared to vote for the amendment as so modified, and on that basis, those of us who are its sponsors on the committee would be happy to support the Roth amendment.

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

Mr. LONG. I yield.

Mr. COTTON. The Senator from Washington and I have just come from a conference a few weeks ago. I am sure it was not with the same conferees, because these were Appropriations Committee conferees, but there was no suggestion by the House that when the Senate had a ceiling and they had no ceiling, that ceiling was a ceiling they could not go above. They said right off they wanted no ceiling, and if they had a ceiling it must be much higher. They finally persisted until all we got was some language in the report. So this suggestion that the House cannot go above the ceiling in the Senator's amendment just is not so, because not only can the House go above it, I have very little doubt that they will.

I personally feel that the general amounts in the Roth amendment are fair and honest amounts. I would hope personally, speaking as one Member, that the bill would come out of conference with about the amount of the Roth amendment.

But if we are going to get that amount out of the House, I think we ought to have some starting point, and for that reason I shall support the Senator's amendment.

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

The PRESIDING OFFICER. The Senator has 1 minute.

Mr. JAVITS. I would like to ask the Senator from Louisiana a question, because we wish to understand the amendment.

As I understand the Senator's amendment, it is a subceiling within the Roth ceiling, that is, to put a subceiling of $600 million upon a particular element of these so-called title IV expenditures; is that correct, or would it do more than that?

Mr. LONG. No, it is not a subceiling. This is a substitute for the Roth amendment, and, as amended, what the Senate amendment would be is this: The Roth amendment as amended would then mean that we would be offering the States $1 billion in revenue sharing as a trade-off for all social services programs except family planning and child care, and that for family planning and child care we would be proposing a ceiling of $600 million.

Mr. JAVITS. In other words, if I may, it would wash out the Roth amendment, wash out the $2.75 billion ceiling; is that correct?

Mr. LONG. We would offer a $1 billion additional revenue sharing trade-off for social services.

Mr. JAVITS. I understand, but it would wash it out.

A point of order, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Is this an amendment in the nature of a substitute, or is it an amendment to the amendment?

The PRESIDING OFFICER. It is a substitute.

Mr. JAVITS. I do not know whether Senators understand that.

The Senator from Louisiana is washing out the Roth ceiling. What the Senator from Louisiana is doing is providing the $1 billion already in the bill, and now he is putting a ceiling on family planning and child care of $600 million. It is now a tougher situation than it was in the committee's bill.

The PRESIDING OFFICER. All time has expired.

Mr. LONG. Mr. President, I ask unanimous consent that each side be allotted 1 additional minute.

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

Mr. LONG. Mr. President, this amendment would mean that there would be a $1 billion trade-off in terms of revenue sharing to the States, allocated on the basis of urbanized population. That is so the States can spend it any way they want to. If they want to spend it for social services, more power to them. Then there is a $600 million ceiling for family planning and child care services.

That is what we hope to get the House to accept. If they will not, then that gives us a low starting point, and we would hope to settle for a point below the authorization under the original Roth amendment, and we would work it out the best we could.

We think that if one would like to see what the Roth amendment provides become law, it is much more likely to happen under our proposed amendment to the Roth amendment than it would be if it were taken the way the Senator from Delaware offered it.

Mr. JAVITS. All that is being done here is to make the ceiling put on by the Finance Committee—to wit, the billion dollars—the razzle-dazzle so-called urbanization amendment which knocks out both the social services payments and the urbanization dividend, for this $1 billion. That is locked in, plus a new ceiling of $600 million on child care and family planning, and the Roth amendment is completely washed out.

In other words, this is tougher and harder upon the States that have been compelled to carry the burden of in-migration, to the tune of millions of people,

than even the Finance Committee bill. I think it ought to be decisively defeated in the Senate, if the Senate wants to be fair at all to the States which are being called upon to carry the load in a great national problem.

The PRESIDING OFFICER. All time has expired.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment 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 Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), the Senator from Oklahoma (Mr. HARRIS), and the Senator from Maine (Mr. MUSKIE), are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. SPARKMAN) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Tennessee (Mr. BAKER), and the Senator from Iowa (Mr. MILLER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

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 59, nays 29, as follows:

[No. 415 Leg.]

YEAS—59

Aiken	Edwards	Montoya
Allen	Ervin	Moss
Anderson	Fannin	Pastore
Bellmon	Fong	Pearson
Bennett	Fulbright	Proxmire
Bentsen	Gambrell	Randolph
Bible	Goldwater	Ribicoff
Brock	Gurney	Roth
Buckley	Hansen	Scott
Burdick	Hartke	Spong
Byrd, Harry F., Jr.	Hollings	Stafford
Byrd, Robert C.	Hruska	Stennis
Cannon	Inouye	Symington
Church	Jackson	Talmadge
Cotton	Jordan, N.C.	Thurmond
Curtis	Jordan, Idaho	Weicker
Dole	Long	Williams
Dominick	Magnuson	Young
Eagleton	Mansfield	
Eastland	McClellan	
	Metcalf	

NAYS—29

Bayh	Griffin	Percy
Beall	Hart	Saxbe
Boggs	Hatfield	Schweiker
Brooke	Hughes	Smith
Case	Javits	Stevens
Chiles	Mathias	Stevenson
Cook	McGee	Taft
Cooper	Mondale	Tower
Cranston	Nelson	Tunney
Gravel	Packwood	

NOT VOTING—12

Allott	Kennedy	Mundt
Baker	McGovern	Muskie
Harris	McIntyre	Pell
Humphrey	Miller	Sparkman

So Mr. LONG's amendment in the nature of a substitute for Mr. ROTH's amendment (No. 1505) was agreed to.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). The question now occurs on the amendment of the Senator from Delaware as amended by the substitute amendment of the Senator from Louisiana.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Mr. President, is this a complete substitute?

The PRESIDING OFFICER. The Senator from New York is correct; it is a complete substitute.

The question is on agreeing to the amendment of the Senator from Delaware (Mr. ROTH) as amended by the substitute amendment of the Senator from Louisiana (Mr. LONG). (Putting the question.)

The amendment as amended was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

The Senator from Illinois is recognized.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. HOLLINGS) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced, that the House had agreed to the amendment of the Senate to the bill (H.R. 7375) to amend the statutory ceiling on salaries payable to U.S. magistrates.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 10670) to amend chapter 73 of title 10, United States Code, to establish a survivor benefit plan, and for other purposes.

ENROLLED BILLS SIGNED

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

H.R. 1860. An act for the relief of David Capps, formerly a corporal in the U.S. Marine Corps;

H.R. 5299. An act for the relief of Maj. Henry C. Mitchell, retired;

H.R. 5315. An act for the relief of Gary R. Uttech; and

H.R. 10635. An act for the relief of William E. Baker.

The PRESIDENT pro tempore subsequently signed the enrolled bills.

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. 1500

Mr. PERCY. Mr. President, I send to the desk an amendment and I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD.

The amendment is as follows:

TITLE IV

SEC. 401. This title may be cited as the "Property Tax Reform and Assistance Act of 1972".

SEC. 402. As used in this title, the term—

(1) "Secretary" means the Secretary of Housing and Urban Development;

(2) "State" means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico;

(3) "low-income individual" means an individual (a) whose property taxes on his principal residence exceed 8 percent of his income, or, in the case of an individual who occupies his principal residence under a lease, 25 percent of whose rent exceeds 8 percent of his income; and (b) whose income does not exceed $15,000;

(4) "income" means income from any source whatever, without regard to the provisions of subtitle A of the Internal Revenue Code of 1954 (relating to income taxes), determined in accordance with such regulations as the Secretary may prescribe.

SEC. 403. Upon application made by any State, the Secretary of Housing and Urban Development is authorized to make payments to that State in accordance with the provisions of this title if he determines that it is eligible under section 4 to receive such payments. The amount of payments which may be made by the Secretary to any State under this title during any year is an amount equal to 50 percent of the amounts paid by that State as property tax relief during that year to eligible low-income individuals residing in that State under a program described in section 404(h) of this title and approved by the Secretary.

SEC. 404. (a) No State shall be eligible to receive payments under this title, unless the Secretary determines that it is carrying out a program of ad valorem real property taxation meeting the requirements of subsections (b) through (h) of this section under State law.

(b) Any such State law shall provide for—

(1) State government supervision of the assessment of real property subject to ad valorem taxation, and State supervision of property tax administration at the local level;

(2) the establishment of a program of training and certification of individuals charged with the responsibility for appraising and assessing such property;

(3) the assessment and appraisal of real property by such individuals in accordance with regulations prescribed by the State;

(4) the development and maintenance, in

accordance with regulations prescribed by the State, of maps reflecting property tax rates and assessments; and

(5) the development and enforcement of a system of real property tax assessment rolls, billing practices, and related administrative practices and records which is uniform throughout the State.

(c) Any such State law shall provide that individuals subject to an ad valorem tax on their real property shall be supplied with statements, not later than 30 days before the date on which payment of that tax is due, which disclose the assessed value of the property, the percentage of value at which the property is assessed, and the rate of tax at which the property is taxed. Each such statement shall also include the results of comprehensive assessment ratio studies of the assessment and taxation of property in the State and in the county, or other political subdivision, within which the property of any such individual is located.

(d) Any such State law shall provide that the State shall undertake comprehensive assessment ratio studies annually of the average level of assessment, the degree of assessment uniformity, and overall compliance with asessment requirements for each major class of real property in each county or other political subdivision in the State. In carrying out such studies, the State shall compute measures of central tendency and dispersion in accordance with appropriate standard statistical analysis techniques. As used in this subsection, the term "average dispersion" means the percentage which the average of the deviations of the assessment ratio of individual sold or appraised properties bears to their median ratio.

(e) Any such State law shall provide that the State shall define the base for real property taxation, and shall establish all exemptions from such taxation. The State shall determine the total assessed valuation of real property in each class of exemption and make that information available to the public.

(f) Any such State law shall provide that the State shall insure the enforcement of its real property tax standards and practices uniformly throughout the State by providing for necessary enforcement personnel and procedures.

(g) Any such State law shall provide that the State shall establish a system of appeals from the determinations of assessors which will provide for prompt, efficient disposal of such appeals. Under such system a citizen of the State shall have standing to appeal the assessment, rate of tax, or exemption from tax of his own property or any other real property with respect to which he can demonstrate that the challenged assessment, rate of tax, or exemption may adversely affect himself or others similarly situated. Upon a successful challenge under such system, the State may be authorized to assess the property, set the rate of tax, or provide or withdraw the exemption without the consent of local officials.

(h) Any such State law shall provide that the State shall reimburse low-income individuals for ad valorem real property taxes, or rent in lieu of such property taxes, paid by such individuals with respect to their principal residence. The amount of reimbursement paid to any individual under a State program of reimbursement shall not exceed—

(1) in the case of such an individual who owns his residence, the lesser of $300 per year or the amount of ad valorem real property taxes paid with respect to that residence during that year in excess of 8 percent of his income; or

(2) in the case of such an individual who rents his residence, and with respect to whom it is determined under regulations prescribed by the Secretary that a portion of his rent is based on property taxes payable on that residence by the owner thereof, the lesser of $300 per year or the amount of property taxes payable on, or in the case of an apartment, allocable to, that residence for the taxable year in excess of 25 percent of his rent;

(i) Nothing in subsection (h) above, however, shall be construed to limit the implementation by States of property tax relief payment programs in amounts in excess of the amounts stated in subsection (h). In such cases, Federal payments will be made to States up to the limits set forth in subsection (h).

SEC. 405. The Secretary shall make a payment under this title to a State only upon receipt of an application filed by that State at such time, in such manner, and containing such information as the Secretary may require. The application shall provide for making an annual report and such other reports, in such form and containing such information, as the Administrator may reasonably require to insure that the State continues to be eligible under section 404 for such payments, and shall set forth policies and procedures which assure that Federal funds made available under this title for any fiscal year are appropriately controlled. Payments made under this title to the States may be made in installments, in advance, or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

SEC. 406. The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this title, and to provide such advice and assistance to the States as they may request for the purpose of developing ad valorem property tax programs meeting the requirements of section 404.

SEC. 407. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

Mr. PERCY. Mr. President, the amendment I have sent to the desk is amendment No. 1500 with the exception that on the top of page 4, line 1, the 60 days is changed to 30 days.

The amendment is identical in every other respect.

Mr. President, I have had placed on the desks of all Senators a brief explanation of this amendment which I have offered with the principal cosponsorship of the Senator from Maryland (Mr. MATHIAS). Before discussing this amendment, I must say that I feel very much as I did at Miami Beach. This has been an exercise in the last several days in the nature of a tug-of-war between the populous, industrialized, urbanized States and the smaller States. And the struggle has been very clear. The results of this struggle have been disastrous for the populous States, because this is the Senate of the United States. It is just as disastrous as it was at the Republican Convention for the proportional representation that many of us were trying to achieve so as to give greater representation at the next national convention to the populous States.

However, I am most pleased now to be offering an amendment to the bill that is not an issue between the major States and the medium-sized and smaller States in population. However, they are all major.

This is a principle that involves real estate taxes, property taxes. The amendment would tend to favor 12 States that have now undertaken reform measures with respect to their real estate taxes. Those 12 States number among them six of the populous States and six of the smaller States—an equal division.

I am also happy to say that the State of Illinois would not now qualify for any benefits under the amendment that I have offered. Only the State of Oregon has gone all of the way and has taken a position, supported by the Advisory Commission Intergovernmental Relations, that for a decade now has been preaching the philosophy that in order to have fairness and equity in our real estate taxes, we must have more informity, more professional assessment, more nationality in property taxation—so that the average citizen can understand what is going on.

My amendment also has this to say for it—there is no coercion involved. It simply provides an incentive. There are benefits payable under this amendment only to low-income homeowners, including the elderly who are on fixed incomes. Only the low-income renters, roughly 25 percent of whose rent is paid in real estate taxes, would benefit.

If there is a benefit, the benefit flows only when the State goes back and does what the Intergovernmental Relations Commission had recommended for a decade, that we simply reform their property tax systems.

So the one main purpose this amendment has is to encourage States to adopt basic tax administrative reforms. It does so by offering to pay the States half of the cost of their programs on property tax relief for low income homeowners and renters, if the States also adopt specified property tax reforms.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate is not in order. Will Senators please take their seats? The Senate is not in order. The Senator from Illinois is not able to proceed until the Senate comes to order.

Before proceeding, may the Chair suggest to the Senator from Illinois that he might want to ask unanimous consent to make the change he has proposed in his amendment?

Mr. PERCY. Mr. President, I ask unanimous consent that I may make the change I have already described.

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

Mr. PERCY. Mr. President, the distinguished chairman of the Finance Committee and the distinguished ranking minority member have over the past several days made it very clear that they do not wish to consider and will not consider amendments that they consider nongermane. I have not really quarreled with this principle. I wish that both of them were present on the floor at this time. However, what I have to say, I will repeat when they come back to the floor because I think it is very important with respect to the particular point which they properly have held up as a principle for amendments that they would support.

I feel that this amendment is germane to the subject of revenue sharing. Local governments derive about 85 percent of their revenue from property taxes.

The matter of property taxes for local

and State revenue sources has been a central justification for revenue sharing. This is why there has been a demand for revenue sharing. The demand has come from the governors and the mayors and the county governments because they have simply reached the limit. They have reached the point where they can no longer increase the property taxes.

Mr. President, I have a schedule that indicates the dependence of local government on the property taxes.

In 1950, 88 percent of all revenue used by the local government was obtained through the property tax. There is not much change in that figure today.

In 1970, it was 85 percent. There was 2 percentage points difference.

The full schedule shows the basis of the revenue for local governments expressed in millions of dollars.

Mr. President, I ask unanimous consent that the schedule be printed at this point in the RECORD.

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

LOCAL GOVERNMENT[1] REVENUES

[Dollar amounts in millions]

	1950	1960	1965	1967	1968	1969	1970
Sales tax	$484	$1,339	$2,059	$1,956	$1,932	$2,470	$3,068
Individual and corporate income tax	64	254	433	916	1,077	1,381	1,630
Property tax	7,042	15,798	21,817	25,186	26,835	29,692	32,963
Other taxes and licenses	394	692	807	1,016	1,327	1,239	1,173
Total taxes	7,984	18,081	25,116	29,074	31,174	34,781	38,833
From Federal Government	211	592	1,155	1,753	1,954	2,245	2,605
From State government	4,217	9,522	14,010	18,434	20,342	23,837	26,920
Charges and miscellaneous	1,602	4,831	7,245	8,971	9,714	11,080	12,558
Insurance trust revenue	$185	$549	$795	$933	$1,044	$1,155	$1,299
Total revenue	14,199	33,575	48,321	59,165	64,228	73,098	82,215
Debt as of end of year	18,830	51,412	72,478	81,185	85,492	93,995	101,563
Percentage property tax receipts are of total local taxes	88	87	86	86	86	85	85
Percentage property tax receipts are of total local government revenues, from all sources	45	47	45	43	41	40	40

[1] Does not include State revenues: sub-State governments only.

Mr. PERCY. Mr. President, I feel that this amendment is germane because the Senator from Louisiana (Mr. LONG), chairman of the Finance Committee, on September 8 accepted an amendment offered by the Senator from Minnesota (Mr. HUMPHREY) calling for a study by the Joint Committee on Internal Revenue Taxation of property tax administration nationwide.

In so doing the Senator from Louisiana (Mr. LONG) stated:

> Mr. President, I find considerable appeal to this amendment. I have not had a chance to give it adequate consideration, but I have discussed it with the ranking member on the other side of the aisle, and he finds no objection to it. I find a great deal of appeal in it.
>
> Frankly, one of the reasons why we in Louisiana need revenue sharing is because of the shortcomings of our property tax assessment system. My guess is that if that could be straightened out and put on a more logical and uniform basis, many of our problems might be solved and we might not need revenue sharing so badly.

So the need is very directly stated by the chairman of the Committee on Finance.

Later in the colloquy on another Humphrey amendment the Senator from Louisiana said:

> So far we have not had an amendment added to the bill that is not at least relevant to the revenue sharing concept and that I did not think was relevant to revenue sharing.
>
> The nearest thing to a nongermane amendment was the one offered by the Senator from Minnesota that I agreed to accept and to make a study of the property tax matter.
>
> I know that the States need it. I know they need it in Louisiana, because they have such a confused property tax in the State that they are not collecting what I think is fair and equitable.

I simply submit to the Senate the fact that we have been debating in the Committee on Finance for many days, weeks, and months of hearing and arguments the revenue sharing bill and yet, in essence, the bill is an administration bill that has been sent down and the response we have made to it is a responsible response. But I think we have a right and an obligation to creatively think through our problems. Everyone agrees, and certainly the American people agree, that when we come to taxation, the real estate tax is chaotic and something needs to be done about it.

My point is that here is a chance at very, very low cost to innovate, to create, to do something in response to a demonstrated need, and to do so not in a coercive manner but in a way we should, by offering incentives for the States to take action.

When the chairman of the committee states that he knows the States need this kind of reform, and he points to his own State as an example of what ought to be done to reform, I point out there are 48 other States that could make that same statement. Only Oregon has gone all the way. Possibly it was done under our distinguished colleague, the senior Senator from Oregon, when he served as Governor. But only one State has done what it should. We are saying, Let us all do it.

The chairman has clearly by his action and words accepted the direct relevance of property tax reform to the concept of revenue sharing and the implementation of the concept in H.R. 14370. The Percy-Mathias amendment gets to the issue that Senator LONG indicated is the important problem in Louisiana, property tax administration. That is what we drive right to the heart of. The amendment offers an incentive and encourages the States to adopt administrative reform.

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

Mr. PERCY. I yield.

Mr. LONG. Can the Senator tell us, if his amendment is agreed to, how much money goes to his State, so we can look at it on a State-by-State basis and see who gets how much?

Mr. PERCY. Yes. When the chairman was away from the Chamber—and he has not been off the floor for more than a few moments for days now—I indicated I was very pleased in this instance to say that Illinois would not qualify under this amendment. Only one State would do so. Oregon would qualify. That is the only State that passed a State law that has provided forgiveness for low-income people, including many elderly, when their property taxes exceed a certain percentage of their income, and that is the only State that has adopted the procedures that have been outlined in the Advisory Commission's recommendation for a reform of our property taxes. Eleven other States instituted rebate programs for low-income people, but no other State, including Illinois, would qualify, and Illinois would have to adopt the necessary property tax reforms in order to do so.

Payments would be minuscule to start with. I would say as a maximum over the next 2 years the amount would be $75 million. Twelve States might make reforms in their laws to make themselves eligible. I do not know how quickly the other States would be able to comply. I know it would take the State of Illinois over a year. I would be willing to put a ceiling on the cost.

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

Mr. PERCY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PERCY. Mr. President, is there a time limitation agreed to?

The PRESIDING OFFICER. Yes, there is a 1 hour limitation, one-half hour to a side.

Mr. LONG. Mr. President, I yield myself 2 minutes on my time.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. One of the problems the Senator's amendment raises is that if it should benefit any State it should be Louisiana, but it would not. For example, we have $2,000 homestead exemption. Every homeowner is entitled to an exemption of the first $2,000. My father played a leading role in instituting that law in Louisiana, but unfortunately it produced a situation which is undesirable in Louisiana. Now, there is a lack of uniformity in assessments. Some assessors have found it politically advantageous to assess the excess over $2,000

at the lowest conceivable value, and this has led to chaos in many instances in Louisiana.

We very much need uniformity of assessments, but I do not think it is an answer to make the Secretary of the Treasury the tax assessor for 38,000 units of government in the country, nor can I see that an answer has been provided to solve the problem.

The Senator said that this would benefit one State, but if all the States changed their laws so that they came under it, it could cost $1 billion. Something that significant should require considerable study, and we should receive the views of those who have had time to think about it. We did not have an opportunity to study this proposal in the Committee on Finance. If this is to be done, there should be a long-range program and more time should be provided for the Senate and the House to study the matter, and so the proposal might be discussed around the Nation to see what extent Governors and State legislatures think it is a good idea.

Maybe this is a very fine idea but this is the beginning of something that should be studied. We would be poorly advised at this late stage to commit ourselves to this specific provision when the whole idea of the 5-year period is that we can study this and the other proposed modifications. We would make a mistake to go into this before we have a chance to study it and see how it could be applied nationwide and how much the cost would be. Also, we would want to see to what extent States could conform their laws and also to associate with this measure to increase tax equalization.

It is a novel idea and it has a very appealing aspect, but I hope we would not permit ourselves to add it to the bill at this stage, because I doubt we could save it in conference.

Mr. PERCY. I very much appreciate the comments of my distinguished colleague, and I appreciate the fact that he sees the need for it.

I will try to make the point that this subject has really been studied to date. This is no new subject. This is a subject that has been studied for a decade. The very fact that one State has seen fit to implement it shows that fact. A uniform code has been sought for years. What we need now is a carrot. We need some inducement to get other States to do the same thing.

To specifically answer the question of my distinguished colleague, the cost right now would be $10 million. That is the cost that would be involved, because only the State of Oregon actually qualifies. If, for instance, the State of Illinois qualified, and if we had a plan to work toward it—I can assure the distinguished Senator that with this kind of incentive we would be striving for it—we would then be eligible for $30 million a year, because it only applies as a 50-percent matching fund as forgiveness to low-income renters and homeowners.

Mr. LONG. Mr. President, will the Senator yield? I shall be glad to yield him some of my time if I trespass on his time.

Mr. PERCY. I yield.

Mr. LONG. If we were to apply it in Louisiana, our people would say that does not meet our problem. In our State, all aged people, except those who are very affluent, pay no taxes on real estate. That is what we have done in Louisiana already. The amendment is not tailored to our law, so that we would get no benefit from it. I am not sure we should, but that is part of the problem.

It would seem to me, that if the Senate wanted to do it, the proposal could be something which first would be offered as a bill. Then I think every Senator ought to be given an opportunity to consult with his Governor and his State legislative leaders, to see if they would be interested in having something like this implemented. I am sure some Senators would not want this law if it were going to benefit every State except their own, or benefit half of the States and not their own. I would think, if this approach were going to be used, Senators and Representatives generally would like to explore the possibility that their States would use this approach or that they could conform to it. It might be that in Louisiana our law might be amended to conform with what the Senator is proposing, although I believe we would have problems which might require a State constitutional amendment.

While it is true that the subject of revenue sharing and tax credits has been discussed, this particular proposal has never been studied by the committee with jurisdiction over it, because it has not been submitted to us before.

I would hope that the Senator would not insist upon it now, although I shall be happy to study it and explore it with other States to see what potential it offers for the future and see if that is the direction in which they want to move.

Mr. PERCY. So far as concerns the question of whether this is an idea which needs to be studied or not, as the distinguished Senator knows, I introduced this as a bill last May. I testified on the bill before the Subcommittee on Intergovernmental Relations, of which the Senator from Maine (Mr. MUSKIE) is the chairman. The bill has been drawn largely from the legislation suggested by the Commission on Intergovernmental Relations. It is available for study, and has been available for study, for many years, really. It is a commission composed of mayors, Governors, Members of the U.S. Senate, and other elected officials, and is headed by Robert E. Merriam, who is the chairman. So that it is not a new idea. As a matter of fact, the ACIR, in its landmark 1963 report titled "The Role of the States in Strengthening the Property Taxes," documented in detail the massive shortcomings of State property taxation systems.

Again, in its annual report to Congress and the Nation of February 1972 called "The Crisis Continues," the ACIR again concluded:

> To be equitable, and to keep pace with growing property values, the property tax requires a degree of administrative and financial commitment that most States and localities have been unwilling to give. Its administration in most jurisdictions is still left to officials whose principle qualification is political skill at the polls or political contacts—not a knowledge of the techniques of the appraisal profession.

So that these problems are extremely well known.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PERCY. At what point was the 1-hour limitation established? I was on the floor when a unanimous-consent request was made that the Mathias-Percy amendment be the order of business following the Roth amendment. I had advised the distinguished chairman and the distinguished assistant majority leader that I would be willing to agree to a time limitation, but that at least 1 hour and a half would be required. We know that the Republican Policy Committee is in session. The Senators who indicated they wanted to speak on this amendment are not on the floor. I feel that an hour to explore this idea, during a luncheon period, with half the Senators at a formal luncheon, is unfair to the amendment.

The PRESIDING OFFICER. The Chair will say that the unanimous-consent agreement was entered into on Monday, yesterday.

Mr. PERCY. For all amendments?

The PRESIDING OFFICER. No, for this particular amendment the Senator is speaking of.

Mr. PERCY. It must have been after I left the Chamber, then.

I ask the attention of the Senator from Louisiana. I am raising the question of the time limitation of 1 hour. When I left the Senate last night, when I felt we had concluded the discussion of this matter, we had put it on the agenda to follow the Roth amendment, but the distinguished Senator from Louisiana said he did not want a time limitation at that time. I said if we had a time limitation, I would be willing to agree to it, but a minimum of an hour and a half would be required. Now I find that my colleagues who wish to speak on it are at a policy committee luncheon. For us to vote in the middle of a luncheon would go against what we try not to do on Tuesdays at noon. Second, it really prevents my colleagues who have asked to speak on the amendment from coming in and doing so.

Mr. LONG. What is the Senator's suggestion about it? What can we do about it?

Mr. PERCY. I would suggest that we either remove the time limitation, or notify Senators that they must leave the luncheon if they wish to speak, or fix a time certain at 2:30, or 2 hours from now, and enter into that arrangement by unanimous consent.

Mr. LONG. I think there might be a better way to do it.

Mr. President, how much time remains on this amendment?

The PRESIDING OFFICER. The Senator from Illinois has 6 minutes. The Senator from Louisiana has 26 minutes.

Mr. LONG. I shall be glad to yield the Senator some of my time. I think it might help solve the Senator's problem if we could lay this amendment temporarily aside, and then I can divide the time evenly with the Senator as far as the

time remaining on this amendment is concerned. I know the Senate is anxious to act. I wonder if we could lay it aside and take up something else now.

Mr. President, I ask unanimous consent that this amendment may be temporarily laid aside so we may go to another one. I will give the Senator some of my time when we take it up again later.

Mr. METCALF. Mr. President, may I be recognized for a unanimous-consent request?

Mr. PERCY. Mr. President, if I am to be limited to the 1 hour—and I appreciate very much the extension of the time—I might just as well finish my time now.

Mr. LONG. Mr. President, I believe I have 26 minutes and the Senator has 6 minutes. I shall be glad to divide the time evenly with the Senator, and we will take 16 minutes apiece. Is that satisfactory?

Mr. PERCY. I would just as soon finish it now, if that is the limit of time, and simply advise Senators that if they wish to speak they will have to come out of the luncheon.

Mr. LONG. I will be glad to split the time with the Senator. I understand his problem. I have been confronted with the same thing. I have been speaking to empty desks for a week, so I understand the problem.

Mr. PERCY. If we go ahead on it and we have run out of time and one or two Senators wish to speak on it, would it be possible to get time for them to speak?

Mr. LONG. I shall be glad to cooperate.

Mr. PERCY. All right.

Mr. LONG. I do not want to go on for another hour or two, but for 10 or 15 minutes, I will cooperate to that extent.

Mr. PERCY. All right.

The PRESIDING OFFICER. Does the Senator from Louisiana withdraw his unanimous-consent request?

Mr. LONG. Yes; I think the Senator said that would not help the problem, so we will just proceed.

Mr. METCALF. Mr. President, will the Senator yield for a unanimous-consent request at this time, that, while the people at his luncheon are off the floor, without taking time out from either the time of the Senator from Louisiana or the time of the Senator from Illinois, I may bring up a matter that has been reported out of committee by unanimous consent? We could, I believe, handle it at this time.

Mr. PERCY. Mr. President, I shall be very pleased to yield for that purpose, provided it does not come out of the time on either side.

Mr. TUNNEY. Mr. President, I ask unanimous consent that a member of my staff, Tony David, be allowed to be present on the floor during the further consideration of the revenue-sharing bill.

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

FEDERAL ADVISORY COMMITTEE ACT

Mr. METCALF. Mr. President, I ask unanimous consent that at this time the Senate proceed to the consideration of Calendar 1043, S. 3529.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, reserving the right to object, may I understand that this will not take more than one-half hour? Because if it takes more than an hour or two——

Mr. METCALF. Twenty minutes.

Mr. LONG. All right.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 3529) to prescribe certain standards and procedures governing the establishment and operation of advisory committees in the Federal Government, and for other purposes.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Government Operations with amendments on page 5, line 3, after the word "such", to insert "advisory"; on page 12 line 8, after the word "until", to strike out "a" and insert "an advisory"; and, on page 20, line 7, after the word "is", to strike out "continued" and insert "renewed"; so as to make the bill read:

S. 3529

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

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds that there are numerous committees, boards, commissions councils, and similar groups which have been established to advise the Federal Government and that they are frequently a useful and beneficial means of furnishing expert advice, ideas, and diverse opinions to the Government.

(b) The Congress further finds and declares that—

(1) the need for many existing advisory committees has not been adequately established;

(2) new advisory committees should be established only when they are determined to be essential and their number should be kept to the minimum necessary;

(3) advisory committees should be terminated when they are no longer active or no longer carrying out the purposes for which they were established;

(4) uniform standards and procedures are necessary to govern the establishment, operation, administration, and duration of advisory committees;

(5) the Congress and the public should be kept fully and currently informed with respect to the number, purpose, membership, activities, and cost of advisory committees; and

(6) the function of advisory committees shall be advisory only, and that all matters under their consideration shall be determined, in accordance with law, by the official agency of officer involved.

DEFINITIONS

SEC. 3. For the purpose of this Act—

(1) the term "agency advisory committee" means a committee, council, board, commission, task force, or other similar group, or any subcommittee or subgroup thereof, which is established or organized under any statute or by the President or any officer of the Government for the purpose of furnishing advice, recommendations, or information to any officer or agency, or to any such officer or agency and to the Congress, and which is not composed wholly of officers or employees of the Government;

(2) "Presidential advisory committee" means a committee, council, board, commission, task force, or other similar group, or any subcommittee or other subgroup thereof, which is established or organized under any statute or by the President for the purpose of furnishing advice, recommendations, or information to the President or the Vice President, or to the President or the Vice President and the Congress, and which is not composed wholly of officers or employees of the Government;

(3) "advisory committee" means any agency advisory committee or any Presidential advisory committee;

(4) "Director" means the Director of the Office of Management and Budget;

(5) "agency" has the same meaning as in section 551(1) of title 5, United States Code;

(6) "officer" has the same meaning as in section 2104 of such title; and

(7) the term "employee" has the same meaning as in section 2105 of such title.

APPLICABILITY

SEC. 4. (a) The provisions of this Act or of any rule, order, or regulation promulgated under this Act shall apply to each advisory committee except to the extent that any Act of Congress establishing any such advisory committee specifically provides otherwise.

(b) Except as provided in section 5, nothing in this Act shall be construed to apply to any standing, special, or joint committee of the Congress, any local civic group whose primary function is that of rendering a public service with respect to a Federal program, or any State or local committee, council, board, commission, or similar group established to advise or make recommendations to State or local officials or agencies.

RESPONSIBILITIES OF CONGRESSIONAL COMMITTEES

SEC. 5. (a) In the exercise of its legislative review function, each standing committee of the Senate and the House of Representatives shall make a continuing review of the activities of each advisory committee under its jurisdiction to determine whether such advisory committee should be abolished or merged with any other advisory committee, whether the responsibilities of such advisory committee should be revised, and whether such advisory committee performs a necessary function not already being performed. Each such standing committee shall take appropriate action to obtain the enactment of legislation necessary to carry out the purpose of this subsection.

(b) In considering legislation establishing, or authorizing the establishment of any advisory committee, each standing committee of the Senate and the House of Representatives shall determine, and report such determination to the Senate or to the House of Representatives, as the case may be, whether the functions of the proposed advisory committee are being or could be performed by one or more agencies or by an advisory committee already in existence, or by enlarging the mandate of an existing advisory committee. Any such legislation shall—

(1) contain a clearly defined purpose for the advisory committee;

(2) require that membership of the advisory committee shall be representative of those who have a direct interest in the purpose of such committee as described in such legislation;

(3) contain provisions authorizing specific appropriations and prescribing the date for submission of any report, the duration of the advisory committee, the publication

of reports and other materials, and, where appropriate, the authorization for, and any limitation upon the use of, subpenas; and

(4) contain provisions to assure that the advisory committee will have adequate staff, office space, and other resources to operate effectively.

RESPONSIBILITIES OF THE PRESIDENT

SEC. 6 (a) The President may assign to the Domestic Council, or such other agency as he deems appropriate, responsibility for evaluating and taking action, as appropriate, with respect to all public recommendations made to him by Presidential advisory committees.

(b) The Domestic Council or such other agency to which the President has assigned responsibility for any public recommendations of a Presidential advisory committee, shall transmit to the President and to Congress, within six months of its receipt of the recommendations, a public report containing its views on the recommendations and setting forth proposals for action with respect to the recommendations or its reasons for proposing that no action be taken.

RESPONSIBILITIES OF THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

SEC. 7. (a) The Director shall establish and maintain within the Office of Management and Budget a Committee Management Secretariat, which shall be responsible for all matters relating to advisory committees.

(b) The Director shall, immediately after the enactment of this Act, institute a comprehensive review of the activities and responsibilities of each advisory committee to determine—

(1) whether such committee is carrying out its purpose;

(2) whether, consistent with the provisions of applicable statutes, the responsibilities assigned to it should be revised;

(3) whether it should be merged with other advisory committees; and

(4) whether it should be abolished.

The Director may from time to time request such information as he deems necessary to carry out his functions under this subsection. Upon the completion of the Director's review he shall make recommendations to the President, the agency head, or the Congress, as the case may be, with respect to action he believes should be taken. Thereafter, the director shall carry out a similar review annually.

(c) The Director shall prescribe administrative guidelines and management controls applicable to advisory committees, and, to the maximum extent feasible, provide advice, assistance, and guidance to advisory committees to improve their performance. In carrying out his functions under this subsection, the Director shall consider the recommendations of each agency head with respect to means of improving the performance of advisory committees whose duties are related to such agency.

(d)(1) The Director, after study and consultation with the Civil Service Commission, shall establish guidelines with respect to uniform fair rates of pay for comparable services of members, staffs, and consultants of advisory committees in a manner which gives appropriate recognition to the responsibilities and qualifications required and other relevant factors. Such regulations shall provide that—

(A) no member of any advisory committee or of the staff of any advisory committee shall receive compensation at a rate in excess of the rate specified for GS–18 of the General Schedule under section 5332 of title 5, United States Code; and

(B) such members, while engaged in the performance of their duties away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code for persons employed intermittently in the Government service.

(2) Nothing in this subsection shall prevent—

(A) an individual who (without regard to his service with an advisory committee) is a full-time employee of the United States, or

(B) an individual who immediately before his service with an advisory committee was such an employee, from receiving compensation at the rate at which he otherwise would be compensated (or was compensated) as a full-time employee of the United States.

(e) The Director shall include in budget recommendations the sums he deems necessary for the expenses of advisory committees, including the expenses for publication of reports where appropriate.

(f) The Director shall, not later than March 31 of each year, transmit a report to the Congress on the activities, status, and changes in the composition of advisory committees during the preceding calendar year. Such report shall be published in the Federal Register. The report shall contain the name of each such advisory committee, classified by the official or agency to which it reports, the date of and authority for its establishment, its functions, a reference to the reports it has submitted during the preceding calendar year, a statement of whether it is an ad hoc or continuing body, the dates of its meetings during the preceding calendar year, the names, addresses, and affiliations of its current members, and the total estimated annual cost to the United States to fund, service, supply, and maintain such committee. Such report shall include a list of advisory committees which the Director has recommended be abolished together with his reasons therefor, together with an account of any action taken. The Director shall exclude from this report any information which, in his judgment, may compromise the national security, and he shall include in such report a statement that such information is excluded.

RESPONSIBILITIES OF AGENCY HEADS

SEC. 8. (a) Each agency head shall establish uniform administrative guidelines and management controls for agency advisory committees established by that agency head, which shall be consistent with directives of the Director under section 7. A uniform informational system relating to agency advisory committees and their operation shall be maintained within each agency.

(b) Each agency head shall designate an Advisory Committee Management Officer who shall—

(1) exercise control and supervision over the establishment, procedures, and accomplishments of agency advisory committees established by that agency;

(2) assemble and maintain the reports, records, and other papers of any such committee during its existence; and

(3) carry out, on behalf of that agency, the provisions of section 552 of title 5, United States Code, with respect to such reports, records, and other papers.

ESTABLISHMENT AND PURPOSE OF ADVISORY COMMITTEES

SEC. 9. (a) No advisory committee shall be established unless such establishment is—

(1) specifically authorized by statute or by the President; or

(2) determined as a matter of formal record, by the head of the agency involved after consultation with the Director, with timely notice published in the Federal Register, to be in the public interest in connection with the performance of duties imposed on that agency by law.

(b) Unless otherwise specifically provided by statute or Presidential directive, advisory committees shall be utilized solely for advisory functions. Determinations of action to be taken and policy to be expressed with respect to matters upon which an advisory committee reports or makes recommendations shall be made solely by the President or an officer of the Government.

(c) No advisory committee shall meet or take any action until an advisory committee charter has been filed with (1) the Director, in the case of Presidential advisory committees or (2) with the head of the agency to whom any agency advisory committee reports and with the standing committees of the Senate and of the House of Representatives which have legislative jurisdiction over such agency. Such charter shall contain the following information:

(A) the committee's official designation;

(B) the committee's objectives and the scope of its activity;

(C) the period of time necessary for the committee to carry out its purposes;

(D) the agency or official to whom the committee reports;

(E) the agency responsible for providing the necessary support for the committee;

(F) a description of the duties for which the committee is responsible, and, if such duties are not solely advisory, a specification of the authority for such functions;

(G) the estimated annual operating costs in dollars and man-years for such committee;

(H) the estimated number and frequency of committee meetings;

(I) the committee's termination date, if less than two years from the date of the committee's establishment; and

(J) the date the charter is filed.

A copy of any such charter shall also be furnished to the Library of Congress.

ADVISORY COMMITTEE PROCEDURES

SEC. 10. (a)(1) Each advisory committee meeting shall be open to the public.

(2) Timely notice of each such meeting shall be published in the Federal Register, and the Director shall prescribe regulations to provide for other types of public notice to insure that all interested persons are notified of such meeting prior thereto.

(3) Interested persons shall be permitted to attend, appear before, or file statements with any advisory committee, subject to such reasonable rules or regulations as the Director may prescribe.

(b) The records, reports, transcripts, minutes, appendixes, working papers, drafts, studies, agenda, or other documents which were made available to or prepared for or by each advisory committee shall be available for public inspection and copying, at a single location in the offices of the advisory committee or the agency to which the advisory committee reports until the advisory committee ceases to exist.

(c) Transcripts or minutes of each meeting of each advisory committee shall be kept and shall contain a record of the persons present, a description of matters discussed and conclusions reached, and copies of all reports received, issued, or approved by such advisory committee. The accuracy of all minutes shall be certified by the chairman of the advisory committee.

(d)(1) Subsections (a), (b), and (c) of this section shall not apply to any advisory committee meeting which the President, or the head of the agency to which the advisory committee reports, determines is concerned with matters referred to in section 552(b) of title 5, United States Code. Any such determination shall be in writing and shall be published prior to the meeting in the Federal Register together with the reasons for such determination.

(2) A verbatim transcript shall be taken of any meeting to which subsections (a), (b), and (c) of this section do not apply.

(3) Any person aggrieved by a determina-

tion by the President or by the head of an agency under this subsection may file an action under section 552(a)(3) of title 5, United States Code.

(e) Advisory committees shall not hold any meetings except at the call of, or with the advance approval of, a designated Government official and in the case of agency advisory committees, with an agenda approved by such official.

(f)(1) There shall be designated an officer or employee to chair or attend each meeting of each advisory committee. The officer or employee so designated is authorized, whenever he determines it to be in the public interest, to adjourn any such meeting. No advisory committee shall conduct any meeting in the absence of that officer or employee.

(2) No advisory committee shall receive, compile, or discuss information concerning the current or projected commercial operation of identified business enterprises. Whenever it appears to the officer or employee designated under paragraph (1) that such information is being received, compiled, or discussed, he shall promptly adjourn such meeting.

AVAILIBILITY OF TRANSCRIPTS

SEC. 11. (a) Except where prohibited by contractual agreements entered into prior to the effective date of this Act, agencies and advisory committees shall make available to any person, at actual cost of duplication, copies of transcripts of agency proceedings or advisory committee meetings. Notwithstanding any other provision of law, any funds received under this section shall be deposited in the Treasury of the United States and credited to the appropriation of the agency or advisory committee involved.

(b) As used in this section "agency proceeding" means any proceeding as defined in section 551(12) of title 5, United States Code.

COLLECTION OF INFORMATION

SEC. 12. Section 3509 of title 44, United States Code, is amended by inserting "(a)" before the words "A Federal agency" and by adding at the end thereof the following new subsections:

"(b) A determination of disapproval by the Director shall be accompanied by a full statement of the reasons therefor.

"(c) Any collection of information which has been referred to the Director of the Office of Management and Budget for his approval under section 3506 of this title or under subsection (a) of this section shall be acted upon within ninety days or such approval shall be presumed."

FISCAL AND ADMINISTRATIVE PROVISIONS

SEC. 13. (a) Each agency shall keep records as will fully disclose the disposition of any funds which may be at the disposal of agency advisory committees it establishes or which report to it, and the nature and extent of the advisory committee's activities in carrying out its functions. The Administrator of General Services shall maintain such records with respect to Presidential advisory committees. The Comptroller General of the United States, or any of his authorized representatives, shall have access, for the purpose of audit and examination, to any such records.

(b) Each agency shall be responsible for providing support services for each agency advisory committee established by or reporting to it unless the establishing authority provides otherwise. Where any such advisory committee reports to more than one agency, only one agency shall be responsible for support services at any one time. In the case of Presidential advisory committees, such services shall be provided by the General Services Administration.

(c) Each advisory committee is authorized to request from any agency any information it deems necessary to carry out its functions, and each agency is authorized to furnish such information to such advisory committee upon an official request therefor.

ADVISORY COMMITTEE REPORTS AND OTHER MATERIALS

SEC. 14. (a) Not later than thirty days after the transmission of any report by an advisory committee, that committee shall transmit to the Library of Congress not less than six copies of such report. Upon the termination of any advisory committee such committee shall transmit to that Library copies of such reports, records, transcripts, appendixes, working papers, drafts, studies, agenda, or other documents as the Librarian of Congress may request. For the purpose of this subsection, the Librarian of Congress shall have full access to the records and papers of each advisory committee.

(b) The Librarian of Congress shall establish a depository for all reports and other materials received by him under this section. All such reports and materials shall be available for public inspection and copying, except that the Librarian shall establish procedures to restrict such availability in the case of any reports or other materials which are classified.

TERMINATION OF ADVISORY COMMITTEES

SEC. 15. (a)(1) Each advisory committee which is in existence on the effective date of this Act shall terminate not later than December 31, 1973, unless—

(A) in the case of an advisory committee established by the President or an officer of the Government, such advisory committee is renewed by the President or that officer by appropriate action prior to December 31, 1973 or

(B) in the case of an advisory committee established by an Act of Congress, such termination is otherwise provided for by law.

(2) Each advisory committee established after such effective date shall terminate not later than the expiration of the two-year period beginning on the date of its establishment unless—

(A) in the case of an advisory committee established by the President or an officer of the Government such advisory committee is renewed by the President or that officer by appropriate action prior to the end of such period; or

(B) in the case of an advisory committee established by an Act of Congress, such termination is otherwise provided for by law.

(b)(1) Upon the renewal of any advisory committee, such advisory committee shall file a charter in accordance with section 9(c).

(2) Any advisory committee established by an Act of Congress shall file a charter in accordance with such section upon the expiration of each successive two-year period following the date of enactment of the Act establishing such advisory committee.

(3) No advisory committee required under this subsection to file a charter shall take any action (other than preparation and filing of such charter) prior to the date on which such charter is filed.

(c) Any advisory committee which is renewed by the President or any officer of the Government may be continued only for successive two-year periods by appropriate action taken by the President or that officer prior to the date on which such advisory committee would otherwise terminate.

EFFECTIVE DATE

SEC. 16. (a) Except as provided in section 7(b), this Act shall become effective upon the expiration of ninety days following the date of enactment.

(b) The report required under section 7(f) shall be first transmitted not later than March 31 of the year following the first full calendar year after the date of enactment of this Act.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. METCALF. Mr. President, I ask unanimous consent that Mr. E. Winslow Turner of the staff of the Committee on Government Operations may be present in the Chamber during the consideration of this measure.

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

Mr. METCALF. Mr. President, this bill was reported unanimously by the Committee on Government Operations.

Mr. ROBERT C. BYRD. Mr. President. may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. METCALF. This bill, governing the establishment and operation of Government advisory committees, originated from three separate bills that were introduced in the Government Operations Committee, one by the Senator from Delaware (Mr. ROTH), one by the Senator from Illinois (Mr. PERCY), and one that I introduced.

I believe that many of the contents of this bill are from Senator PERCY's own bill, which was introduced subsequent to our other bills; but it takes the best parts of all three bills and incorporates them into one piece of legislation.

As I have pointed out, the bill was reported unanimously from the Committee on Government Operations. It was cleared by the leadership on the minority side, and has been cleared with all Senators involved and concerned.

The legislation is the result of extensive hearings in both the 91st and 92d Congress, and is based upon a comprehensive investigation of the problems of advisory committees conducted by the subcommittees of both the House and the Senate. The bill has been reported unanimously by the full Government Operations Committee.

PURPOSE

The purpose of S. 3529 is to accomplish the following objectives: To strengthen the authority of Congress and the executive branch to limit the use of Federal advisory committees to those that are necessary and serve an essential purpose; to provide uniform standards for the creation, operation, and management of such committees; to provide that the Congress and the public are kept fully and currently informed as to the number, purposes, membership, and costs of advisory committees, including their accomplishments; and to assure that the functions of Federal advisory committees shall be advisory only and that all matters under their consideration shall be determined solely by Federal officials and agencies.

Under S. 3529, advisory committees include such committees, councils, boards, commissions, task forces, or similar groups, which are established or organized under a statute or by the President or an officer of the Government for the purpose of furnishing advice, and which are not composed wholly of employees of the Federal Government—that is, public advisory committees.

Among other things:

It requires Congress to make a con-

tinuing review of existing advisory committees to determine which should be abolished, merged, or revised, and to follow certain guidelines in the creation of any new committees.

It requires the OMB to institute a similar comprehensive review of advisory committees and recommend changes to the President; to prescribe administrative guidelines and management controls; and to report annually to Congress on the activities, status, and changes, including costs, of such committees.

It authorizes the President to assign responsibility for evaluation and action on recommendations of Presidential advisory committees, and to report on the disposition of such recommendations.

It provides for uniform procedures in the establishment and conduct of advisory committees. These include the filing of a committee charter, requirements of notice and public access to meetings and records, subject to certain exceptions, and the monitoring of such meetings by a Government employee.

It provides for the opportunity for advisory committee meetings to be closed where they deal with matters exempted from disclosure under the Freedom of Information Act.

It provides for the termination of advisory committees after 2-year periods, subject to formal renewal under certain procedures.

I would like to emphasize at the outset that many of the numerous advisory committees, boards, commissions, and similar groups have provided a useful and beneficial means of furnishing expert advice, ideas, and diverse opinions. It is not the intent of the legislation to impair this useful function where its essentiality has been demonstrated.

However, evidence obtained during public hearings both by the House and Senate committees clearly indicates that there are a large and undetermined number of advisory committees which have outlived their usefulness and must be either reorganized or eliminated. Unfortunately, neither the Federal agencies, nor the Office of Management and Budget, nor the Congress, has thus far developed any effective mechanism for separating the wheat from the chaff, for monitoring advisory committee effectiveness, for assuring their usefulness, for coordinating their work products, or for preventing creation of unnecessary or duplicating committees, and thus reducing their cost to Government.

Further evidence has shown that there exists a tendency among advisory committees to operate in a closed environment, permitting little opportunity for the public to be informed of their deliberations and recommendations, and of the materials and information on which they rely. This provides a suspicion, deserved or not, that advisory committees hold a privileged seat in the decision-making process, and may exert certain subjective influences upon the decision-maker which are not necessarily best for the public interest.

Thus, the legislation provides both a housekeeping function in the interests of efficiency and economy in Government and a function of disclosure and objective counsel—so that the public will know what advice their Government is getting, and how they might add their contribution to the information process.

Mr. President, I want to emphasize this objective of efficiency and economy because I think it is one of the most powerful arguments in favor of its enactment.

The Special Subcommittee of the House Committee on Government Operations counted over 1,500 such advisory bodies at the Federal level, costing the taxpayer about $65 million annually, with a total committee membership of over 20,000 individuals and an assigned staff of some 4,400 persons. But these figures are conservative, taken only from answers to the subcommittee survey. Estimates range up to 3,200 interagency and advisory committees running over $100 million a year.

The committee revealed that many advisory groups existed in name only; their reports were ignored or forgotten, their missions were ill-defended, leading to duplication and the loss of time and money; and their membership lacked objectivity as well as the balancing of geographic and public interests. Some advisory committees were asked to make judgments on matters which regulatory agencies were given their own expert staff and authorities to resolve. Others were sparsely funded and infrequently called into session, rendering no meaningful advice or information. One agency, after establishing a central management review mechanism, was able to abolish 125 of its advisory committees in 9 months.

The committee found that Congress has never made a sustained inquiry into the operations of advisory and interagency committees from the standpoint of Government efficiency and economy, nor has it established any guidelines for itself in authorizing the use of such committees. It found further that the Office of Management and Budget, despite a 1962 Executive Order No. 11007 and several BOB memoranda, has not carried on adequate supervisory and managerial role with respect to advisory committees, nor has OMB made any comprehensive review as to the number and relative value of such committees. Further, the committee found, among other things, that some Presidential advisory committees, in particular, lacked adequate administrative guidelines and any mechanism for evaluation and followup of their public reports and recommendations, including what action was taken by the Executive—positive or negative—on such recommendations.

These are problems that have grown over time. They are not the fault of any one Chief Executive or administration. They are the result of a system which has grown up in the Federal bureaucracy and which must be reformed and made more effective.

Mr. President, the House passed H.R. 4383, the Federal Advisory Committee Standards Act, which in large measure covers the same ground as S. 3529. We are very close to developing some critically needed legislation here, and it is my urgent hope that the Senate will adopt this bill so that we can complete our task with the House.

Mr. President, there are committee amendments. I move the adoption of the committee amendments.

The PRESIDING OFFICER. Does the Senator from Montana ask that the amendments be considered en bloc?

Mr. METCALF. I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are considered and agreed to en bloc.

Mr. METCALF. Mr. President, I have one further amendment. This is an amendment that was requested by the former chairman of the Committee on Government Operations, Mr. MCCLELLAN, who received a letter from the Central Intelligence Agency suggesting such an amendment. I send the amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 4, after line 12, insert the following new subparagraph: "(b) Nothing in this Act shall be construed to apply to an advisory committee which furnishes advice or recommendations only with respect to national security or intelligence matters."

On page 4, on line 13, change "(b)" to "(c)".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

The amendment was agreed to.

Mr. METCALF. Mr. President, I ask unanimous consent that the letter to Senator MCCLELLAN from the CIA, dated July 18, 1972, be printed in the RECORD.

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

CENTRAL INTELLIGENCE AGENCY,
Washington, D.C., July 18, 1972.

Hon. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations, U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: We wish to submit the views of this Agency on S. 3529, 92nd Congress, a bill "To prescribe certain standards and procedures governing the establishment and operation of advisory committees in the Federal Government, and for other purposes."

In its present form, S. 3529 raises several problems for the Agency. The provisions of most concern are the requirements:

(a) To publicize the existence of an advisory committee;

(b) To file with the Library of Congress a committee charter involving information on the committee's objective and scope of activity and a description of its duties;

(c) To file committee reports with the Library of Congress;

(d) To provide to the Librarian of Congress committee records, transcripts, working papers, drafts, studies and other documents upon a committee's termination;

(e) To audit the nature and extent of the committee's activities by the Comptroller General, and

(f) To make a determination in writing and publish it in the *Federal Register* prior to each meeting which is to be closed to the public and for which the minutes of the meeting are not to be available upon the request of any person because of security considerations.

The National Security Act of 1947 requires this Agency:

"To correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities . . ." (50 U.S.C. 403).

In order to correlate and evaluate foreign intelligence information, it is necessary to obtain advice and recommendations from diverse sources, frequently using the committee system for this purpose. These committees are usually composed solely of Federal employees and officers but a number have representatives from the private sector as well. In both cases, however, their work involves sensitive matters directly bearing upon a statutory requirement:

"That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure; . . ." (50 U.S.C. 403).

It is believed that the requirements of S. 3529 previously noted could conflict both with the statutory responsibility to protect intelligence sources and methods and with the provisions of the Central Intelligence Agency Act of 1949 which exempt this Agency from:

"The provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency . . ." (50 U.S.C. 403g).

It is clear from the hearings before your Committee on legislation similar to S. 3529 that the principal objective of the legislation is to assure that advisory committees operate in the public interest. In the case of committees dealing exclusively with sensitive national security and foreign intelligence matters, it appears that the public interest is best served by protecting their endeavors in line with the provisions of law noted above.

In view of the foregoing, it is recommended that S. 3529, or any similar legislation reported out by your Committee, contain a provision similar to that which appears in S. 1637, which was introduced by Senator Metcalf on 22 April 1971, as follows:

"APPLICABILITY

"SEC. 4. This Act shall not apply to an advisory committee—(1) which furnishes advice or recommendations only with respect to national security or intelligence matters; . . ."

We will be happy to provide any additional information that your Committee may request.

The Office of Management and Budget has advised that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely,

RICHARD HELMS,
Director.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JAVITS. 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, a parliamentary inquiry.

On whose time is this quorum call?

The PRESIDING OFFICER. It would have to come out of the 20 minutes allotted to the Senator from Montana.

Mr. LONG. I thought that amendment had been disposed of.

Mr. METCALF. Mr. President, as I understand, I have 20 minutes on the entire bill. I have offered an amendment, and it has been disposed of. I think the Senator from New York wants to offer an amendment.

The PRESIDING OFFICER. Debate is not in order. A quorum call is in progress.

Mr. ROBERT C. BYRD. 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. JAVITS. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 4, line 12, strike the period, and insert a comma and the following: ", provided however that the provisions of this act shall not apply to any advisory committee established for or utilized by the Federal Reserve System."

The PRESIDING OFFICER. Who yields time?

Mr. METCALF. Mr. President, I yield such time as he may need to the Senator from New York.

Mr. JAVITS. I thank the Senator.

Mr. President, I have a letter from the Chairman of the Federal Reserve System which points out that the Federal Reserve System, due to an open market and other operations, much as it sympathizes with the purposes of this bill, simply cannot have the Federal Reserve Advisory Council within that same category. It is fine to live in a fish bowl, but everyone knows the speculation, financial, and otherwise, which goes on around the world respecting the Federal Reserve System's operations. In order to have an advisory council at all, which would be very useful to them, they simply have to ask to be exempted from the provisions of this bill.

They point out that the expenses of the Federal Advisory Council are paid by the Federal Reserve Banks out of their own earnings. They really do not represent a charge upon the Government.

I ask unanimous consent that the letter addressed to Senator MCCLELLAN, chairman of the Committee on Government Operations, from the Chairman of the Federal Reserve Board, dated June 2, 1972, be printed in the RECORD at this point.

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

FEDERAL RESERVE SYSTEM,
Washington, D.C., June 2, 1972.

Hon. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing in the hope that when your Committee considers pending bills relating to advisory committees you will take into account problems that these bills pose in relation to the Federal Advisory Council. The FAC was created in 1913 by the Federal Reserve Act, and is a valuable component of the Federal Reserve system. It is composed of twelve members, one from each Federal Reserve District, elected by the Federal Reserve Banks. The statute provides that the FAC shall meet at least four times a year, but additional meetings may be called by the Federal Reserve Board or at the FAC's own initiative.

As I understood them, the bills now under consideration, S. 3529 and H.R. 4383, have two general objectives: to eliminate unnecessary expenditures of appropriated funds in connection with advisory committees and to assure openness in the operations of advisory committees.

The modest expenses of the FAC are paid by the Federal Reserve Banks out of their earnings. Since the FAC does not use appropriated funds, it should not be subject to guidelines established by the Office of Management and Budget governing the use of such funds. Similarly, subjecting the FAC to GAO audit, as section 10(d) of H.R. 4383 would do, is both unnecessary and in conflict with the procedures established under the Federal Reserve Act for auditing the expenditures of the Federal Reserve System.

The provisions of S. 3529 and H.R. 4383 regarding public disclosure of the proceedings of the FAC could also prove troublesome. Since the FAC's discussions cover a number of subjects such as monetary policy, the international payments system, and liquidity conditions in the banking system, premature publication of views candidly expressed at FAC meetings could prove harmful. Discussion at these meetings is now full and frank and would be seriously inhibited if the meetings were open to the public, as provided in S. 3529, or even if minutes of the meetings were published, as provided in H.R. 4383.

The House Committee on Government Operations included in H.R. 4383 a provision excluding from coverage the Advisory Committee on Intergovernmental Relations, in recognition of "its unique character." We believe that the Federal Advisory Committee is also unique, and for the reasons outlined in this letter, we hope that it will also be excluded from any bill your Committee reports to the Senate.

Sincerely yours,

ARTHUR F. BURNS.

Mr. JAVITS. I hope the author of the bill will find the amendment satisfactory.

Mr. METCALF. Mr. President, there are important considerations in this bill that provide for openness of hearings, presentation and keeping of transcripts, and other matters that are clearly not involved and should not be a part of the considerations as to the Federal Reserve Board. As the Senator from New York has pointed out, many of the propositions that are analyzed by the board need to have secrecy of consideration and secrecy as to their activities as they affect the open market operations. So I certainly concur with the Senator from New York in this amendment, and hope it will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was agreed to.

Mr. METCALF. Mr. President, I ask for third reading of the bill, as amended.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PERCY. Mr. President, I would like to comment for just a moment on this bill. I think this is one of the most significant bills to reach the Senate floor this year. It does not require extensive discussion here, but it has been the product of a great deal of study by and cooperation between the majority and minority members of the Government Operations Committee.

For the first time, it establishes a congressionally mandated system of controls over the Federal advisory committees that constitute what has been called the "fifth branch of Government."

Mr. President, I would like to say that a part of my enthusiasm for this bill grew out of an experience related to me by Prof. Ed Banfield of Harvard University, who said that in his judgment—he has served on many of these committees and commissions—once you get an advisory committee set up, when the need is long gone, it is impossible to get rid of that committee. Many times you just have people jetting into Washington and jetting out and getting an honorarium or travel expenses, or whatever it may be, for no real solid purpose. The problem may have been long since solved.

This bill recognizes the realities. Committees do not fade and die and go away. They go on and on. This bill, for the first time, faces up to this problem, and I think it therefore is a commendable piece of work by our Government Operations Committee.

I want to give special recognition to the distinguished Senator from Delaware, Senator ROTH, for his work on this bill. He is an able member of the Government Operations Committee's Subcommittee on Intergovernmental Relations, which originated this bill. He is the author of one of the three basic bills that formed the basis for the bill we are now considering. I know the distinguished Senator from Montana, Senator METCALF, joins me in recognizing the very important contribution of the Senator from Delaware to this legislation.

I also want to pay tribute to Senator METCALF for the many hours he devoted to this legislation as chairman, acting for Senator MUSKIE, of the Intergovernmental Relation Subcommittee. Without his tenacity and his determination that we simply must enact a reform of this area of Government, we would not have this legislation.

Mr. President, we have before us one of the most significant bills to reach the floor this year. This bill, the product of very close cooperation between the majority and minority members of the Government Operations Committee, for the first time establishes a congressionally mandated system of controls over the hundreds of Federal advisory committees that constitute what has been called the "fifth branch of government."

The system of controls installed by this bill has two main elements.

First, this bill creates a management system that will put a limit on indiscriminate creation of new committees by executive agencies. It will require a close monitoring of the costs—estimated to be about $60 million—by the agencies to which the Advisory Committee report and the Office of Management and Budget. A key element of the system is the requirement that the Director of OMB immediately make a major review and recommend to the President and the agencies which advisory committees should be continued and which abandoned. Another key provision is that all advisory committees will terminate unless specific action is taken by the creating authority to continue them.

The second major element of the bill is its provisions for opening up advisory committees to public scrutiny. During the extensive hearings of the Intergovernmental Relations Subcommittee, chaired by Senator METCALF, we became convinced that there were too many instances where advisory committees were consulting with Government offices on important policies and decisions without an adequate guarantee that the public interest was being served. Meetings are typically closed to the public. Minutes and documents used in meetings are typically not available for public inspection.

There has been a concern expressed that the bill goes too far in guaranteeing public access to the business of advisory committees, that public access to such meetings will inhibit and even destroy the advisory process. I think the best single rebuttal to this charge is the following statement of Arnold Weber, then Associate Director of the Office of Management and Budget in his testimony before the subcommittee:

> We have found that opening the meetings of committees and panels of the Business Advisory Council on Federal Reports to public participation has in no way inhibited full and frank discussion of reporting and recordkeeping problems associated with the Federal Government's data collection activities. Moreover, in some cases, public participants have offered suggestions which have helped to resolve some of the issues raised. In every case, the broader participation has provided an opportunity for improved public understanding of the problems involved in particular data collection proposals. Further, we believe that previous suspicions that closed meetings were providing a cover for clandestine activities have been dispelled.

The other elements of the bill deserve attention. One is the requirement that congressional committees exercise a great deal more care in creating new advisory committees. It seems that legislative draftsmen do not feel their job is complete unless they top off their handiwork with a couple of citizen advisory committees. Too often the creation of an advisory committee is a substitute for making a decision about an issue, or is intended to serve purely cosmetic purposes. The bill asks congressional committees to exercise a greater degree of self-control, and to begin to exercise oversight over the advisory groups they have already created.

Another aspect of the issue is the use of Presidential advisory committees. The Executive has come under frequent criticism for creating highly publicized "blue ribbon" commissions to study issues of apparently critical national moment, only to disregard the final recommendations of such groups. The impression is often left that their reports are not even read, either by the President and his staff or by the relevant departmental officials.

This bill makes a modest attempt to change this situation. Section 6 of the bill says that the President may designate the Domestic Council or another agency to make a report expressing its views on the work and recommendations of an advisory committee. This is an attempt to insure that the reports of Presidential advisory committees are read and seriously considered at a policy level. The agency designated shall make a public report on the recommendations of the presidential committee, which will contain its recommendations for action or inaction in the report.

Finally, I think it important to recognize that this bill will supersede an Executive Order (No. 11671) recently promulgated to provide new OMB and agency controls over advisory committees. Many of us have sought a new Exectuive order in this field for some time. This legislation, and its counterpart measure that has already passed the House, is a response to the fact that none was forthcoming. A new order was promised by an official of OMB as early as March 1970. Only when both houses of Congress showed that they were absolutely serious in their intention to establish order and control in this area of Government did OMB act. It issued its new Executive order on June 7, 1972—only after the House had passed its bill, and only after the Subcommittee on Intergovernmental Relations had unanimously reported this bill, S. 3529—only after literally months of hearings by both bodies, and hundreds of man-hours of staff time in both bodies.

The administration has suggested that we let the new Executive order do the job: that the bill is not necessary. We disagree, and the full Senate Government Operations Committee reported the bill now before us. The bill is necessary, we believe, because: an Executive order is no substitute for law; the present bill is the result of extensive work by the committees which should be reflected in legislation; the new order is inadequate in several respects; the history of enforcement of the previous Executive Order No. 11007 which governed in this field does not encourage us to have confidence in the effectiveness of the new one; some have even concluded that the new order was promulgated for the express purpose of forestalling legislative action.

The new Executive order is inadequate because: it omits the requirement for initial comprehensive OMB review of all advisory committees and the recommendation for consolidation and elimination of useless ones—one of our most important "house-cleaning" provisions; it does not—and cannot—provide for closer congressional oversight over existing committees, and care in creating new ones; it does not deal with Presidential advisory committees; it does not provide for transcripts of closed meetings and other safeguards to assure that the public's right to know is protected. I ask unanimous consent to have printed at the conclusion of these remarks a document showing the shortcoming of the Executive order in more detail.

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

(See exhibit 1.)

EXHIBIT 1

SIGNIFICANT DIFFERENCES BETWEEN EXECUTIVE ORDER NO. S. 11671 AND S. 3529

	S. 3529	Executive Order 11671
1. Report to Congress	Sec. 7(f) requires an annual report to Congress on the activities, status, and changes in the composition of advisory committees during the previous year.	Sec. 8 requires an annual report on the advisory committees established or used by the executive branch during the preceding fiscal year. It should be noted that this presumably would not cover those advisory committees which had previously been established but were not used during the past fiscal year—of which there may be a significant number.
	Reporting requirements: a. Name of each advisory committee b. Date and authority for its establishment. c. Reference to rpts. submitted during preceding year d. Whether an ad hoc or continuing body e. Meeting dates during preceding year f. Names, addresses and affiliations of current members g. Total estimated annual cost to U.S. Government h. List of adv. committees recommended to be abolished and any actions taken	Reporting requirements: a. Name of each adv. committee and agency to which it rpts. b. Name and business address of the chairman and agency or organization he represents c. An indication that the committee was established, continued or terminated during rpting year d. Name, business address and tel. number of person whose duty it is to make appropriate responses to additional information about the committee
2. Openness	Sec. 10 requires verbatim transcripts to be taken of advisory committee meetings which are not open to the public.	No corresponding provision.
	Sec. 10 requires the "no advisory committee shall receive, compile, or discuss info concerning the current or projected commercial operation of identified business enterprises." If such info is being received, compiled or discussed the meeting will be adjourned promptly.	Sec. 12 states that "advisory committees (does not include Presidential) shall not receive, compile, or discuss data or rpts. showing the current or projected commercial operations of identified business enterprises, unless the department or agency determines it necessary for the effective functioning of the committee."
3. Responsibilities of Congress	Sec. 5 provides: a. for a continuing review of advisory committees under its jurisdiction b. guidelines for the creation of further advisory committees	No corresponding provision.
4. Responsibilities of the President	Sec. 6 provides that the Domestic Council or such other agency as the President may designate, shall transmit a public report to the Pres. and Congress containing its views on the recommendations of Presidential advisory committees and setting forth proposals for action with respect to the recommendations or its reasons for proposing that no action be taken.	No corresponding provision.
5. Comprehensive Reviews of Advisory Committees	Sec. 7(b) states that the Director shall immediately institute a comprehensive review of the activities and responsibilities of each advisory committee. Thereafter, the Dir. shall carry out a similar review annually.	No corresponding provision.
6. Availability of Transcripts.	Sec. 11 Provides transcripts of advisory committee meetings shall be made available to the public at actual cost of duplication.	No corresponding provision.
7. Collection of Info.	Sec. 12 would require (a) that an information request disapproval be accompanied by a full statement of the reasons therefor and (b) that information requests be acted upon within 60 days or approval could be assumed.	No corresponding provision.
8. Adv. Com. Reports and Other Materials.	Sec. 14 would require that advisory committees transmit to the Lib. of Congress not less than six copies of each advisory committee report. Upon termination of an advisory committee, copies of its document would be sent to the Lib. of Congress.	No corresponding provision.
9. Chartering.	Sec. 9(c) states specifically the information to be contained in the charter of each advisory committee.	Sec. 3 states that "the heads of the departments and agencies shall establish standards for chartering of advisory committees.

NOTE.—It should be noted that several significant sections (e.g. openness section) of the new Executive Order 11671 are not applicable to Presidential advisory committees.

Mr. PERCY. Mr. President, finally, I think it would be helpful to include in the RECORD an article by E. Winslow Turner, special counsel to the Intergovernmental Relations Subcommittee and to Senator METCALF, titled: "Advisory Committees: the Fifth Branch of Government." The article was published in the Bureaucrat, a quarterly journal. It is relevant here because in it Mr. Turner briefly describes some of the subcommittee's findings about advisory committees and gives specific examples about the ways in which some of these committees were conducted contrary to the public interest. I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. PERCY. Mr. President, I believe this bill is badly needed. It will save money. It will eliminate redundant activ-

ity. It will guarantee public access and help insure the protecton of the public interest. I urge its adoption.

EXHIBIT 2

ADVISORY COMMITTEES: THE FIFTH BRANCH OF GOVERNMENT

(By E. Winslow Turner)

For several years the Government Operations Committees of both the House and the Senate have been examining a little-known appendage to the federal decision-making process—the federal advisory committee. Whether known as a committee, board, commission, or council, it is a concept which has grown into an elaborate system which Congressman John Monagan from Connecticut calls the "fifth arm of the government, existing alongside the executive, legislative, judicial, and regulatory arms." And to a very large extent, the system is composed of citizens outside of government whose expertise and special interests are being given great weight and consideration in the development of federal policy and in the performance of federal tasks.

"There is a growing awareness," says Congressman Monagan, "that an invitation to advise can by subtle steps confer the power to regulate and legislate."

Viewed in its best light, the advisory committee draws on the experience of leader in industry, labor, finance, social action, and science at an exceedingly low cost to the government for the wisdom obtained. The committee can become a liaison between the federal official and the real world. It can muster substantial support for a good federal policy, or it can become an early warning system for the development of a bad policy. Further, it can produce its own studies, papers, and recommendations against which internal federal views and information may be tested.

Viewed in its worst light, the federal advisory committee can be a convenient nesting place for special interests seeking to change and preserve a federal policy for their own ends. Such committees stacked with giants in their respective fields can overwhelm a federal decision maker, or at least make him wary of upsetting the status quo. The federal advisory committee can be, and has been, used for political purposes to confer prestige on individuals who may have little or nothing to contribute. It can be, and has been, used to obtain inside information about what government is doing as well as to convey to government information which is not necessarily accurate or objective.

HOUSE STUDY

It is difficult to draw any specific patterns of benefit or abuse between these poles of conduct because of the enormous number and functional diversities of federal advisory bodies. They run the gamut from the Tea Tasters and the International Screw Thread Commission to the high-level presidential commissions looking into crime, violence, productivity, and urban problems. They are created by statute, executive order, agency directive, bureau chiefs, and a variety of other means, often unknown to any central administrative authority. The Special Subcommittee of the House Committee on Government Operations counted over 1,500 such advisory bodies at the federal level, costing the taxpayer about $65 million annually with a total committee membership of over 20,000 individuals and an assigned staff of some 4,400 persons. But these figures are conservative, taken only from answers to the subcommittee survey. Estimates range up to 3,200 interagency and advisory committees running over $100 million a year.

In a hard-hitting report, the House Government Operations Committee revealed that many advisory groups existed in name only; their reports were ignored or forgotten, their missions were ill-defined, leading to duplication and the loss of time and money; and their membership lacked objectivity as well as the balancing of geographic and public interests. Some advisory committees were asked to make judgments on matters which regulatory agencies were given their own expert staff and authorities to resolve. Others were sparsely funded and infrequently called into session, rendering no meaningful advice or information. One agency, after establishing a central management review mechanism, was able to abolish 125 of its advisory committees in nine months.

Perhaps the most significant findings of the House committee lay in the public policy area. The committee found that Congress has never made a sustained inquiry into the operations of advisory and interagency committees from the standpoint of government efficiency and economy, nor has it established any guidelines for itself in authorizing the use of such committees. It found further that the Office of Management and Budget, despite a 1962 Executive Order (No. 11007) and several BOB memoranda, has not carried on an adequate supervisory and managerial role with respect to advisory committees, nor has OMB made any comprehensive review to be able to provide the Executive and the Congress with accurate and reliable data as to the number and relative value of such committees. Further, the committee found, among other things, that costly presidential advisory committees, in particular, lacked adequate administrative guidelines and any mechanism for evaluation and follow-up of their public reports and recommendations, including what action was taken by the Executive—positive or negative—on such recommendations.

SENATE STUDY

The Senate investigation into advisory committees took a different approach. It concerned itself primarily with case examples of the confidential operations of industry advisory committees whose advice and operations had broad implications with respect to government policy. Hearings were held by the Subcommittee on Intergovernmental Relations of the Senate Committee on Government Operations, chaired by Senator Lee Metcalf of Montana. Among the committees studied were the Advisory Council on Federal Reports (OMB), the National Petroleum Council, the Industry Advisory Council (DOD), the National Industrial Pollution Control Council, the National Business Council for Consumer Affairs, and certain advisory committees to the Civil Aeronautics Board, the Federal Power Commission, and the Federal Communications Commission. The inquiry was conducted in connection with the subcommittee's consideration of four pieces of proposed legislation during the 91st and 92nd Congresses (S. 3067 by Senator Metcalf, 1st Session, 91st Congress; S. 1637, by Senator Melcalf, S. 1964, by Senator William V. Roth, and S. 2064, by Senator Charles H. Percy, all in the 1st Session, 92nd Congress).

CAB Advisory Committee

One of these examples explored by the subcommittee was the Financial Advisory Committee to the Civil Aeronautics Board. The purpose of this advisory committee was to see whether the Board was asking the right questions and getting the right information as to the financial condition of the air carriers. Members of the committee consisted of top officials of major banks, insurance companies, and private consortiums holding the airline debt. The committee's first meeting was closed, and was held in the office of its chairman at the Chase Manhattan Bank in New York City. The Chase is a major creditor in five of nine local service carriers, and as trustee is a major shareholder in five of the nation's nine largest commercial airlines. A subsequent committee meeting, also closed, was held in the Conference Room of the Equitable Life Assurance Society, in New York City. The Equitable is the third largest holder of long-term airline debt. Except for two executive sessions scheduled by the committee in New York, all other meetings were held at the offices of the CAB. There was no public notice of the meetings, nor public dissemination of the minutes, transcripts, and other documentary material developed (until the subcommittee opened up the issue.)

Although the Board specifically instructed the Finance Advisory Committee not to discuss any matter pending before the CAB, nor to advise it with respect to any such matter, the minutes show that rates, subsidies, financial conditions of carriers, competition, and other substantive issues were discussed, and that the only persons present were the committee members and, at various times, Board members and CAB staff.

The above is not in any way to imply that there was anything wrong in what the Board did or what the committee did. It was all carried on within the guidelines of an existing Executive Order (Executive Order 11007). It was the potential for abuse and the suspicion of *ex parte* activity that bothered some of the members of the subcommittee. Senator Lawton Chiles of Florida told the CAB Chairman:

"I do not think it is so strange personally that you have people that are in the financial field that are on the committee, because I think you are looking for their help. My concern is that if the meeting is closed and if there is no transcript, how do we know that the public is completely protected? Because if from this meeting you or other members sitting in this meeting or reading the report are persuaded, then this is a subjective reasoning process. If this is something that you are persuaded about, and the fact that you later hold a public hearing, somehow the public is never apprised in a disclosure way about the reason you were persuaded."

It may be of some significance that five weeks after Senator Metcalf called the public's attention to the existence and operations of the CAB advisory committee, it was disbanded.

Administrative Advisory Committee

A second example examined by the Senate subcommittee concerned an industry committee advisory to the federal Executive (as contrasted with the previous example relating to an independent regulatory agency), the National Industrial Pollution Control Council (NIPCC). It was established to advise the President and the Chairman of the Council on Environmental Quality through the Secretary of Commerce on environmental problems of industry and on plans and actions of federal, state, and local agencies affecting industry. The membership, chosen by the Commerce Secretary, consists not of technicians but of some 63 of the nation's most prestigious board chairmen and chief executive officers who in turn preside over a variety of sub-councils concerned with every area of pollution from aircraft to wood products. Total membership runs over 200. Not one of them is drawn from environmental organizations, state or local governments, consumer groups, public interest law firms, or other areas of public concern.

The all-industry makeup of the committee is defended by the Commerce Department and industry officials on the grounds that the Council is supposed to be the "central source" of industry information to the President and "principal consulting organization" with respect to governmental standards being forced on industrial polluters. Yet NIPCC meetings have been closed except to key government officials who are treated to a continuing battery of industrial complaints and information. Environmental and consumer organizations are not even allowed to listen; the press is denied post-meeting press conferences.

Nevertheless, in a little more than a year,

the Council prepared and published some 30 reports, printed at government expense and bearing the imprimatur of the Commerce Department. These included a "Casebook of Pollution Cleanup Actions," drawn from published accounts of individual company environmental activities. The subcommittee discovered that these cases were supplied from self-serving company house organs, employee magazines, annual reports, trade association reports and favorable newspaper and magazine articles, at the specific request of a NIPCC press officer in order to launch a "communications-P.R. program" for the Council. One of the Council's pamphlets extolling the safety of NTA as a detergent had to be superseded by a second pamphlet alerting the public to the fact that parts of the first pamphlet were incorrect and misleading.

The point which was emphasized by Senator Metcalf at the hearings was that this was a closed group, and because of the secrecy, its recommendations "are bound to be suspect."

The Senator observed:

"What we are dealing with, in these hearings, goes to the bedrock of government decisionmaking. Information is an important commodity in this capital.

"Those who get information to policymakers, or get information for them, can benefit their causes, whatever it may be. Outsiders can be adversely and unknowingly affected. And decisionmakers who get information from special interest groups who are not subject to rebuttal because opposing interests do not know about the meetings—and could not get in the door if they did—may not make tempered judgments."

Scientific advice

A third type of advisory committee problem developed by the Senate committee lay in the area of scientific advice. In 1971 the Environmental Protection Agency announced that it would not suspend further uses of a potent herbicide 2,4,5,-T pending the decision of a special science advisory committee which had been previously selected by the Department of Agriculture from a list of names furnished by the National Academy of Sciences. Responsibility for herbicide regulation had been transferred by law to EPA, and it had inherited the advisory panel. The scientific credentials of the committee members were not in question. What was at issue was the lack of procedures to ensure that the committee was not unduly biased either toward or against the manufacturer's point of view (or for that matter the views of the environmentalists). USDA claimed it only screened the personnel for conflict of financial interests. NAS apparently made no effort to seek a philosophical balance. As it turned out, the advisory committee gave the herbicide a clean bill of health. The committee operated in secret and didn't even consult FDA scientists who had done considerable research on 2,4,5,-T. The report was filed in secret.

Nevertheless, the report of the science advisory group fell into the hands of independent scientists who held a press conference severely criticizing the report and alerting EPA and FDA experts to the report's omissions, basis, methodology, and conclusions. The FDA recommended the ban on 2,4,5,-T be continued. The Surgeon General concurred, and EPA rejected the advisory committee's recommendations.

Testifying for the Center for the Study of Responsive Law, Harrison Wellford said:

"I think that this is a very important point because with the closed system the way it is now, you really do have tremendous incentives for a 'cliquishness' to develop among people who are invited to consult. It is very difficult for outsiders to break into this network."

Federal reports

A fourth example of potential advisory committee abuse in influencing government policy was highlighted by the subcommittee's inspection of the role of the Advisory Council on Federal Reports. This federal advisory committee was privately organized by industry at the request of the former Bureau of the Budget to advise on business information requests intended for general circulation. The Federal Reports Act (46 U.S. Code 3501–3511) requires the OMB to coordinate and clear the collection of information from ten or more persons. The ACFR consists of 16 committees whose members are entirely representative of leading companies and trade associations in banking, broadcasting, chemicals, meat packing, natural gas, oil, railroads, utilities, and other industry lines.

When government officials in 1964 proposed a federal inventory of industrial wastes, they were faced with a 27-man panel from the council, representing major industrial polluters, who vigorously opposed the inventory. Thereafter, the Budget Bureau pigeonholed it. The meetings with the BOB were secret, and no representatives from conservation, environmental, small business, consumer, taxpayer, or other public interests were present. The survey languished in the BOB for four years until 1968 when the industry advisory panel again considered the proposed form in secret with government officials, and objected to it. BOB returned the inventory to the pigeonhole. Finally, in 1970, after a seven-year delay, a pilot, voluntary inventory was approved, under procedures of limited disclosure, as required by the OMB. The House Committee on Governmental Operations, in a 1970 report, placed part of the blame for delay on the influence of the council over basic policy decisions of the Federal Water Quality Administration and the OMB. Because the meetings and discussions between OMB and industry were closed and no transcripts were taken, the extent of such influence remains to be determined.

CURRENT LEGISLATION

On May 9, 1972, the House passed its advisory committee bill (H.R. 4383) by a vote of 357 to 9. The significant thing is that the desire to have some legislation establishing a system with respect to the creation and operation of federal advisory bodies appears to be strongly bipartisan. The Senate Subcommittee on Intergovernmental Relations has introduced a clean bill (S. 3529) and has reported it favorably to the Committee on Governmental Operations for action. The Senate bill is a comprehensive blending of the features contained in the three previous bills: S. 1637, S. 1964, and S. 2064. Other sponsors of S. 3529 are Senators Muskie, Hart, Humphrey, Chiles, Brock, and Gurney.

Senate legislation

Briefly, the Senate legislation would accomplish the following:

Require Congress to make a continuing review of existing advisory committees under its jurisdiction to determine which such committees should be abolished or merged, or their responsibilities revised; and to follow certain prescribed guidelines in the creation of new advisory committees by legislation.

Authorize the President to assign responsibility to his Domestic Council, or other agency, for evaluating and taking action on recommendations of presidential advisory committees, including the issuing of a public report containing views on such recommendations and proposals for action.

Require the Office of Management and Budget to establish a "Management Secretariat" on advisory committee matters; to institute a comprehensive annual review of the activities and responsibilities of all existing advisory committees; to make a report to the President as to whether such committees are carrying out their purposes and whether their missions should be revised, merged, or abolished; and to report to Congress on essential facts as to each advisory committee, such as activities, status and changes in composition, its reports, dates of its meetings, name and affiliations of members, and cost of its maintenance.

Require agency heads to establish uniform guidelines and management controls for advisory committees under their responsibility, together with the designation of an advisory committee management officer to be solely responsible for the supervision over, and the records of, such agency advisory committees.

Provide that no advisory committee shall meet or take any action after the effective date of the legislation until it has filed a charter with the agency or the President, depending on the nature of such committee, setting forth detailed information as to its official designation, objectives and scope of activity, time needed to carry out its purposes, estimated operating costs, and other pertinent information.

Provide procedural rules for all advisory committees requiring that meetings shall be open to the public; timely notice of such meetings shall be published in the *Federal Register;* interested persons shall be permitted to appear before or file statements with such committees; and records of such committees shall be made available for public inspection and copying.

(a) Where the President or agency head determines in writing and after notice that the subject matter of an advisory committee meeting is concerned with areas exempted under the Freedom of Information Act (5 US Code 552(b)), the meetings may be closed, but a verbatim transcript must be taken.

(b) Any person aggrieved by a determination by the President or agency head as to closure of the meetings or as to the withholding from the public advisory committee records, including transcripts, may file an action in the United States District Court under procedure contained in the Freedom of Information Act (5 US Code 552(a)(3)).

Require that each advisory committee in existence on the effective date of the legislation be determined not later than December 31, 1973, unless it is renewed by appropriate action (which procedures are set forth) or such termination is otherwise provided by law. For advisory committees established after the effective date of the legislation, require that they be terminated after a two-year period unless renewed by appropriate action, or such termination date is otherwise subject to law.

The above procedural requirements as to "openness" are, in a very real sense, a compromise between the mandatory requirements of openness and public participation contained in S. 1637, the Metcalf bill, and the permissive agency option for public access contained in the Percy and Roth bills (S. 2064 and S. 1964.)

Metcalf legislation

Under the Metcalf legislation, the membership of all advisory committees was to be revamped to include at least one-third of the members from private life to represent the interests of the public with respect to the subject matter of the committee. This was to ensure a direct public participation, *ab initio,* in the organization and activities of the advisory committee. The Metcalf bill also required that all advisory committee meetings (with the exception of those dealing with national security and intelligence matters) be open to the public, and that a verbatim transcript be taken at each such meeting.

There was opposition to this approach, particularly from agencies whose committees dealt with such issues as national defense and foreign policy, trade secrets, matters relating to the regulation and supervision of financial institutions and markets, and information concerning the competence and character of individuals, such as that taken up by the grant review committees of National Institutes of Health, the National Science Foundation, and NASA.

Thus, the Metcalf bill was modified to eliminate the one-third public membership requirement, but to keep however, the mandatory provisions for open meetings, timely notice, public records, and the opportunity for public appearances, subject to giving permission to the President or agency head to waive the application of openness, where it was determined that matters to be taken up came within certain specific exemptions set forth under the Freedom of Information Act. This act was chosen because it had received the most thorough scrutiny and consideration by the Congress in this sensitive area between public disclosure and privileged information. Further, it seemed to meet most of the objections raised as to openness during the hearings.

It is to be emphasized that in no manner is there any intention in this legislative language to modify, amend, or otherwise affect the meaning and effect of the Freedom of Information Act. Section 552(b) of title V is used for reference purposes only. The law which has been developed by the cases in interpreting that provision would be binding on the President or agency head in making its determination.

House legislation

The House legislation, H.R. 4383, is not substantially different from the Senate bill in its approach. It provides for congressional review of advisory committees and legislative guidelines. It places similar responsibilities in the President and OMB for review and reporting as to advisory committee activities, and establishes certain administrative and management controls in the agencies.

But the House bill differs in two major respects: (1) it covers interagency committees composed wholly of government officials (the Senate bill concerns solely committees with membership from outside government); and (2) it does not provide for the broad mandate of openness and public disclosure of the Senate bill; however it leaves discretion with the agency, and does require minutes to be kept and timely notice of meetings to be given.

LEGISLATIVE TIME HAS COME

Many senators and congressmen believe that advisory committees represent an area of governmental reform whose legislative time has come. The fact that there has been such extensive legislative action on the matter lends optimism to the expectation that a bill will be forthcoming in the present session of Congress.

Senator Charles H. Percy of Illinois, who is ranking Republican member of the Senate Committee on Government Operations, had a major personal role in drafting the new Senate bill. His statement in the Senate on June 15, 1971, reflects the bipartisan concern which has followed this advisory committee legislation from the outset:

There has been a growing concern about committees created to advise the executive branch. This concern has been of two kinds. First, is a belief that standards and procedures for establishing and managing advisory committees have been inadequate, and that as a result there exists a very large number of such committees, many of which have been of marginal usefulness. . . . There is another kind of concern about Federal advisory committees—a belief that these committees do not adequately and fairly represent the public interest, that they may be biased toward one point of view or interest, and that their proceedings are unnecessarily closed to the public.

One thing is certain: whatever legislative action is taken with respect to advisory committees, the inquiry by the House and Senate has significantly alerted the federal establishment that there are problems, particularly with respect to committee proliferation and operating procedures, and that corrective action and new policy guidelines for openness and reporting are an administrative priority in the public interest.

Mr. BROCK. Mr. President, I am delighted with the Senate passage today of S. 3529, the Federal Advisory Committee Act. The bill establishes standards and procedures governing the establishment and operation of advisory committees in the Federal Government.

Advisory committees have contributed substantially to the effectiveness of the Federal Government, but Congress has neglected to provide adequate controls to supervise their growth and activity. It is estimated that we now have somewhere between 2,600 and 3,200 advisory committees in existence today—with no uniform guidelines. Some no longer have a relevant purpose. Some are overlapping and unnecessary. And they are costly. But we have neglected to disband them.

I think probably one of the best features of the bill is the requirement that any advisory committee must file a new committee charter every 2 years, and this provision also relates to those committees now in existence.

This legislation streamlines a small portion of our whole Government operation, but it is important. I urge my colleagues in the House to move quickly and favorably so that we can make the most efficient and effective use of advisory committees, with continuing congressional oversight.

Mr. METCALF. Mr. President, H.R. 4383, a companion bill, has been referred to the Committee on Government Operations. I ask unanimous consent that the committee be discharged from further consideration of the bill, and that the Senate proceed to its immediate consideration.

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

The Senate proceeded to consider the bill (H.R. 4383), to authorize the establishment of a system governing the creation and operation of advisory committees in the executive branch of the Federal Government, and for other purposes.

Mr. METCALF. Mr. President, I move to strike out all after the enacting clause of H.R. 4383 and to substitute therefor the text of the S. 3529, as reported and amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

Mr. METCALF. Mr. President, on June 5, 1972, after the House passed H.R. 4383, its counterpart bill on advisory committees, and after the Subcommittee on Intergovernmental Relations unanimously reported the clean bill, S. 3529, the President proclaimed new Executive Order 11671, which order contained to a limited degree some of the concepts incorporated in the House and Senate legislation. It is a matter of conjecture whether this order was more of an effort to divert the legislation than to meet the problems raised by the House and Senate investigations into Federal advisory committees.

In any event, it is the intent of the Senate Government Operations Committee that there be a congressional mandate to deal with the proliferation and abuses of these advisory committees. Executive orders and regulations have been insufficient in the past to cope with these problems. Executive orders are always subject to amendment and change, and OMB operational rules and memoranda implementing such orders are capable of weakening flexibility without sanctions set forth by Congress. The issue has become much too serious and pervasive to be reached effectively by administrative pronouncements. As demonstrated by the extensive inquiry in the House, and by the bipartisan nature of the bills introduced, this is clearly a matter for statutory solution.

Furthermore, Executive Order 11671 does not cover a number of key areas of reform incorporated in S. 3529.

First. It does not provide for coverage of Presidential committees or committees not appointed by the President but which advise him, such as the National Industrial Pollution Control Council. This coverage is crucial, involves many committees.

Second. It does not provide for coverage of advisory committees which have been or will be in existence for less than 12 months, thereby encouraging the creation of limited committees not subject to any rules.

Third. It does not provide for public participation or submission of views at advisory committee meetings; and where meetings are closed, there is no requirement for transcripts and other definitive records to be made, nor any judicial method for challenging the closed session or for finding out what transpired. Thus, agency heads can easily hide under exemptions of the Freedom of Information Act.

Fourth. It gives wide discretion to agency heads in setting standards for advisory committees, including what is required by committee charter. S. 3529 spells this out.

Fifth. It makes no provision for congressional review and reorganization of committees—it could not; but also no adequate comprehensive review and housecleaning by the OMB on advisory committees or any report as to which should be abolished.

Sixth. It does not provide for adequate reports to Congress on the activities, status and changes in committees, nor for adequate public reports as to the makeup and purposes of committees.

Seventh. It exempts a broad number of educational, technical, nonprofit, welfare, and other committees.

Eighth. It provides no reports as to evaluation of, and action on, recommendations of Presidential commissions and other advisory committees.

Ninth. It contains no amendments to Federal Reports Act, no requirements that advisory committee reports and records be sent to the Library of Congress.

Thus, I think it is quite apparent that the Executive order is by no stretch of the imagination any substitute for the comprehensive legislation which has been framed by both the House and the Senate, and that as a matter of basic policy and orderly government, a con-

gressional mandate is required with respect to Federal advisory committees.

Mr. President, I ask unanimous consent to have Executive Order 11671 printed at this point in the RECORD.

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

COMMITTEE MANAGEMENT

(Executive Order 11671)

To assure that the many committees appointed to advise or assist the Federal Government can work effectively, it is necessary to set forth general standards for their formation, use, conduct, management, and accessibility to the public.

Now, therefore, by virtue of the authority vested in me as President by the Constitution and laws of the United States, it is hereby ordered as follows:

SECTION 1. As used in this order, the term—

(1) "department or agency" means any department, independent agency, or establishment of the executive branch of the Government;

(2) "Government Official" means any full-time salaried officer or employee of the Federal Government;

(3) "Director" means the Director of the Office of Management and Budget;

(4) "Committee" means any committee, board, commission, council, conference, panel, task force, or other similar group or body established to meet on a recurring basis to provide advice or recommendations to the Government, or for the purpose of coordinating the activities of departments or agencies, including Presidential, interagency, advisory, or industrial advisory committees but excluding intra-agency committees;

(5) "Presidential committee" means any advisory committee having members appointed by the President and which is used as a source of direct advice and counsel to the President or the Vice President;

(6) "Advisory committee" means any committee that is not composed wholly of Government officials and (A) is established by a department or agency of the Government in the interest of obtaining advice or recommendations, and which has been or will be in existence more than twelve months, or (B) is not established by a department or agency, but only for such period when it is being utilized by a department or agency in the same manner as a Government-established advisory committee.

(7) "industrial advisory committee" means an advisory committee composed predominantly of members or representatives of a single industry or group of related industries, or of any subdivision of a single industry made on a geographic service or product basis; and

(8) "interagency committee" means any committee formally established by a department or agency whose membership consists exclusively of Government officials, as defined herein, representing more than one department or agency, and which has been or will be in existence more than twelve months.

SEC. 2. No interagency or advisory committee including any industrial advisory committee shall be established by any department or agency unless such establishment is:

(1) specifically authorized by statute or Presidential directive, or

(2) specifically determined as a matter of formal record by the head of the department or agency to be in the public interest in connection with the performance of duties imposed on that department or agency by law.

SEC. 3. The heads of departments or agencies shall establish standards for the chartering of committees. No committee shall meet until after a committee charter has been approved by the head of the department or agency establishing the committee except where such committee has been established by statute.

SEC. 4. Unless otherwise specifically authorized by statute or Presidential directive, no advisory committee shall be utilized for functions not solely advisory. Determinations of action to be taken and policy to be expressed with respect to matters upon which a committee advises or makes recommendations shall be made solely by the President or an official of a department or agency of the Government.

SEC. 5. Unless its duration is otherwise fixed by statute or Presidential directive, a committee shall terminate not later than two years from the date of its formation unless the establishing authority makes a formal determination not more than 60 days prior to the date of scheduled termination that its continued existence is in the public interest. A like determination by the establishing authority shall be necessary not more than 60 days before the end of each subsequent two-year period to continue the existence of such committee thereafter. For the purpose of this section, the date of formation of a committee in existence on the date of publication of this order, and not now having a termination date, shall be deemed to be January 1, 1972, or the actual date of its formation, whichever is later.

SEC. 6. Unless specified to the contrary by Presidential directive, statute, or committee charter, the department or agency establishing a committee shall be responsible for providing support services for the committee's activities. Where more than one department or agency establishes a committee, only one of those departments or agencies shall be responsible for support services at any one time.

SEC. 7. In order to strengthen interagency or advisory committee responsibility, a committee shall have dual or rotating chairmanships only when the head of the department or agency establishing the committee determines that such an arrangement is required.

SEC. 8. The Director shall:

(1) establish and maintain oversight of the administrative activities of Presidential advisory committees unless provided to the contrary by the establishing authority;

(2) provide guidance to departments and agencies concerning the management of interagency and advisory committees consistent with the purposes and provisions of this order;

(3) from time to time request such information as he deems necessary to assure proper utilization of committees; and

(4) on or before January 1 of each year, provide to the Congress and thereafter publish in the FEDERAL REGISTER, a list of Presidential advisory, interagency advisory, and industry advisory committees established or used by the executive branch during the preceding fiscal year. Such a list shall contain (A) the name of each committee and the agency to which it reports, (B) the name and business address of the Chairman and the agency or organization he represents, (C) an indication that the committee was established, continued or terminated during the reporting year, and (D) the name, business address and telephone number of a person whose duty it is to make appropriate response to requests for additional information about the committee.

SEC. 9. The head of every department or agency establishing a committee shall:

(1) designate a Committee Management Officer to exercise effective control over the establishment and use of interagency, advisory, and industry advisory committees;

(2) issue directives and provide guidance for the management of the department or agency, interagency advisory, and industry advisory committees consistent with the provisions and purposes of this order and the instructions of the Director;

(3) designate a Government official who shall be responsible for assembling committee records and, under established agency procedures, responding to requests for public information; and

(4) establish a committee management system, under the supervision of the Committee Management Officer, which will provide systematic and effective review and evaluation of the activities and accomplishments of interagency, advisory, and industry advisory committees.

SEC. 10. Advisory committees shall meet under the chairmanship of, or in the presence of, a Government official appointed by the agency establishing the committee who shall have the authority and be required to adjourn any meetings whenever he considers adjournment to be in the public interest.

SEC. 11. Each industrial advisory committee shall be reasonably representative of the group of industries, the single industry, or the geographical, service or product segment thereof to which it relates, taking into account the size and function of business enterprises in the industry or industries, and their location, affiliation, and competitive status, among other factors. Selection of industry members shall, unless otherwise provided by statute, be limited to individuals actively engaged in operations in the particular industry, industries, or segments concerned, except where the department or agency head makes a written determination that such limitations would interfere with effective committee operation, detailing his reasons therefor.

SEC. 12. Advisory committees shall not:

(1) receive, compile, or discuss data or reports showing the current or projected commercial operations of identified business enterprises, unless the department or agency head determines it necessary for the effective functioning of the committee, or

(2) hold any meetings except at the call of, or with the advance approval of, a Government official and with an agenda approved by such official, unless the head of the agency determines it is in the public interest to permit such meetings.

SEC. 13. (a) In order to provide for public knowledge of and accessibility to advisory and industry advisory committees, department and agency heads shall make adequate provision for participation by the public in the activities of such committees. In carrying out this obligation, and except as provided in subsection (d) of this section, departments and agencies shall:

(1) require that all meetings of such committees be open to public observation, and

(2) apprise, by publication in the FEDERAL REGISTER or as appropriate by publication in local media, any interested individual or group of the purposes, membership and activities of advisory and industrial advisory committees, including dates, places, and agendas of open meetings.

(b) Any interested person may attend open meetings of advisory and industrial committees. However, the department or agency head may establish reasonable limitations as to numbers of persons who may attend and the nature and extent of their participation, if any, in such meetings.

(c) Advice or recommendations of the committee shall be given only with respect to matters covered in the record of the committee's proceedings. Records shall be kept of all committee proceedings, including:

(1) the identification of committee members present and members of the public who participate at meetings and the interests or affiliations they represent;

(2) the written information made available for consideration by the committee;

(3) a description of matters discussed; and

(4) recommendations made and reasons therefor.

(d) The preceding provisions of this section shall apply to all advisory and industry advisory committees except to the extent that a determination is made in writing by the department or agency head that committee activities are matters which fall within policies analogous to those recognized in Section 552(b) of Title 5 of the United States Code, and the public interest requires such activities to be withheld from disclosure. When such a determination is made, the department or agency head shall detail his reasons therefor. In the event a department or agency head makes such a determination, provision shall be made for the committee to issue a report, at least annually, setting forth a summary of its activities and such other matters as would be informative to the public and would be consistent with policies analogous to those recognized in Section 552(b) of Title 5 of the United States Code.

(e) The availability to the public of records of such committees shall be determined pursuant to section 552 of Title 5 of the United States Code and other applicable law.

SEC. 14. The requirements of this order shall not apply to any advisory committee composed wholly of representatives of State or local agencies or charitable, religious, educational, civic, social welfare, or other similar nonprofit organizations.

SEC. 15. To the extent this order is inconsistent with or in conflict with any statutory provision, the provisions of the order shall not apply.

SEC. 16. This order supersedes Executive Order No. 11007, as well as all provisions of prior Executive orders to the extent that they are in conflict with the provisions of this order.

RICHARD NIXON.

THE WHITE HOUSE, *June 5, 1972.*

[FR Doc. 72-8652 Filed 6-5-72; 2:37 pm]

Mr. ROTH. Mr. President, I urge the Senate to act favorably on S. 3529, the Federal Advisory Committee Act, today. This measure grew out of bills introduced by Senators METCALF (S. 1637), PERCY (S. 2064), and myself (S. 1964). It is cosponsored by Senators BROCK, GURNEY, MUSKIE, CHILES, HUMPHREY, and HART. My bill, which was introduced in the House as H.R. 4383, resulted from hearings held before the House Government Operations Subcommittee on Special Studies, chaired by Representative MONAGAN of Connecticut. H.R. 4383 has already passed the House. This legislation has also been the subject of extensive hearings and staff efforts in the Senate Subcommittee on Intergovernmental Relations.

I am impressed by Executive Order 11671, published on June 7, 1972, as an important step toward improved advisory committee management. Nevertheless, I still feel that Congress should provide a general mandate for reform in this area where the Executive has been slow to act.

Further, there are several aspects of S. 3529 which are not reflected in the executive order—such as the regulation of presidential advisory bodies.

There are several specific objectives which the Federal Advisory Committee Act will achieve in providing better and more economical administration of the over 2,600 advisory bodies existing in the Federal establishment today. First of all, S. 3529 will help to slow the proliferation of unneeded and overlapping committees by requiring that bodies automatically terminate after 2 years unless formally renewed. Secondly, it offers improved tools for management of committees by the Office of Management and Budget and agencies.

This committee bill further places responsibility on each committee of Congress to review the advisory committee apparatus operating within its area of jurisdiction. Similarly, the President is authorized to make a specific assignment of responsibility for evaluation and action on the recommendations of presidential advisory committees. Thus, perhaps the Nation will obtain greater advantage from these advisory groups—which are often made up of very able individuals and expend considerable amounts of money.

Fourth, I feel that adequate steps have been taken in constructing this legislation to provide public access to meetings and records of advisory committees. Provisions are included to allow the closing of meetings where matters exempted by the Freedom of Information Act are to be dealt with.

Finally, S. 3529 addresses itself to the danger of private interests exercising unfair influence on governmental decisions through membership in advisory committees. Government personnel are given clear administrative control of these bodies; and there is a general mandate to Congressional committees to see that they be representative of those concerned in any advisory body's area of interest.

I urge the Senate to approve the Federal Advisory Committee Act to improve the management of Federal advisory bodies. It is my hope that the result will not only be an organizational improvement, but that the right of the people, their representatives in Congress, and the press to know how public decisions are made will be better protected.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 4383) was read the third time and passed.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion was agreed to.

Mr. METCALF. Mr. President, I move that consideration of S. 3529 be indefinitely postponed.

The motion was agreed to.

Mr. METCALF. Mr. President, I am very grateful to the Senator from Illinois, not only for his help but also for his consideration in allowing this bill to be brought up, and I am also grateful to the Senator from Louisiana for his assistance.

I think that all members of the Committee on Government Operations who worked on this bill, and there were many, have made a great contribution to better governmental control of the thousands of advisory committees concerned.

REVENUE SHARING ACT OF 1972

The Senate resumed 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. BENNETT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The time to be charged to which side?

Mr. BENNETT. On which amendment is time controlled?

The PRESIDING OFFICER. The amendment of the Senator from Illinois.

Mr. BENNETT. I ask unanimous consent that the time be charged to neither side.

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

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PERCY. 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. PERCY. Mr. President, I yield 5 minutes to the distinguished Senator from Oregon.

Mr. BENNETT. Mr. President, will the Senator yield to me first?

Mr. PERCY. I yield.

Mr. BENNETT. Mr. President, as I understand it, the manager of the bill has 28 minutes remaining.

The PRESIDING OFFICER. Twenty-six minutes.

Mr. BENNETT. I will be very happy to yield 15 of those 26 minutes to the Senator from Illinois, which gives him the 45 minutes he would have had if we had had an hour and a half time scheduled.

Mr. PERCY. I accept the generous offer with gratitude, with the understanding that we will try to expedite this matter and finish within that time; but if there is still a Senator who has not spoken who wishes to speak, then we will ask whether we can have time for him. I think that arrangement was made with the majority leader and the manager of the bill last night.

Mr. BENNETT. When that time comes, this would leave us 11 minutes, and we may be able to supply that.

Mr. PERCY. Very good.

The PRESIDING OFFICER. The Senator from Illinois has 17 minutes. To whom does he yield?

Mr. PERCY. I yield 5 minutes to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I am pleased to speak today in support of the amendment offered by the senior Senator from Illinois (Mr. PERCY).

The State of Oregon has for many, many years participated in revenue sharing of sorts with its local governments. Governor Tom McCall recently estimated that the total of State-originated revenues and "pass through" of Federal funds for use by units of local government approximates $500,000,000 per biennium, so you can see that we in Oregon are not newcomers to the revenue sharing principle.

With this background, then, it seems appropriate to point out that the State of Oregon has been a pioneer in the field

of property tax relief. As of last year we became the first State to institute a property tax relief program based upon the income—and not solely the age—of those persons subject to the property tax.

Federal revenue sharing, as a concept, raises many important and of course, controversial issues. Most often cited as the real reason for Federal help is the mounting local property tax burden, and its devastating effect on the elderly and low income families. For this reason, we in Oregon are encouraged by the concept contained in Senator PERCY's amendment No. 1500.

We think it is important, if revenue sharing is to succeed, that much of its impact be directed to relieving the burden of local property tax payers in meeting their program needs. This amendment would help establish a sound and workable basis for this objective. It encourages the establishment of rational standards for property tax assessment practices, and would substantially assure that Federal money appropriated for property tax relief would, in fact, be used to that end.

The State of Oregon has led the Nation in establishing a system for equalization and uniformity of the local property tax. We started the first statewide reappraisal system 21 years ago. We have long observed professional standards for assessment personnel, annual ratio studies, and, for the past 11 years, have had a separate tax court to handle appeals resulting from differences arising at the local level.

Last year the Oregon State Legislature approved an appropriation from the State's general fund of $20 million annually for direct property tax relief to the elderly—to those folks on a fixed income. In addition, and again Oregon has led the way, we made this property tax relief program applicable to low income households. With this sort of leadership and tax relief effort on the part of the State, it seems especially important that we, in Congress, encourage and foster such efforts with the enactment of the amendment offered by Senator PERCY.

I urge its adoption by the Senate.

Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from a bulletin published by the Oregon Department of Revenue for July and August, 1972, entitled "Oregon Has Nation's Only State Tax Court."

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

OREGON HAS NATION'S ONLY STATE TAX COURT

While the Department of Revenue tries to equitably carry out its responsibilities as the state's chief money collector, a few taxpayers will seek additional relief from an independent arbiter with some authority to do something about their grievances.

They'll find that authority in the Oregon Tax Court, which was founded by the legislature in the early 1960s and charged with resolving legal disputes over income taxes, property taxes and, beginning in 1972, inheritance and gift taxes. Oregon courts were jammed, and the 1959 legislature had passed a measure for a board of tax appeals which was vetoed by the governor because no money was appropriated for the board. The Tax Court was finally created by the 1961 legislature with money to operate and began hearing cases in 1962.

The judge is the court. The current judge, the Honorable Carlisle B. Roberts, is the third man to occupy the Tax Court bench, following the first judge, Peter M. Gunnar, and his successor, the Honorable Edward H. Howell, now a justice of the Oregon Supreme Court.

Judge Roberts says he may take six or seven days after hearing a case before reaching a decision; but that length of time is the exception, not the rule. "I don't let the decision go out," he says, "unless I can feel serene about it, even if it is overruled." Arriving at a "serene" decision in the nation's only state tax court can be difficult, but Judge Roberts approaches the responsibility calmly and with a strong background in the subject he's dealing with.

Before becoming Tax Court judge in 1970, Judge Roberts was the Chief Tax Counsel in the Attorney General's Tax Division; he headed the legal counsel for the Department of Revenue.

But the change in jobs required a change in viewpoint. When advising the Department, he would look at the principal reason for the statute when the legal question was very difficult to answer. "That reason," Judge Roberts explains, "was usually to raise revenue."

Now he grants more consideration of the taxpayer. And he must consider whether his decision will stand up in higher courts. His rulings can be appealed directly to the state Supreme Court; and, if the taxpayer remains unsatisfied and there is a federal question (such as constitutionality under the U. S. Constitution), into Federal Courts. This has broadened his thinking in weighing a decision; this is why he waits until he feels "serene" before "letting the decision out."

Judge Roberts' reflection on his verdicts created a lag when he first stepped up to the bench; a lot of time elapsed between the arrival of a case in the court and the ruling. Some delay is unavoidable. After a complaint is filed, the other side is given 20 days in which to answer. After the answer, the complainant is allowed another 20 days to reply. So, a month and a half could elapse before some of the pre-trial maneuvering is completed. Motions can also delay the proceedings; and on top of this, many courtrooms for cases heard on circuit are jammed. Scheduling may need to be done two months in advance.

Judge Roberts is working to reduce the lag. As he has become more familiar with the legal questions and applicable statutes; he can reach decisions more quickly. This is one of the reasons for creation of the Tax Court.

Before the court began operating, tax questions were handled in circuit courts. Some judges did not hear tax cases regularly; and when one came before them, more time was necessary to reach a judgment. The legislators created the Tax Court with an eye on economies of specialization. Judge Roberts likens the old system to having a watchmaker repair a camera; he may be able to do the job because of intelligence and experience with small, interlocking parts, but he would have made more money in the same time repairing watches.

Judge Roberts believes the Tax Court is a safety valve. "Many taxpayers think the county assessor, the board of equalization, and the Department of Revenue are all 'taxgetters,'" he says. The judge views his job as a responsibility to each taxpayer to provide justice under the law, and he feels justice comes when each taxpayer can bring his grievance before an impartial court.

Almost all cases come before Judge Roberts on appeals of decisions made in two places: a county board of equalization or the Department of Revenue. The appeal from the board of equalization may enter the Small Claims Division of the Tax Court on property tax issues not exceeding $25,000 true cash value for the land or $25,000 for the improvements; or income tax issues and inheritance and gift tax controversies involving taxes of $250 or less in any tax year. The decision of the judge in the Small Claims Division is final; no appellate review is permitted.

Before a case may be heard in the Regular Division of the court, it must have first been appealed to the Department; all orders issued by the Department are appealable to the Tax Court, subject to statutory time limitations. Decisions in the Regular Division may be appealed directly to the Oregon Supreme Court, rather than the Court of Appeals. There is no money limit on appeals to or from the Regular Division. The amount of money is not a concern, according to Judge Roberts. "The principle is more important than the principal," he adds.

Mr. PERCY. Mr. President, I yield 5 minutes to the distinguished Senator from Maryland (Mr. MATHIAS), who is the principal cosponsor of this amendment.

The PRESIDING OFFICER (Mr. EAGLETON). The Senator from Maryland is recognized for 5 minutes.

Mr. MATHIAS. Mr. President, I am privileged to join the distinguished Senator from Illinois (Mr. PERCY) in offering this amendment. There has been a cry for tax reform all over the country. People talk about tax reform. Here is an amendment that the Senator from Illinois and I are offering, providing for a specific plan for tax reform. It is tax reform for the people who need it. It is also tax relief for the people who need it.

In January of 1972 I held public hearings in the State of Maryland on the subject of property taxes and land use. As a result of those hearings, if I had no other evidence to go on, I was convinced that the burden of property taxation and the attempt to finance all local taxes out of real estate taxes on small homes was one of the principal grievances that Americans have today in dealing with government.

The pending amendment is simple and direct in its operation. It would provide for what we might call a circuit breaker. It is a circuit breaker on property tax relief. As the Senator from Illinois has already explained, the Federal Government would contribute to State programs which will give grants to low income individuals, individuals earning incomes less than $15,000 a year, with high property taxes defined as more than 8 percent of their income or a total rent exceeding 25 percent. The State programs would then be able to provide relief for the taxpayer.

It would also contemplate general relief for all homeowners even though they did not fall into the category of those who were low income individuals, because it would give grants to States for reform of their property tax administrations, including State supervision of local assessment practices and a State program for training assessors. So that you and I, Mr. President, and everyone else in the country, who pay any kind of property tax would know the logical basis on which the tax is being computed and could also have an opportunity to make some kind of judgment as to the basis on

which our neighbors' property was being taxed.

That, I think, is extremely important information for exery taxpayer to have, not only in the management of his own affairs but also in reinforcing his confidence in the whole system.

I believe that the pending amendment is germane to revenue sharing. The distinguished chairman of the Finance Committee, the Senator from Louisiana (Mr. LONG) said last Friday:

> Frankly, one of the reasons why we in Louisiana need revenue sharing so badly is because of the shortcomings of our property tax assessment system. My guess is that if that could be straightened out and put on a more logical and uniform basis, many of our problems might be solved and we might not need revenue sharing so badly.

Mr. President, this is an amendment which directs itself at his concern. This is an amendment which directs itself at the concern of millions of Americans. It is not new. It is not revolutionary. It is not radical, because 11 States of the Union already are employing this kind of circuit breaker tax relief. When the taxes get too high in relation to the value of the property and the income of the taxpayer, the circuit breaker goes into effect and relief is made available.

The cost may vary between 50 cents to $1.50 per citizen of the States involved—an average price of $1 per head. The Advisory Commission on Intergovernmental Relations estimates that the whole cost might be about $200 million a year, of which the Federal Government might pay a maximum of $100 million a year. Those are round figures, Mr. President, but the Commission has an admirable reputation for its work and I believe that we can give it credence.

Thus, I am glad to join the distinguished Senator from Illinois in this fight for a meaningful tax reform which will provide immediate relief for Americans who need it. I hope that the Finance Committee will give very serious consideration to the material which the Senator from Illinois has already provided for the RECORD.

Mr. President, I am pleased to join with the Senator from Illinois in introducing an amendment to the historic revenue-sharing bill before the Senate at this time. The purpose of this amendment is to encourage and assist State and local governments to reform their property tax systems so that they are more fair, equitable, and responsive to the needs and resources of all Americans.

One of the purposes of revenue sharing is to improve the overall tax system of the United States by using the Federal income tax, which is the best tax system we have yet devised, to finance general projects of State and local governments. This is in reality fundamental tax reform. Another goal of this is to provide State and local governments with the revenues they need to adequately respond to the needs and expectations of our citizens.

To reach these goals of revenue sharing, however, we must look beyond the provisions of this bill as it stands before us today and examine other parts of our tax and revenue system. Most importantly, we must examine the complex system of State and local property taxes. Widespread dissatisfaction with the current system of property taxes was brought home very strongly to me last January, when I held public hearings in Towson, Md., on the need for property tax reform. Public officials of all levels of government and citizens from all walks of life came forward at those hearings with example after example of the inadequacy of the current property tax system and yet experts told us that Maryland has one of the best property tax systems in the United States.

Since those hearings, I have tried to develop legislation which will lead to reform in property taxes which we so urgently need. The result of those efforts is the amendment which the Senator from Illinois and I are introducing today.

This amendment would provide grants to States to reform their property tax administration; would provide relief to low-income individuals who are burdened with soaring property taxes; and would enable each taxpayer in America to know whether the property taxes which he pays will be his fair share of the overall tax load.

I think this amendment speaks for itself and I hope each of my colleagues will find the time to read it and will give it the enthusiastic support which I firmly believe it deserves.

Mr. President, I ask unanimous consent to have printed in the RECORD the opening statement I made on this subject on the floor of the Senate on February 2, 1972.

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

OPENING STATEMENT OF SENATOR MATHIAS

I have called these hearings to solicit the advice and counsel of Maryland citizens and public officials on a subject which is justly receiving increased attention throughout our country: the very high rate of local property taxes and the effect of these taxes on American citizens and on the use of America's land.

The tax on land and buildings is the oldest major tax in America—and one of the most important. Nationally, these taxes provide some $38 billion a year to American governments. As a revenue producer, the property tax is exceeded only by Federal income and social security taxes. It is used by over 70,000 local government units and by 23 state governments. It produces 40 per cent of the revenues raised by these governments and two-thirds of the revenues raised by local governments.

Throughout America, property taxes finance 54 per cent of local government costs for education, 41 per cent of their costs for health care, and 30 per cent of their costs for welfare.

In the last 15 years, property taxes have doubled.

Two hundred years ago in an agrarian society in which an individual's income and wealth was usually directly related to the amount of land he owned, real property seemed an appropriate basis for taxation. A farmer with a large amount of land could afford to pay more tax than a farmer with a small amount of land.

Today, of course, only a small percentage of Americans derive their income and wealth directly from land or other real property. And so it should not surprise us that to many citizens the philosophical legitimacy of a very heavy tax on real property seems obscure, while its inequities and inadequacies seem very clear.

The great Chief Justice of the U.S. Supreme Court, John Marshall, stated in a leading decision 152 years ago, "The power to tax is the power to destroy". Today, for millions of our citizens, soaring property taxes are destroying the American dream of owning one's home.

Two letters which I have recently received underscore the urgency of this problem. One is from Mr. Frederick P. Babcock of 10771 Kinlock Road, Silver Spring, Maryland. He writes:

"Mrs. Babcock and I heartily agree with the position taken by President Nixon with regard to the necessity of tax relief for the elderly. . . . There is no argument about the fact that *real estate taxes* are so high that they are a great burden upon all taxpayers and especially on the elderly. A major reason for this is the tremendous increase in school taxes in recent years. . . . We agree that in the interest of keeping America strong, a good school system must be maintained, and therefore everyone should help to pay the cost. However, we also feel that some serious consideration should be given to relieving the elderly of at least a part of the school tax. . . ."

Another letter comes from Mr. and Mrs. William S. Gossard of 953 View Street, Hagerstown, Maryland. They write:

"At present our family is involved in a very serious financial crisis in the form of an increase of $3,800 property tax assessment that will result in a $15.00 per month increase in our house payment. This 30 year old house was purchased in December 1970. . . . At the time of purchase we didn't even take the optional mortgage insurance because we felt we couldn't afford the additional expense to our payment.

"We are a family of seven with one wage earner and a net income in the neighborhood of $11,000 per year. We purchased this home one year ago because the price seemed right for our income and the house seemed sufficient for our family. In the twelve months we have occupied this residence we have faced a constant increase in all utilities in this area. Needless to say, along with increased rates at local hospital and medical facilities, clothing expenses, food expenses and the like, it has been a constant struggle and an increasing strain on our budget!"

The experiences of these homeowners are shared by thousands of other Marylanders.

The Governor's Study Commission on Tax Structure (the Mills Commission) stated in its report of January, 1971.

"Property taxes impair citizens' ability to provide housing, and further increases would worsen the problem, especially in Baltimore City where the property taxes are highest and housing conditions are among the worst in the state."

The burden of the property tax is felt by the tenant as well as the homeowners—and by the owners of real property other than homes.

The public dissatisfaction with the property tax stems not only from the amount of the tax but also from several other factors. First, the amount of the tax varies according to who owns the property, where it is located, and what it is used for. Property owned by any agency of government, churches or certain educational or philanthropic foundations is not taxed. In some cities these exemptions mean that 50 per cent of the property within the core area of the city is tax-free, which means, in effect, that the tax rate on the remaining property must be doubled.

In some states, the law provides special relief if the property is owned by senior citizens or veterans or new industries.

In Maryland, we provide that land used for farming should be taxed at a rate different from land used for other purposes. The justification for this provision is that it prevents the farmer from being taxed out of business, that it preserves open green spaces, and accordingly, that it improves the environment of the general community. But now some Marylanders allege that this provision must be rewritten to prevent abuse by persons who are not bona fide farmers. Others feel it should be repealed entirely. Others feel its provisions should be liberalized to encourage the preservation of open space by persons who are not farmers.

The amount of tax varies also between local jurisdiction, according to the revenue needs and the resources of the jurisdiction, the frequency, skill, and fairness of value assessment, and the diligence of tax collectors.

A number of other criticisms have been levelled at the property tax. Economists tell us that the tax is regressive, that the poor pay a higher percentage of their income in property taxes than the affluent. A study by the Brookings Institution in Washington showed that taxpayers who earn less than $4,000 carry twice the burden, in terms of their available resources, as taxpayers who earn more than $15,000. The regressive nature of the property tax should be of special concern since property taxes have doubled since the late 1950's.

The soaring rates of the property tax evidences another of its shortcomings. Revenues from the property tax, unlike revenues from the income tax, do not increase significantly as our economy grows. As a result, governments which depend on revenues produced by the property tax must ask for frequent increases in the rate of the tax to meet their higher costs of education, welfare, transportation, parks, and other services.

Recently some Americans have also alleged that our current system of local property taxes does violence to land itself. The local property tax, coupled with local zoning authority, is said to frustrate county, state, and regional land use planning, to encourage the wrong type of development in the wrong place at the wrong time.

One report based on research conducted for a Senate subcommittee recently stated "Property taxation has a major effect on patterns of land use and this effect is of great significance in any effort to revive and improve the metropolitan environment". The property tax, the report states, helps to encourage a pattern of development in which "expansion is irregular and disordered, with subdivisions, shopping centers, and factories springing up far from the perimeter of the urbanized area. . . . Leapfrogging of development . . . requires that public improvements and services be extended to islands of settlement far from the city, resulting in increased costs to both the individuals personally involved and the entire metropolitan community".

In summary, the local property tax in America appears to be inequitable to the taxpayer, inadequate as a provider of revenue to local governments, and destructive of any rational planned approach to metropolitan growth.

Accordingly, a number of alternatives have been suggested, including reform of property tax administration, repeal of the current exemptions from the tax or the granting of new exemptions, a uniform state-wide property tax, replacement of the property tax by other state taxes or by a federal tax.

It has been suggested to President Nixon that he should ask Congress to enact a federal value-added tax to replace the local property tax. Revenues from the federal tax would be given to state and local governments on the condition that they reduce the amount of their property tax. Other persons in Washington have suggested that revenues from an increase in federal income tax should be used to offset local property taxes.

There are also a number of bills designed to foster a better pattern of metropolitan growth and overcome the adverse effects on land use of factors such as America's current system of local and state property taxes. Last year, I introduced the National Land Use Policy Act, S. 2554. This bill would establish a systematic and comprehensive national land use policy which would coordinate the efforts of local, state, and federal agencies. The bill recognizes that the primary responsibility for land use planning must continue to rest with state and local governments, but it responds to the increasingly evident need for coordinated, long-term planning. The bill would provide the Secretary of the Interior, Rogers Morton, the power to provide grants to states to aid them in developing acceptable land use plans and the means and manpower to implement these plans. Hearings on this bill have been held by the Senate Interior Committee and I am hopeful that its proposals will be enacted by the Congress during the coming session. I would be happy to provide any interested person with a copy of this bill.

Ladies and gentlemen, I appreciate very much your attendance here this morning and your willingness to give me the benefit of your experience in this important area. I know that some of you would like to be able to reflect longer on this complex subject and gather more information on which to form your final judgment. But I appreciate your sharing your current thoughts with me and I hope that you will continue to keep me informed in the future.

Mr. HUMPHREY. Mr. President, will the distinguished Senator from Maryland yield?

Mr. MATHIAS. If I have any time, I am glad to yield.

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

Mr. PERCY. Mr. President, I yield 2 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 2 minutes.

Mr. HUMPHREY. I appreciate the courtesy of the distinguished Senator from Illinois. I want to compliment him, as well as the distinguished Senator from Maryland (Mr. MATHIAS), on this amendment. Earlier in deliberations on this bill the Finance Committee chairman and its ranking minority member accepted a proposal which I offered, for the Joint Committee on Internal Revenue Taxation to make a complete study of the property tax situation in the United States, the problem of assessments, of rates, and of the use of the property tax.

That study is to come back to Congress with legislative recommendations and proposals within a year——

Mr. BENNETT. I think it is June 30, 1973.

Mr. HUMPHREY. Yes, June 30, 1973.

I believe that that study will be of great help to us in the overall understanding of the many discrepancies in the property tax structure in this country, the difficulties in assessment, the variations in assessment, and how the property tax itself is used to finance the multiplicity of services of State and local governments.

The pending amendment is a constructive proposal. I am pleased to note that one of the 12 States that now has a program of offering some relief to senior citizens living on a fixed income, is the State of Minnesota. It is a program that has worked very well and has rendered a great saving.

I want now to rise in support of the amendment and to commend the two Senators who have sponsored it.

It is not a costly amendment. Frankly I was pleased to hear the estimates. I believe it is a sensible and prudent amendment that ought to be agreed to.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. PERCY. Mr. President, I would first like to make the point that I am very pleased that the Humphrey amendment was accepted and that a study will be made. I do feel that this subject has been studied and studied and studied. However, I feel that a great deal of good is going to come out of this additional definitive study under a staff that has a competence second to none. We will make some great accomplishments. They have a great deal of information to work on.

The property tax has been amply studied. We know what reforms to make. The ACIR has published a model property tax reform law for the use of the States. The Humphrey amendment, accepted by Chairman LONG last Thursday, September 9, requires a study of property tax administration by the Joint Committee on Internal Revenue Taxation. This is not essential though it will be helpful.

The ACIR is about to complete, at the request of the President, still another study of the property tax—this time in relation to school financing.

Need for reform of the administration of the property tax is widely recognized. C. Lowell Harriss, of Columbia, a leading authority on public finance, said:

> As I have studied property taxation over the years . . . I have become increasingly convinced that feasible improvements offer tremendous hope for bettering our communities, our businesses, our homes, our whole economy—while distributing the cost of government more equitably . . . Some of what needs to be done should be obvious—better administration.

Senator MUSKIE's hearings in the Intergovernmental Relations Subcommittee have clearly demonstrated how the property tax is abused in localities across the country. His hearings confirm the need for the Percy-Mathias amendment. In Chicago, vigorous community action organizations are slowly forcing the medieval, corrupt property taxation office and its overlord to open up his books, begin to revise grossly distorted assessments that bear no relationship to real values, and become somewhat more responsive to the people.

I can only point out that when we assess homes as high as we do—and we have five racetracks in Illinois that are assessed 3 percent of the real market value—there is gross inequity and the worst of the political system comes to bear. I do not have to mention that racetrack stock is such a sensitive subject in

Illinois. A group of foreign students who arrived in the United States just the day before asked me, as their first question, "How much race stock do you own?" That is how badly their impression of American politician is affected by these kinds of scandals.

Property taxation as it exists now is subject to open abuse by the worst of the political system. This kind of reform is specifically needed.

Specifically, tax reform is needed.

The Percy-Mathias amendment requires that States, in order to obtain 50 percent matching money for their tax relief programs, must, among other reforms:

First, require State government supervision of the assessment of the tax. A highly trained group of State assessors would insure both internal consistency of assessments within a local jurisdiction, and statewide consistency as well. State assessment systems would enable use of the best data processing techniques as well. (Sec. 4(b)(1)(2).)

Second, establish exemptions and their cost (Sec. 4(e)). Exemptions from tax have been granted over the years with no attempt to control them or even know how much they cost the homeowners who have to pay more as a result.

Fortune magazine in an article in the May 1972 edition said:

> The scandal of profligate grants of exemptions to religious, charitable, education, and fraternal organizations has been well documented. . . . An estimated $600 billion in real property owned by such organizations is now exempt, much of it not related to the activities that originally justified its exemption. In Boston, property worth 54 percent of total assessed valuation is exempt. Partly as a consequence, homeowner taxes there are among the highest in the country.

WRAU–TV in Peoria, in an editorial on June 7, noted that assessed valuation in Peoria County has passed the $1 billion mark, but the "exact percentage of tax exempt property is unavailable."

WRAU said:

> There would appear to be justification to take another look at the vast tax exempt heading. If some of the property must remain on the list, then it would appear reasonable to insist upon some assessed payment for public services.

Third, give the public the right to know how their property taxes are determined, and how his tax compares to taxes paid by others—section 4(c)(d). A major problem is that valuation and assessment practices and records are hidden from public view. If a taxpayer has a complaint he often cannot tell whether he has been fairly treated or not. Assessment ration studies that are made public are a way of insuring fairness.

A CBS WBBM–TV editorial said:

> A property tax bill is not hard to read or understand . . . What is not so easy to figure out is how the assessor decides what your property is worth—and how your assessment compares with assessments elsewhere.

Fourth, appeals. Citizens should have a ready ability to appeal a valuation, assessment, or tax rate they consider to be erroneous. Presently this is nearly impossible for a person to do, in most localities, without a great deal of difficulty. Section 4(g) requires States to establish such systems.

Mr. PERCY. Mr. President, in conclusion, I would like to state that this amendment is in the nature of a sunshine law of State property taxation. Its purpose is to clean up the mess that everyone admits is there, but that only a few crusading organizations and individuals have made any effort to change. Its potential is great. The matter of property tax cannot be ignored. Today property taxes constitute 85 percent of the revenue of our local communities. It constitutes 40 percent overall of the revenue from all sources that come to our local communities. And there has been very small change in the last two decades in this matter. So that it can be fairly pointed out to those who say that they would eliminate the property taxes that this is the sheerest kind of political hypocrisy to make that kind of a public statement in an election year.

Mr. President, I would not have the courage to suggest that this be done unless I asked where we would get the money to finance our local communities.

We can make the property tax more fair, more equitable, and more understandable.

I defy anyone to understand how their property tax assessment is actually made. One has just to take a look at some of the people who make these assessments to see that it is just impossible. We cannot improve on this performance without training the personnel.

The tax cannot be abolished, and it should not be because it is too important a part of the local financial structure. If it is modernized, applied fairly, and administered well, it is quite possible that the average homeowner's tax burden be reduced as other forms of property are given their proper share of the load.

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

Mr. PERCY. I yield.

Mr. HUMPHREY. Mr. President, I want to say that there are not too many remaining on this side of the aisle. The Senator from Alabama (Mr. ALLEN) and I are holding the fort.

Anyone who talks about closing the tax loopholes should remember that the worst loophole of the entire tax structure concerns the assessment of property tax.

That is a terribly corrupt system. The amendment of the Senator from Illinois gives us a vehicle with which to do something about it. It is not a matter of using the stick. It does not deny a State the opportunity to share in revenue sharing. It is the use of the carrot to get more reform which is really needed.

I think that those of us who have raised our voices in a political year about closing the tax loopholes will try at least to close this little one that costs so much. I hope that we will do something about it.

Mr. PERCY. Mr. President, I thank my distinguished colleague. I can only say that if we do reform the taxes, the homeowners will share in the low rates and after so long a period of time will be able to pay a fair rate. We should remember the political clout that makes it possible for some to get a better rate.

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

Mr. PERCY. Mr. President, I would like only to engage in a colloquy with the Senator from Utah.

Mr. BENNETT. Mr. President, I have listened to the colloquy between the two distinguished Senators with a great deal of interest. I am delighted that the Senator from Minnesota came along to engage in the colloquy, because he was the offerer of the amendment that the Senate agreed to which sets up a study to be made by the staff of the Joint Committee on Internal Revenue Taxation. They are to report back by June 30 of next year. I would hope that the proponents of the amendment would permit us to include this problem in the report. If they would, speaking in the name of the chairman, I can assure them that the Senate Committee on Finance would be prepared to hold hearings as soon as the report is available.

I am sure that the staff of the committee which will make the report will be very grateful for any input that the proponents of this amendment can give to the overall subject.

I would hope that rather than vote on this today, the proponents of the amendment would be prepared to recommend its inclusion in the study with the promise of prompt action after the report has been made available.

Mr. PERCY. Mr. President, before responding to the acting manager of the bill, I would like to yield to the distinguished Senator from Michigan.

Mr. GRIFFIN. Mr. President, I thank the Senator from Illinois.

Mr. PERCY. Mr. President, how much time does the Senator need?

Mr. GRIFFIN. Three minutes.

Mr. PERCY. Mr. President, I yield 3 minutes to the Senator from Michigan, if I have that time available.

The PRESIDING OFFICER. The Senator from Utah has the time.

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

The PRESIDING OFFICER. The Senator from Utah has 8 minutes remaining.

Mr. BENNETT. Mr. President, I am happy to yield 3 minutes to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. GRIFFIN. Mr. President, I thank the distinguished Senator from Utah and the distinguished Senator from Illinois.

I want to indicate my agreement in principle with what the Senator from Illinois is trying to do. However, I must point out a matter of concern with regard to the applicability of this amendment to Michigan.

Our State has already acted to provide some property tax relief for senior citizens, particularly those with limited means.

Our system may be somewhat unique. In my State certain property owned by the indigent, the blind, and the elderly is exempt from real property taxes at the local level of government. The local unit of government foregoes the right to collect taxes from these people, and the State in turn remits the lost revenues to the local unit of government.

As I understand it, as now worded, the Percy-Mathias amendment would not benefit my State, although I feel certain that it is the intention of the sponsors of the amendment to cover such a situation.

Before the Senator from Illinois responds to the suggestion made by the Senator from Utah, I would like to offer an amendment to his amendment with the thought in mind that he might accept it. My amendment would simply bring Michigan under coverage of the pending amendment.

Mr. BENNETT. If the Senator will allow me to make a comment, it seems to me that problems like this justify the study because given the time we should be able to find a means by which all these presently different situations can be worked out. It is a completely workable proposition.

Mr. PERCY. I would like to advise the Senator from Michigan that the amendment he offered would be perfectly acceptable to me. I think it bears out that we can make improvements and refinements as we discuss this matter.

Mr. GRIFFIN. Mr. President, with that expression, I wish to join the Senator from Maryland and the Senator from Illinois in support of their amendment. Unless the yeas and nays have been ordered, I believe the Senator could modify his amendment without unanimous consent.

The PRESIDING OFFICER. The Senator is not correct. The amendment is subject to a unanimous consent previously entered into.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the amendment be amended as proposed by the Senator from Michigan.

The PRESIDING OFFICER. Is there objection to the modification of the Percy amendment by the Griffin amendment? Without objection, the amendment is so modified.

Mr. GRIFFIN. I thank the Senator.

Mr. PERCY. Mr. President, the distinguished manager of the bill made a suggestion and I wish to ask only a few questions.

The PRESIDING OFFICER. Does the Senator from Utah yield time?

Mr. BENNETT. Yes. I wish to make clear that all time available to me is available for this colloquy.

Mr. PERCY. The distinguished Senator made it clear, and I want to make certain I understand it, that this amendment we have offered, as now amended, will be incorporated as a part of the staff study that has been discussed.

Mr. BENNETT. There are no limitations on the staff study and specifically we are instructing the staff to study this amendment, together with the proposal of the Senator from Michigan, and any others.

Mr. PERCY. Speaking on behalf of the distinguished chairman of the committee, the chairman himself recognizes the need for reform in this area and feels this initiative would have sympathetic hearings and is worthy of serious consideration, and that hearings will be held following the completion of this study at a relatively early date and as part of the hearings this specific amendment will be considered at that time.

Mr. BENNETT. Mr. President, the Senator from Utah would like to suggest that given the situation in the Senate and what the committee may be considering at the time, the committee should hold hearings on this study as soon as possible after it has been presented to us.

Mr. MATHIAS. And that will be about the end of next June?

Mr. BENNETT. The study is dated so that it must be returned by June 30, so that committee consideration would be as soon as possible after July 1.

Mr. PERCY. With that assurance, and I thank my distinguished colleague, I feel sure we will move ahead expeditiously in this area, and I withdraw my amendment.

The PRESIDING OFFICER. Unanimous consent is required.

Mr. PERCY. I ask unanimous consent that the amendment now pending be withdrawn.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

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

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

BANK SECRECY ACT PROVISIONS HELD UNCONSTITUTIONAL

Mr. MATHIAS. Mr. President, I note in this morning's newspapers that a three-judge Federal court in California ruled yesterday that certain sections of the 1970 Bank Secrecy Act relating to domestic financial transactions are unconstitutional. The court said that sections of the law permit a violation of a citizen's right of privacy and his right under the fourth amendment to be free from unreasonable searches and seizures.

This is a position with which I heartily agree. Along with the Senator from North Carolina (Mr. ERVIN) I introduced in July S. 2828 which would establish standards and procedures by which the Government could obtain information from banks and other financial institutions. This bill aims at assuring that a person's financial records in a bank are as free from Government snooping as they would be if they were in the citizen's own home. S. 2828 would also restrict some of the unnecessary recordkeeping which can be required of banks under the 1970 law.

I am hopeful that the court's ruling yesterday will spur the Congress to reconsider the 1970 law and other laws which give the Government easy access to the rich array of information which is contained in any individual's or organization's financial records.

The court stated in its ruling that—

To require virtually unlimited reporting from banks and their customers of domestic financial transactions as a surveillance device for the alleged purpose of discovering possible, but unspecified wrongdoing among the citizenry . . . transcends the constitutional limits, as laid down by the United States Supreme Court, for this kind of legislation." The court, according to the Associated Press, goes on to say that provisions of the Act would permit the government to "unreasonably invade the right of privacy protected by the Bill of Rights . . . particularly the Fourth Amendment provision protecting the right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures.

The court appears to have distinguished between domestic and international financial transactions. This is a distinction which is also drawn in S. 2828 and in the 1970 Bank Secrecy Act. The principal purpose of that act was to bolster the Government's ability to ferret out international organized crime. S. 2828, and the court's ruling yesterday, would enable the Government to continue its battle against international wrongdoing without trampling on the rights of the overwhelming majority of Americans who never have any international dealings.

Mr. President, the court has taken a large step toward correcting the defects of the 1970 law; I think it is high time the Congress get busy and finish the job of protecting the rights of all Americans to deal with their bank without the Government always looking over their shoulder.

I ask unanimous consent that my earlier remarks explaining the problems created by the 1970 law be printed at this point, along with newspaper accounts of the court's action yesterday.

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

TESTIMONY OF SENATOR CHARLES MCC. MATHIAS, JR., PREPARED FOR DELIVERY BEFORE THE SENATE SUBCOMMITTEE ON FINANCIAL INSTITUTIONS

Mr. Chairman: I wish to thank the Subcommittee on Financial Institutions for this opportunity to testify on a matter of serious concern to us all. As you know, Senator Ervin and I recently introduced a bill, S. 3828, which is designed to remove a very real threat to the freedom and privacy of every American. I am gratified that the American Civil Liberties Union, the American Bankers Association, and the Maryland Bankers Association, have indicated their interest in our effort and have offered their support. I would first like to explain the current law and controversy, and then the provisions of my bill.

The current threat was created by the 1970 amendments to the Federal Deposit Insurance Act, better known as the Bank Secrecy Act of 1970, or the Swiss Bank Act. This act gave the Secretary of the Treasury the power to require every bank and every financial institution in America to keep records—including microfilms of every check, draft, deposit, withdrawal, or other financial transaction involving a bank, and any of its customers. The law permits the government easy access to these records, and requires the bank to make periodic reports of certain transactions even without a formal request by the Treasury. The Treasury is permitted to give the records to any other agency in the government.

What this means is that every agency in the Federal Government including the IRS and the FBI, can obtain a complete history of every citizen's financial dealings, no matter how small the amount or how private the purpose. This law, furthermore, makes the financial institutions of America the servants of the Government, rather than of their customers.

The expressed purpose of this legislation was to bolster the government's ability to

combat international organized crime and overcome the secrecy surrounding certain Swiss bank accounts, but the power granted by this act extends far beyond the legitimate needs of the Government in this field.

The treasury has now moved to use the vast power granted under this act. It has promulgated regulations to implement the record keeping and reporting provisions of this act. These regulations were scheduled to go into effect on July 1, 1972, but have been delayed by court order.

On several occasions during the past few months, I have written the Secretary of the Treasury, and talked with various Treasury officials. My staff has also been in contact with Treasury officials. The purpose of these exchanges was to try to assure that the Treasury would respect and safeguard the rights and privileges of private citizens. While the Treasury has responded to each of my inquiries, the continued existence of this statute and of the Treasury regulations still represents a potential timebomb on the fundamental rights of all Americans.

As a result, the Bank Secrecy Act of 1970 raises several important Constitutional issues. The American Civil Liberties Union and the California Bankers Association have filed suit in the District of Columbia. In these suits, the parties contend that this law violates the First Amendment's guarantee of freedom and speech and assembly, the Fourth Amendment's guarantee against unreasonable Search and Seizure of a person's papers and effects, and the Fourteenth Amendment's guarantee that each person is entitled to equal protection under the law. The briefs further contend that the act imposes an unnecessary burden on interstate commerce and threatens to destroy the private fiduciary relationship between a bank and its customers which is essential to our modern economic system. I would associate myself with each of these contentions.

I am pleased that the Federal Court in California has now granted a temporary restraining order which will delay the implementation of the proposed regulations until the Court can hear further arguments in the case. Regardless of the Court's eventual decision, however, the Congress is obliged to promptly correct its own grevious error.

My bill, therefore, has two main thrusts to protect the Constitutional rights threatened by the Bank Secrecy Act. First, it would guarantee that a person's records contained in a financial institution are as secure from government surveillance as they would be if contained in a safe in the person's own home. Secondly, it would restrict the Treasury Department's power to require banks to maintain records to a small area of activity relating directly to international financial transactions.

The act states that a fiduciary institution may disclose the records of any customer only upon the customer's consent or under a court order which would be sufficient to support the issuance of a valid search warrant to obtain the financial records if the financial records were in the home of the customer. The act provides that any such court order must be served upon the customer and the institution at least 21 days before the records are to be turned over to the Government. This provision would give the customer time to take legal action to challenge the validity of the court order. By restraining record keeping to activities directly related to international financial transactions, this bill would exempt over 95% of the financial activities from any surveillance under this act, while still permitting the Treasury to explore possible misuse of foreign bank accounts or to pursue international organized crime. My bill, however, would not prevent financial institutions from keeping records as part of their normal business procedure if they prefer to continue doing so.

The act contains both civil and criminal penalties for any institution or individual who, knowingly and willfully, violates this act or induces any other person or institution to violate this act.

This bill does not affect the record keeping which is now required solely for the use of government agencies which supervise the internal financial operations of the bank.

The disclosure provisions of this Act apply not only to disclosures to government officials, but also to disclosures to "any person other than the customer or his duly authorized agent." Thus, the bill will prohibit undue disclosures to credit agencies or other such non-governmental bodies.

Mr. Chairman, permit me again to express my thanks to the members of the Financial Institutions Subcommittee for allowing me to appear before you today.

[From the New York Times, Sept. 12, 1972]

COURT OVERTURNS PART OF BANK LAW

SAN FRANCISCO, September 11.—A three-judge Federal court ruled today that the section of the Bank Secrecy Act of 1970 requiring banks to report all domestic transactions of their customers to the Government was unconstitutional.

But the two-to-one decision, granting a preliminary injunction, held that a section of the law requiring the reporting of financial transactions involving foreign monetary interests or accounts did not violate the Constitution.

The decision also declined to halt the required microfilming by banks of all deposits and checks, as the law prescribes.

DISSENT EXPLAINED

The majority decision was signed by United States District Court Judges William T. Swigert of San Francisco and William G. East of Oregon. The dissent was by Judge Oliver D. Hamlin of the Ninth United States Circuit Court of Appeals.

Judge Hamlin said he dissented from the portion of the opinion that held that sections dealing with domestic banking transactions were unconstitutional.

In the 18-page decision, the majority said, "Such a thing as a constitutionally protected 'right of privacy' has been recognized by the Supreme Court."

"To require virtually unlimited reporting from banks and their customers of domestic financial transactions as a surveillance device for the alleged purpose of discovering possible, but unspecified wrongdoing among the citizenry . . . transcends the constitutional limits, as laid down by the United States Supreme Court for this kind of legislation."

BILL OF RIGHTS CITED

The majority held such requirement for reporting would 'unreasonably invade the right of privacy protected by the Bill of Rights . . . particularly the Fourth Amendment provision protecting 'the right of the people to be secure in their persons, houses, papers and effects against unreasonable searches and seizures.' "

The suit was filed June 22 by the California Bankers Association as the first court test of the law, which was to have gone into effect July 1 of this year. On June 30, Judge Sweigert issued a temporary restraining order halting the reporting requirements, but specifying that banks must continue to keep required records until the three-judge decision was reached.

The three judges heard three hours of argument on July 17 with the Bankers Association being joined by the American Civil Liberties Union, which claimed the act would "require banks to become government spies on their customers."

The Government's attorneys argued that "there simply is no right of privacy for bank customers."

The Secretary of the Treasury, under the law, had ordered banks to report all account deposits and withdrawals of more than $10,000 to the Treasury Department. The court noted that under the law the Secretary had the right to set the figure upon which reports could be requested.

NO TREASURY COMMENT

WASHINGTON, September 11.—The Treasury had no comment today on the court decision in San Francisco involving the Bank Secrecy Act because the text of the decision has not yet been received here.

Officials said the sketchy reports of the decision that they had seen left them unclear as to its scope and, herefore, as to how much the Treasury's law-enforcement activities would be affected.

BANKERS' SPOKESMAN COMMENTS

A spokesman for the American Bankers Association said yesterday that "since we do not know the exact content of the court's ruling at this time, we cannot comment in detail."

"We have always taken the position that an individual's bank records are part of a confidential relationship between him and his bank, and the ruling seems to uphold that position," he added.

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. 1492

Mr. RIBICOFF. Mr. President, I call up my amendment No. 1492 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

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

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On Page 63, strike lines 19 through line 3, page 64, and insert:

"SEC. 121. CREATION OF THE SOCIAL SERVICE 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 Social Service 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, $500,000,000 for the entitlement period beginning January 1, 1973, $1,000,000,000 for each of the entitlement periods beginning on July 1 of 1973, 1974, and 1975, and $500,000,000 for the entitlement period beginning July 1, 1976.

"(b) 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.

"(c) 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 Secre-

tary to State governments and units of local government under this subtitle. Such amounts shall remain available without fiscal year limitation.

"(d) 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."

Page 46, line 4, strike "(b)", and insert "(e)".

Page 64, line 13, strike, "allocate to each State for each entitlement period beginning on or after January 1, 1973" and insert "for each entitlement period beginning on or after January 1, 1973, pay out of the Trust Fund to each State".

Mr. RIBICOFF. Mr. President, my amendment would place the $1 billion social service fund added by the committee on the same footing as the $5.3 billion "pure" revenue sharing fund. The $5.3 billion will be allocated by direct appropriation while the $1 billion in social service money is simply authorized. If we are to be consistent, if we are to make sure the urban States are treated on the same basis, the $1 billion should also be directly appropriated instead of simply authorized.

The Finance Committee claims that all but four States and the District of Columbia will receive more money under the bill now before us than under the House bill. That claim, however, is conditional on future events which we cannot today predict.

The reason most States may get more money is that the committee wants to add $1 billion to the House bill's $5.3 billion.

No States, especially the urban States who are scheduled to receive the bulk of this $1 billion, can rely on getting this new money. The reason is simple. In order to distribute the $5.3 billion of pure revenue sharing funds, the committee established a trust fund which would bypass the congressional appropriations process and thus guarantee distribution to the States.

The committee has not, however, treated the $1 billion social service money in the same way. The committee bill simply authorizes the appropriation of the money for the social service fund. Because this fund must also go through the entire congressional appropriations process, no one here today can say how much, if any, of the $1 billion will ever reach the States.

I agree with the committee that the social services program has gotten out of hand and that a ceiling must be placed on expenditures under it.

If, however, we replace the old program with the committee's proposal, but never fund it at the full level many States are going to have to drastically cut back on the social services they are now providing.

Mr. President, I ask unanimous consent that a table listing the amounts each State would lose if the $1 billion is not appropriated be inserted in the RECORD at this point.

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

Amounts in millions States receive under Subtitle B	
Alabama	$10.6
Alaska	.8
Arizona	9.6
Arkansas	4.8
California	134.0
Colorado	11.8
Connecticut	17.5
Delaware	2.9
District of Columbia	6.3
Florida	34.3
Georgia	15.7
Hawaii	3.2
Idaho	1.8
Illinois	65.3
Indiana	19.9
Iowa	7.0
Kansas	6.5
Kentucky	9.3
Louisiana	14.1
Maine	2.5
Maryland	21.5
Massachusetts	36.0
Michigan	47.0
Minnesota	15.8
Mississippi	5.5
Missouri	21.4
Montana	1.7
Nebraska	4.9
Nevada	2.8
New Hampshire	1.4
New Jersey	50.4
New Mexico	7.5
New York	118.0
North Carolina	12.7
North Dakota	1.5
Ohio	55.1
Oklahoma	8.7
Oregon	8.2
Pennsylvania	57.4
Rhode Island	6.2
South Carolina	6.4
South Dakota	1.7
Tennessee	12.8
Texas	57.4
Utah	6.1
Vermont	1.1
Virginia	19.9
Washington	15.5
West Virginia	4.3
Wisconsin	17.2
Wyoming	.8

Mr. RIBICOFF. Mr. President, it is clear that the States need this money and are relying on it. My amendment would guarantee the existence of the $1 billion by creating a social services trust fund similar to the revenue sharing trust fund. Unless we make such a change it is possible that not a single dollar of social services money will ever reach the States and localities.

Mr. LONG. Mr. President, I think the Senator is correct about this matter. I have discussed this with other members of the committee. We had intended that the $1 billion should be a continuing matter until the end of the 5-year period applicable to the basic revenue-sharing amount. I think the logic of the Senator is compelling.

I have discussed this with the Senator from Utah, who has left the Chamber momentarily. He feels we should support the amendment, and so do I.

Mr. RIBICOFF. Mr. President, I commend the Senator for his understanding. It is difficult to work out a balance as between the urban and nonurban States. When we discussed the problem of the urban States in the Committee on Finance, we agreed that by basing the $1 billion social service money solely on urbanization. Some balance would be achieved.

Basically the total $6.3 billion would be distributed as follows: 84 percent by population, relative income and general tax effect, 16 percent by urbanized population.

It would be my hope that when the distinguished chairman discussed in conference what the proper formula should be, he will advocate one which treats the rural and urban States equally. By this I mean the final formula should apply to both the $5.3 billion and $1 billion. In that way, if the $1 billion is eliminated or decreased the loss would be shared equally by all the States. Under the present arrangement, if the social service fund was decreased or eliminated, the urban States would suffer a disproportionately heavier loss.

Mr. LONG. We will have to work that out the best way we can. There is no way at all to tell how the conferees will resolve their differences, but the Senator from Connecticut has contended for the urbanization formula. I think it represents 22 percent of the amount in the House bill, and, in effect, after we have included the $1 billion in the bill, it works to roughly 16 percent of the funds in the Senate bill.

So while the Senator has been moving from a position that is short on votes in the Senate, he has persuaded us, one might say, to go two-thirds of the way to the urbanization formula of the House bill. We will consider that as a possible way of resolving the controversy, just as we will consider some other suggestions that will be made, I am sure.

Mr. President, there is no time limitation, so there is no need to yield back the time, but the committee favors the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut (putting the question).

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG. Mr. President, I suggest the absence of a quorum——

Mr. RIBICOFF. Mr. President, if there is no further business at this time, I have some comments on a matter not involving revenue sharing which I would like to make. It will only take 15 minutes.

Mr. LONG. Can the Senator assure us that he will not take more than 15 minutes?

Mr. RIBICOFF. It will not be more than 15 minutes.

Mr. LONG. Mr. President, I ask unanimous consent that the Senator from Connecticut be recognized for 15 minutes.

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

TRADE WITH THE SOVIET UNION: IS IT WORTH THE PRICE?

Mr. RIBICOFF. Mr. President, along with the overwhelming majority of my colleagues and the American people, I welcome the easing of tensions between our own country and the Soviet Union. The recently approved SALT treaty and the interim agreement now before the Senate are milestones in the peaceful

evolution of international relations. They are important indications that the Soviet Government and our own have been able to resolve formidable national differences and reach agreements beneficial to both sides. However, the United States may be moving too quickly in seeking to improve trade relations at a time when the Soviet Union is acting contrary to the spirit of detente and moving away from norms of civilized behavior.

Unless the Soviet Union rescinds its recent ukase which places Soviet Jews and particularly Jewish scientists into a new form of 20th century bondage, all of the assumptions behind improved United States-Soviet trade relations fail. When the United States supports increasing economic and commercial ties, we do so in the hope that these contacts act as moderating, civilizing influences on relations between nations. But the establishment of a schedule of exorbitant visa fees supposedly related to a person's education is a totally reprehensible form of extortion. At best it is a highly unusual method of gaining foreign exchange to hold one's citizens captive until ransom is paid by outside sources. The Soviet Union's placing of price tags on its state-supplied education is nothing more than another form of repression against its Jewish citizens and a vulgar attempt at blackmailing the world Jewish community into paying for each educated Jew seeking emigration from Russia. Soviet action in enacting emigration fees ranging from $5,000 to $25,000 goes beyond the usual cynicism expected from the Soviet Union.

The transparency of the Soviet arguments that they are acting to recoup educational expenses provided by the state is hardly worth refuting. However, it suffices to say that all Soviet citizens, not only those of the Jewish faith, produce a great deal more than they consume. This difference goes to finance the Soviet Government in all of its activities, educational and other. The average Russian, it has been pointed out, earns about 100 rubles a month, although he produces perhaps twice that sum. In the Soviet Union the costs financed by the state, and the benefits accruing to it, cancel each other out. Those who are more educated are in a position to make an even greater contribution—and are truly Soviet society's creditors. An analysis of the actual figures involved is contained in a perceptive letter to the New York Times yesterday on this subject, which I shall ask to be inserted in the RECORD at the conclusion of my remarks.

Another Soviet argument that they are acting to end a brain drain is equally fallacious. Once a Soviet scientist makes his determination to leave for Israel he is fired from his job and must find menial tasks to earn his livelihood. There is absolutely no economic or rational basis for the Soviet actions other than the further intimidation of its Jewish citizens from applying for visas and obtaining hard currency at the same time.

While it is not certain what motivated the Soviet leadership to take this retrogressive step, we can guess at the sinister motives behind this posting of a price-list for human beings. There are several apparent reasons for this move. It reflects despair on the part of Soviet authorities. To this date, no matter how they have tried to intimidate Jews, the movement has grown and flourished and the number who apply to emigrate continues to increase. Also the number of highly skilled scientists who apply has also grown.

In a more subtle way it may be an attempt to limit the number of Jews who seek higher education. Knowing that he may be charged exorbitant fees if he ever decides to leave, a Soviet Jew might decide not to continue his education at all. But finally, this tactic may be viewed as a deliberate effort on the part of the Soviet Union to obtain much needed foreign exchange on the assumption that the world Jewish community would pay the ransoms for their brethren.

This decree of August 15 has already resulted in a new wave of fear among Soviet Jews who expect intensified punitive action against those Jews who have been courageous enough to apply for permits to emigrate. This latest Soviet move comes against a background of anti-Jewish diatribes and slander now common in the Soviet media. There have been untold instances of Jews who have indicated their desire to emigrate to Israel being subjected to physical assaults, loss of jobs, arrest, and other brutal forms of intimidation.

To many Americans this latest Soviet action is uncomfortably reminiscent of the Nazi era when the same type of extortion was practiced against German Jews who desperately sought visas to flee Germany. The employment of this technique only brings shame upon those who masterminded it. Fortunately world attention is now being focused on this heinous practice. And fortunately, we as free men living in a democracy are in a position to do something concrete about it.

I do not see how any Senator or Congressman in good conscience could vote for new trade concessions for the Soviet Union at a time when the Russians are trading in human lives. The ransoming of Soviet Jews is one Soviet export all decent men must absolutely refuse to accept. If it is appropriate to link trade issues with political objectives, as our own Government has indicated, it is certainly just as appropriate to establish a linkage between improved United States-Soviet trade relations and the overriding moral issues raised here. It must be made clear to the Soviet Union that it will receive the credits and tariff treatment it is seeking only by removing these new restrictions imposed on the emigration of Soviet Jews.

As many of my Senate colleagues are aware, I have actively sought to expand trade between East and West. Last year I introduced S. 2460, the East-West Trade Exchange Act of 1971. Shortly afterward, working closely with the distinguished chairman of the Senate Commerce Committee, Senator MAGNUSON, and joined by 25 of our Senate colleagues, we cosponsored S. 2620, the East-West Trade Relations Act of 1971.

In June of 1971, I was the keynote speaker at a large gathering in Budapest, Hungary which had been convened to explore the means of expanding trade and investment between East and West. Upon my return I submitted a report to the Senate Finance Committee recommending the removal of existing American barriers to trade with the East. I still feel that economic ties should be improved, but the question is at what price?

If we are willing to do business as usual despite this blatant disregard for the elements of human decency, we will ourselves be contributing to the continuing amorality in international relations. We will also be acting contrary to our own long-term interests by encouraging the Soviet Union to believe it can get away with this outrageous behavior in the future. No less a Soviet public figure than physicist Andrey Sakharov, the "father" of the Soviet H-bomb, recently condemned the Western democracies for offering only concessions and smiles to a Soviet regime which he described as barbaric. It is time to put a stop to these smiles and concessions unless the Soviets stop the degrading practice of ransoming people.

Israeli Prime Minister Meir in her statement in the Knesset described what brutal message this policy conveyed to every educated Jew in the Soviet Union:

> Your brains and whatever you have studied and thought don't actually belong to you. Since you are a Jew, it is doubtful whether you are entitled to study and gain an education at all. And if you are bound for Israel to join your people—it is your duty to suffer. As for us, we will do our best to find clever means to prevent your emigration in all ways possible . . .

The Knesset adopted a strong resolution appealing to all nations, parliaments and international organizations to work for the abolition of this tax. I ask unanimous consent that this resolution be printed at the conclusion of my remarks.

In this country the National Academy of Sciences is already seeking to put together its own appeal on behalf of Soviet Jewish scientists wishing to emigrate. This commendable action was precipitated by the personal appeal of an eminent Soviet Jewish scientist, Benjamin Levich.

Professor Levich, a renowned Soviet physicist and member of the Soviet Academy of Sciences, had publicly denounced the new visa fees—and is already paying the price for his candor. He subsequently transmitted to me a handwritten note appealing to me personally to look into the desperate situation of Soviet Jewish scientists. This letter was delivered to me by an American scientist who recently met with Professor Levich in Moscow during the recent International Biophysical Congress. Enclosed with Levich's note was a copy of the letter he had sent to this International Congress. In his letter Levich stated:

> The scientists who apply to the authorities for the permission to leave for Israel are magically transformed into outcasts who are deprived of any right of continuing a scientific activity: publications forbidden, lecturing forbidden, making scientific reports forbidden, even being cited forbidden.
>
> A person is immediately expelled from any kind of scientific council, editorial boards, demoted and often fully discharged.
>
> A person is constantly living under the conditions of permanent pressure and anguish for the fate of his family and himself.

Levich then made an observation which is particularly telling:

The violation of the civil rights of scientists as compared to other people and the transformation of scientists into the property of the Government is a dangerous precedent.

Today it is the fate of perhaps a small group of scientists at a certain place of the world. Tomorrow it may happen to anybody and anywhere. The brains as well as the hands of any human being are his personal property. I believe as well that the persecution of scientists and the prohibition of their scientific activity as a punishment for their moral and conscience convictions is inhuman, immoral and disgraceful.

As more people in this country and around the world become aware of the outrageous nature of this latest Soviet action, calls for positive action on the part of our own Government to bring pressure on the Soviet Union will undoubtedly follow.

The Congress of the United States has special constitutional responsibilities with regard to the establishment of trade relations with other nations. Eximbank credits, most-favored-nation treatment, and OPIC guarantees are all legislative matters within the province of the Congress. Already the Soviets have made it known that they place MFN treatment high on their list of trade priorities in the current negotiations. Legislation granting such authority must be considered by the Senate Finance Committee, of which I am a member.

I would hope that other Members of both Houses of the Congress are prepared to go on record, as I am doing today, in making clear our strong opposition to any trade legislation granting the Soviet Union better trade terms as long as the ransom decree is in effect, and as long as similar draconian measures are applied to restrict emigration of Soviet Jews.

I am also prepared, in consultation with my colleagues, to explore other more immediate legislative means to deny the Soviet Union the trade terms it desires. I urge my colleagues to condemn the extortionist Soviet visa fees and to make clear their determination to link improved trade relations with this issue. There is still time to save Soviet Jewry, and I appeal to men of goodwill everywhere to raise their voices in loud protest against this latest injustice, and to pledge their efforts to its total elimination.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter to the editor of the New York Times entitled "A New Soviet Export—Jews," published in the New York Times of September 11, 1972, and the text of a resolution adopted by the Israeli Knesset on August 23, 1972.

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

A NEW SOVIET EXPORT—JEWS

(By Zev Katz)

To the Editor:

The Soviet Government's attempt to capitalize on Jewish emigrants is a dehumanizing and unconscionable act. Moral-humanitarian consideration aside, it is essential to examine objectively the Soviet claim that persons emigrating from the U.S.S.R. should repay the state for the costs of their education.

According to Soviet sources, the cost of education for a full-time university graduate would be: ten years of pre-college education, 1,000 rubles; plus an average of four and a half years of higher education, 4,500 rubles, for a total of 5,500 rubles. However, the latest Soviet decree requires a university graduate to pay 12,500 rubles. A doctor of science is asked to repay 31,000 rubles. There obviously is no correlation between the actual costs of education and the payments sought.

Furthermore, one of the central themes in Soviet literature on education is that the Soviet state quickly recoups its educational investment. Through higher productivity, and new skills and, consequently, a higher input into the economy, graduates repay through their labor investment in their education in a period of five to seven years.

The Jewish emigration affords the Soviet state other material benefits which offset possible labor losses of skilled personnel. We assume that Jewish emigrants for 1972 alone will number 30,000. If this is valid, by the end of 1972 the exodus will have totaled 60,000 persons (15,000 in 1971; 15,000 in the preceding decade). The émigrés leave behind their houses and flats. The overwhelming majority of these are state-owned, and the departing emigrants do not receive compensation for this property.

In granting emigration visas Soviet authorities give preference to older people. Data on Soviet émigrés show that one in three is a pensioner or close to pension age. Of the 60,000 departing Jews, 20,000 are estimated as pensioners. State expenses for such persons, including medical care and other public services, average 1,000 rubles per year. As a result of the current exodus, the U.S.S.R. saves twenty million rubles per year in state subsidies for pensioners.

To sum up, by allowing 60,000 Jews to emigrate, the Soviet state affords itself a saving of 200 million rubles in pension payments in a decade and obtains 20,000 apartments valued at 128 million rubles (including costs of upkeep). Together, these sums amount to about one-third of a billion rubles. Additionally, certain intangible benefits result—specialist positions become available, university places become vacant, etc.

Such material savings, generated by the Jewish exodus, coupled with the fact that expenditures on education are (and have been) recouped through the labor of Jewish scientists, objectively demonstrate the fallaciousness (let alone the amorality) underlying the so-called Soviet "education" tax on emigrants.

Soviet officials know that most Jewish professionals in the U.S.S.R. are not capable of raising enough money to pay the emigration tax even if they gave away all their life's savings and sold all their possessions. Obviously, the money will have to come from abroad (mainly from Jews in America). Besides exporting furs, gas, and timber, there will be a new and original Soviet export—Jews.

TEXT OF A RESOLUTION ADOPTED BY THE KNESSET, AUGUST 23, 1972

1. The Knesset notes that the head tax imposed by the Soviet authorities on Jews holding university degrees in the Soviet Union who desire to emigrate to Israel is an infringement of human rights, a trampling underfoot of human morals and an attempt to prevent the immigration of Jews to their historical homeland. This device aims at cutting off the Jewish community in the Soviet Union from the Jewish people and from the State of Israel.

2. The Knesset appeals to the Government of the Soviet Union to repeal this shameful decree which is aimed only at the Jewish citizens and recalls the Czarist anti-Jewish legislation.

3. The Knesset takes note with deep appreciation of the great response all over the world, amongst peoples, parliaments, governments, progressive organizations, scientists and religious leaders, who all raised their voices in protest against the ransom and demanded its cancellation.

4. The Knesset appeals to all governments, parliaments and international institutions and organizations, as well as to enlightened public opinion in all countries, to work towards the abolition of the head tax imposed on the Jews in the Soviet Union who wish to return to their historic homeland.

5. The Knesset calls upon the Jewish people to mobilize its strength, neither to rest nor to cease their efforts until the "diploma levy" is abolished and the freedom of emigration of Jews from the Soviet Union is insured in effect.

6. The Knesset calls upon scientists of all nations to rise to the defense of the human and national rights of their colleagues in the Soviet Union.

7. The Knesset sends its good wishes, and its hope that they might continue their good fight, to our brethren in the Soviet Union, who are struggling for their human rights and their affinity with our people. The Knesset declares that the people in Israel, as well as the Jewish nation the whole world over, will not rest until the head tax is abolished.

8. The Knesset takes note of the government statement as delivered by the Prime Minister at the special session on Wednesday, the 13th of Elul, 5732 (August 23, 1972).

"EXIT FEES" FOR RUSSIAN JEWS

Mr. EAGLETON. Mr. President, I wish to add my voice in condemnation of the Soviet Union for its deplorable action of instituting a system of escalated exit fees for those Russians who wish to emigrate.

The Soviet Union's harassment of its Jewish citizens has reached a new—albeit more subtle—level of intensity. After world opinion forced the Soviet Government to modify its policy of absolute restriction of Jewish emigration, the Soviet Government created restrictions of a more informal—and less perceptible—nature. Jews desirous of emigrating were ostracized and persecuted at the city and neighborhood level where the eyes of the world public could not see. But Russia underestimated the will of its Jewish citizens to escape the perfidy of officially sanctioned persecution.

But now world attention is again focused on the Soviet system—a system that can only be described as 20th century slavery. This latest action is reminiscent of Adolph Hitler's attempted ransoming of Jews during World War II.

The newly imposed schedule of exit fees for Soviet citizens who leave the Soviet Union—especially those who, as in the case of Jews, are forced to renounce their citizenship—is a two-edged sword.

It damages those who wish to leave the Soviet Union by imposing an incredibly restrictive tariff—a person must pay anywhere from $5,400 to almost $40,000, depending on the level of education attained. And by establishing the exit fee schedule as a reimbursement for education the Soviet Government also destroys the incentive of its Jewish citizens to achieve higher education.

Another disturbing feature of this new Soviet Government policy is that it may have been applied in order to obtain much-needed hard currency. The Soviet Government may be proceeding on the

assumption that the American Jewish community will pay a ransom fee to help Russian Jews emigrate to Israel. In light of Moscow's dire need to expand its hard currency reserves to purchase Western goods, this possibility cannot be ignored.

If in fact economic gain is a motive for this latest harassment of Jews, then the United States has an obligation to assure that this action results only in economic loss—and not gain.

The Soviet Government is hereby put on notice that if it persists and implements this deplorable policy, this body and the U.S. Government may take appropriate action to revise its trade arrangements with the Soviet Union.

The Congress of the United States cannot agree to enter a favored nation trade arrangement with a country whose oppressive tactics denigrate the spirit of liberal trade policies. The United States cannot allow the Soviet Union to make economic gain from human suffering.

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.

The PRESIDING OFFICER (Mr. EAGLETON). The bill is open to further amendment.

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

The PRESIDING OFFICER (Mr. COOK). Without objection, it is so ordered.

Mr. TAFT. Mr. President, I ask unanimous consent that during further proceedings on this bill, my staff aide, Mr. William Wickens, be permitted the privilege of the floor, during the debate and during the rollcall vote.

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

AMENDMENT NO. 1467

Mr. TAFT. Mr. President, I call up my amendment No. 1467.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

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

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 99, after line 24, insert the following new section:

"SEC. 205. WITHHOLDING OF CITY INCOME TAXES FROM COMPENSATION OF FEDERAL EMPLOYEES.

"(a) WITHHOLDING BY FEDERAL AGENCIES.—Section 5517 of title 5 of the United States Code is amended—

"(1) by inserting 'or city' after 'State' each place it appears in subsections (a) and (b), and

"(2) by inserting before the period at the end of subsection (c) the following: ', and "city" means only a city which is incorporated under the law of a State and which contains at least two hundred employees whose regular place of Federal employment is within such city, except that the Secretary of the Treasury may lower the foregoing requirement in his discretion'.

"(b) Clerical Amendments.—

"(1) The heading for such section 5517 is amended to read as follows:

"'§ 5517. Withholding State and city income taxes'.

"(2) The analysis for subchapter II of chapter 55 of title 5 of the United States Code is amended by striking out the item relating to section 5517 and inserting in lieu thereof the following:

"'5517. Withholding State and city income taxes.'.

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply only in respect of agreements entered into after the date of the enactment of this Act."

On page 99, line 1, after "and (c)" insert "and section 205(c)".

Mr. TAFT. Mr. President, this amendment would allow our cities to arrange for the Federal Government to withhold city income taxes from compensation paid Federal employees. Any city which has 200 or more Federal employees, and any other city where the Treasury Department determines that such an arrangement would be beneficial, would be eligible for this service.

The purpose of the Revenue Sharing bill is to increase the Federal financial assistance to States, and particularly urban areas, which are hard pressed to make ends meet. This amendment would provide an additional source of income for our cities, without requiring increased Federal funding other than the amount necessary to cover administrative costs.

The increment in local funds would result largely from a reduction in tax delinquencies, and an increase in the cities' ability to collect delinquent taxes from Federal employees. Cleveland's tax department, for example, estimates that by reducing losses in uncollected taxes, my amendment could increase the city's resources by $300,000–$400,000 annually. The city of Cincinnati expects the enactment of the amendment to save its taxpayers about $100,000 per year. Similar savings would, of course, be realized by cities in other States which have income taxes.

To help improve the administration of non-Federal taxation systems, the Revenue Sharing Act of 1972 contains a title authorizing the Federal Government to act as a collection agent for State income taxes.

My amendment would make a positive contribution along the same lines for our cities. It would decrease the administrative burden for our cities' tax collection departments, by relieving them of the necessity to devote extra attention to Federal workers. In my own State of Ohio, the cities of Akron, Columbus, and Toledo expect that they could each save between $20,000 and $35,000 annually by trimming administrative costs in this manner.

The cities would benefit greatly from my amendment. The greatest benefits, however, would be realized by the hundreds of thousands of civilian Federal workers affected. Because local income taxes are not withheld from the wages of Federal employees, these workers are forced to pay the taxes in lump sums on a quarterly or annual basis. The obligation to pay a substantial amount in local taxes at one time is a serious hardship for many Federal workers. As of last winter, one third of Cleveland's postal workers had not been able to meet this obligation, and owed the city hundreds of dollars per person in back taxes.

My amendment would allow Federal workers to pay their city taxes in the same convenient manner as other workers, by making the payments in even installments throughout the year, with automatic deductions.

The major organizations representing groups which my amendment would affect strongly support it. These organizations include the National League of Cities, U.S. Conference of Mayors, the National Postal Union, and other major Federal employees' associations. The Treasury Department and the Office of Management and Budget have historically supported legislation along these lines, and I have been informed that their positions have not changed.

I hope that the Senate will seize this opportunity to provide equal treatment for our Federal workers and additional assistance for our cities. It is not revenue that we are talking about; it is help to the cities, and I believe it is relevant.

Mr. President, I wholeheartedly support the distinguished Finance Committee chairman's position that all nongermane amendments to the Revenue Sharing Act should not be brought up or acted upon at this time.

This bill is vital to our Nation's States and cities. It is essential, therefore, that any unrelated amendments which might impede the progress of this bill be put aside. Several times in the course of the debate on this bill, I have indicated my feeling that specific amendments should be rejected on those grounds.

I cannot agree with the chairman, however, that the amendment we are presently debating is nongermane in this sense. The purpose of the revenue sharing bill, stated in its simplest terms, is to provide a mechanism whereby the Federal Government can increase its assistance to our cities and States. That is exactly what my amendment does, while at the same time it eliminates a glaring inequity in present law between Federal workers and other elements of the work force.

It is difficult to overemphasize the importance of this legislation to our Nation's cities. In recognition of this fact, the organization that represents them, the National League of Cities—U.S. Conference of Mayors, has supported Senator LONG's efforts to obtain speedy passage of the bill. The organization has carefully refrained from taking a position on any amendments offered, even though virtually every amendment to this bill affects them directly or indirectly. I have been informed by representatives of the league, however, that they consider my

amendment so essential to the cities, that they wish to make an exception to their overall strategy. The National League of Cities—U.S. Conference of Mayors feels strongly that my amendment is germane to this legislation, and they urge that the amendment be accepted.

The league's position emphasizes a point I made in my earlier remarks—that all the groups directly affected by this legislation strongly support it and urge its adoption. I hope that the Senate will listen to them.

Mr. President, before yielding to the distinguished chairman of the committee, I ask unanimous consent that the name of the Senator from Kentucky (Mr. COOK) be added as a cosponsor of the amendment.

The PRESIDING OFFICER (Mr. COOK). Without objection, it is so ordered.

Mr. LONG. Mr. President, the question of germaneness understandably may be a matter of disagreement among Senators even though they have pretty much the same objective in mind. This is an amendment that would require the Federal Government to withhold from its own employees, if I recall it correctly, income taxes paid to the cities. This suggestion has already been made in the House of Representatives. The Ways and Means Committee has reported bills along the line the Senator has suggested. They have done it three times, I am informed. It has not come to us from the House because the New Jersey people seem to be upset about the possibility of this money's being withheld from New Jersey residents for the benefit of the city of Philadelphia, where many New Jersey people work. That seems to be where the main problem exists.

I would be happy to try to help the Senator work out his problem in this connection, if we could put it on some other measure. I would suggest to the Senator that he should cooperate with us, and we will cooperate with him, in finding an appropriate vehicle. If we have a bill on the calendar now, I would have no objection to adding his amendment to it. We would get the cooperation of the leadership to let us take the amendment, motion up a bill and place the amendment thereon. I do not see why that could not be done.

Personally, I would like to help the Senator with this problem, to place it on an appropriate bill and I will be glad to find him one, even if it were necessary to report a particular measure out of the Finance Committee and to provide him with a vehicle for his amendment. We will have plenty of opportunity to do that between now and the time we adjourn—perhaps in the next week or so. Then we could see if it was possible to do that.

If the House conferees are not going to let the House vote on the matter, I really cannot see that is will make any difference whether his amendment is attached to this bill or to any other bill. In the last analysis, if he is able to attach his proposal to a House-passed bill—and, from the point of view of those on the Finance Committee, that is no problem finding a bill to attach it to—he will still have to persuade the House Ways and Means Committee to take that matter to the House so that the House can vote on it.

Of course, at that point, I would like to offer him my best offices in trying to bring that about, but I would hope that the Senator would not insist on it on this bill because, from my point of view, it is not germane to the bill.

One can say it is a close point by broadening the rule of germaneness. Perhaps it would be. But this is an amendment relating to the Federal Government's withholding of local income taxes from its own employees. The revenue sharing bill which we reported and are considering has nothing to do with that. The way it stands right now, it is true we have something in the bill where a State can request the Federal Government to collect its income taxes for it, and if a certain number of States do that, then the Federal Government would do so, for those States which conform their income tax laws sufficiently to the Federal income tax laws. The Federal Government would then serve as tax collector.

But this amendment goes beyond that. It takes this further afield and it puts the Federal Government in the position of collecting a city tax, so that it is only by extending the principle further and further on that one could get involved in this. We hope to stay out of that.

I would urge the Senator to withhold his amendment and let us consider this in connection with something where we are not accused of having something nongermane but where we could accept his amendment and give the Senator the best help to try to make it law. I would be glad to cooperate with the Senator if he will put his amendment on what we would regard as an appropriate House-passed bill. I do not think this would be the one, because we are trying to restrict ourselves closely to a germane rule. I would like to urge the Senator to consider withholding his amendment at this point and offering it on any one of a number of additional House-passed bills which will be reported by the committee and which will be voted on in the next few weeks. We will be reporting a number of those bills and the Senator can offer his amendment to one of them.

Perhaps we could attach it for him in the Finance Committee on one of those bills and help him shepherd it on through the Senate on a bill where we are not trying to restrict ourselves to the germaneness rule.

Mr. TAFT. I thank the distinguished Senator for his remarks and his support of the principle. To expand upon the record on the matter, I might say that it is my understanding the objection to the amendment on the House side, if such there be, does not lie within the Ways and Means Committee that committee has reported similar tax legislation from time to time. The objection, apparently, comes from other Members, as the Senator has indicated, from the State of New Jersey. Their objection relates not to the issue of whether this is a sound principle, or whether it is justified in order to assist the States in obtaining local revenues which I think are so important, but rather to the validity of the taxes involved.

Mr. LONG. What the Senator is trying to achieve is objected to from people who hail from New Jersey for reasons that apply to the situation which exists in that area bordering on the great metropolitan area of Philadelphia on the one hand and New York City on the other. We will have to take back to the House, anyway, some sort of compromise in the social services area, where we would expect some pretty fervent opposition from some who have hitherto enjoyed more of the social services money, or would have enjoyed had we not tried to tighten up in this area. We will have to go back to the controversy of the formula between Senate and House which, as the Senator so well knows, is controversial even right here in the Senate. And, with all the controversy and the dispute we are trying to resolve, the way it stands now, we fear and we must therefore resist the amendment because I think it is adding too much additional controversy to the bill. I would therefore urge the Senator to cooperate with us and let us find a bill where there is no controversy to it.

So the only thing in controversy would be this matter which certain people in New Jersey strenuously object to. We would take it back to the House where that is the only real controversy involved. Then, if a majority of the Members of the House can be prevailed upon to accept a settlement of this simple issue, then to my point of view that is one simple controversy rather than having all of the controversy wrapped up in this bill. We think that is where the chances of the Senator are best.

I will be glad to cooperate with the Senator providing he would cooperate with us.

Mr. TAFT. Mr. President, I appreciate the feeling of the chairman. I had intended to cooperate with the chairman. I had discussed the subject with him before I came to the floor. However, I cannot think of anything really more relevant to a revenue sharing proposal than an effort to try to do something to help the cities and States get more revenue, and to help them with an additional inflow so as to raise their own revenue.

I am willing to defer to the position of the distinguished chairman, as I have indicated to him. We will have a chance at a later time to take action upon this measure. Revenue sharing, of course, is of great importance; if my amendment were approved in this measure it would become law, whereas if we attach what can be a controversial provision, apparently insofar as some Members of the House are concerned, to a less important measure, there might be a controversy over whether the provision should become law.

Mr. LONG. The Senator's problem is not with the administration. My understanding is that the Nixon administration agrees with the Senator's position and that the Treasury agrees with the Senator's position. The Senator's problem is in the House of Representatives. And there it would be simply a matter

of agreeing or not agreeing to the amendment. It would be a simple up or down vote.

I think that we could easily enough pick a bill that has the favorable support of the President and his administration and add the amendment to that bill. It would have a very good chance of being agreed to.

Mr. TAFT. Mr. President, I appreciate the remarks of the chairman.

Mr. President, in view of the chairman's remarks and in view of the situation, hopefully, that we can possibly get this provision through at an early time on other legislation, I withdraw my amendment.

The PRESIDING OFFICER (Mr. COOK). The amendment is withdrawn.

The bill is open to further amendment.

PATENT COOPERATION TREATY—REMOVAL OF INJUNCTION OF SECRECY

Mr. MANSFIELD. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Patent Cooperation Treaty and Annexed Regulations, signed at Washington, on June 19, 1970 (Ex. S, 92d Cong., second sess.), transmitted to the Senate today by the President of the United States, and that the treaty with accompanying papers be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER (Mr. COOK). Without objection, it is so ordered.

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a copy of the Patent Cooperation Treaty, signed at Washington on June 19, 1970, together with the Regulations under the Patent Cooperation Treaty annexed thereto. I transmit also, for the information of the Senate, the report from the Department of State with respect to the Treaty.

The Patent Cooperation Treaty offers several major advantages. One is to simplify the filing of patent applications on the same invention in different countries by providing, among other things, centralized filing procedures and a standardized application format.

Another advantage offered by the Treaty is the longer period of time available to an applicant before he must commit himself by undertaking the expenses of translation, national filing fees and prosecution in each country. Today, a twelve month priority period is provided by the Paris Convention for the Protection of Industrial Property, while under the Patent Cooperation Treaty an applicant will have generally twenty months or more. This advantage should permit the applicant to be more selective of the countries in which he ultimately decides to file, by giving him more time and information to evaluate the strength of his potential patent and to determine his marketing plans. Thus, this Treaty would serve to expand established programs of industry to file foreign patent applications as well as to encourage smaller businesses and individual inventors to become more actively engaged in seeking patent protection abroad.

A third advantage is to facilitate the examining process in those member countries which examine applications for patents.

In order to carry out the provisions of the Treaty, proposed implementing legislation will be forwarded to the Congress in the near future.

I recommend that the Senate give early and favorable consideration to the Treaty submitted herewith and give its advice and consent to ratification subject to three of the declarations for which provision is made in the Convention under Article 64, paragraphs (1) (a), (3) (a), and (4) (a), respectively, as explained in the report from the Department of State.

RICHARD NIXON.

THE WHITE HOUSE, *September 12, 1972.*

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. DOMINICK. Mr. President, will the Senator yield to me for 3 or 4 minutes for the purpose of engaging in a colloquy with the Senator?

Mr. LONG. I yield to the Senator from Colorado.

Mr. DOMINICK. Mr. President, we have had several inquiries from localities in our State pointing out that in the printed Revenue Sharing Act supplemental report that shows the distribution of the funds, some municipalities have not been included. These would include some cities which have been incorporated since 1967, when I understand this report was made. However, some cities that have been there for a long time, such as Northglenn in Adams County, Lakewood in Jefferson County and Security-Widefield in El Paso County are exempt according to the people who have talked with me.

It is my understanding, and I ask the Senator if I am correct in this, that all governmental units would be included in the distribution here whether or not they happened to be listed within this supplemental report.

Mr. LONG. The Senator is correct.

Mr. DOMINICK. Second, Mr. President, I am somewhat confused on a point here. If the Senator would turn to page 61, for example, which deals with Colorado, I point out that I have added some figures on my own, and I am not quite sure what these figures mean.

Under Adams County which is the first one on page 61 we have the total——

Mr. LONG. Mr. President, did the Senator from Colorado say page 61?

Mr. DOMINICK. The Senator is correct. The very first county there is Adams County. It shows total grants and then it shows total for all city government, which is the third line down.

Mr. LONG. Mr. President, is the Senator looking at the book that has a star printed in the lower, left-hand corner?

Mr. DOMINICK. I am looking at the supplemental report, part 2, the green book.

Mr. LONG. If the Senator looks at the book, there has been a reprint because of computer error and there is a star on the bottom of the lower, left-hand corner of the volume that I have in my hand. That is because there were computer errors that required this matter to be reprinted.

Mr. DOMINICK. Mr. President, I thank the Senator. I did not have that volume before me.

Mr. LONG. Mr. President, I believe that there are enough copies of this volume. If the Senator looks at page 61, it might be the same as the volume he has.

Mr. DOMINICK. They are different. It is page 71. I see that the questions I have have, in fact, been answered by the corrections of the printer's error.

Mr. LONG. That is the star print. We had to reprint this volume because there were computer errors in the effort to provide this information in haste. And it was only by reprinting the volume that we were able to correct the computer errors that are in the volume that the Senator has. The star print is correct.

Mr. DOMINICK. Mr. President, the thing that bothered me was when they got to the end, the total was more than the cities represent and the cities were in fact less than the number of cities there. That thing is what puzzled me.

I gather that the star print is correct and up to date and all cities, whether included in here or not, will be included in the distribution.

Mr. LONG. The Senator is correct. May I say that in my first presentation before the recess, I had made the point that we had discovered computer errors in the original volume. And I asked that that volume be reprinted to correct those errors. The Senator now has the old volume. I believe that we can provide the new volume to every Senator.

It was one of those things that we could not help. There were computer errors. I believe that we have corrected them. There is a possibility, however, that there may be some in the star print. However, I do not know of any at this point.

Mr. DOMINICK. Mr. President, I thank the Senator from Louisiana. That clears up my questions. I very much appreciate it.

Mr. LONG. Mr. President, I thank the distinguished Senator.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG. Mr. President, may I comment further on what the Senator has had to say that the cities that have been incorporated since 1967 will be entitled to receive revenue-sharing payments, even though those cities do not appear in the supplemental committee report. So, for the first payments under the bill, the amounts of which would depend in part on information gathered in 1967 Census

of Governments, a tax effort factor will be constructed on a fair and equitable basis. After the first payments, we expect up-to-date information to be available from the Bureau of the Census. As soon as the amounts have been calculated and run through the computers, the information will be made available to the Senator and other interested persons.

Mr. DOMINICK. Mr. President, following along with the colloquy, one of our major cities has recently been incorporated, Lakewood, in Jefferson County. That has not been included in this star print. If this is going to be based on the Bureau of the Census data, what will happen to Lakewood which is one of our major cities?

Mr. LONG. Lakewood will be included. It will be eligible for the grant.

Mr. DOMINICK. Even though the original distribution is under the 1967 formula?

Mr. LONG. That is correct.

Mr. DOMINICK. I thank the Senator very much.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 1502

Mr. TAFT. Mr. President, I call up my amendment No. 1502 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

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

The PRESIDING OFFICER. Without objection; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 35, line 10, strike "3½" and insert "3.75".

On page 35, line 14, strike "7 percent" and insert "7.3 percent".

On page 35, line 17, strike "3½" and insert "3.75".

On page 38, line 3, strike out "$2,650,000,000" and insert "$2,830,350,000".

On page 38, line 5, strike out "$5,450,000,000" and insert "$5,810,700,000".

On page 38, line 7, strike out "5,750,000,000" and insert "$6,110,700,000".

On page 38, line 9, strike out "$6,050,000,000" and insert "$6,410,700,000".

On page 38, line 11, strike out "$6,350,000,000" and insert "$6,710,700,000".

On page 38, line 13, strike out "$3,325,000,000" and insert "$3,505,350,000".

On page 38, strike lines 15 through 23 and insert in lieu thereof the following:

"(b) ALLOCATION AMONG STATES.—

"(1) IN GENERAL.—There shall be allocated to each State for each entitlement period the greater of the amount determined under paragraph (2) or the amount determined under paragraph (3).

"(2) THREE FACTOR FORMULA.—The amount to be allocated to any State under this paragraph for any entitlement period is an amount which bears the same ratio to the total amount to be allocated for such period under subsection (a) as—

"(A) the population of that State, multiplied by the general tax effort factor of that State, multiplied by the relative income factor of that State, bears to

"(B) the sum of the products determined under subparagraph (A) for all States.

"(3) ALLOCATION ON BASIS OF POPULATION.—The amount to be allocated to any State under this paragraph for any entitlement period is an amount which bears the same ratio to the total amount to be allocated as the population of such State bears to the population of all the States."

Mr. TAFT. Mr. President, we already have heard a lengthy discussion in this Chamber with regard to the nature of the formula adopted by the Committee on Finance as opposed to the formula adopted by the House committee and reported by the House of this body, and as opposed to many, many other type formulas that have been suggested and considered, not only in the Committee on Finance, but by many other bodies.

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

Mr. TAFT. I yield.

Mr. LONG. Would the Senator be amenable to agreeing to a unanimous-consent agreement to limit debate on this amendment so we may expedite action on the bill?

Mr. TAFT. I appreciate the Senator's inquiry. However, at this time, I think I would not be so inclined. We got into a rather prolonged discussion the other day. It is hard at this time to predict the length of the discussion involved in this amendment since the question is a very broad, philosophic one that I want to discuss.

Mr. President, my first familiarity with revenue sharing came many years ago when I was a member of the Ohio Legislature. It came because we had a great shortage of educational funds, and it came with regard to the proposal of the then Governor of Ohio, Mike Disalle. We memorialized Congress to the effect that they provide some supplement out of revenues collected by the Federal Government, to be distributed back to the States for use by the States for educational purposes only. I felt this had merit at the time and began to study it.

However, the basis of that resolution, of which I was a cosponsor, called for distribution. It was logical, and it provided that from the income tax collections from each State there be deducted 5 percent, and to have that amount, without going to the Treasury or going through the appropriations process in any way, or before getting congressional action, paid back to the States involved. That is one approach that could be taken with respect to revenue sharing. Obviously, it would not take into account the question of the ability to pay and the ability to finance its own services in the individual areas involved.

In other words, there would be no relative income or poverty factor or other factors of that sort involved. Also, there would be no direct relationship to the other proposal that would seem obvious when you talk about one nation, as we have, and the distribution back to the State and local levels, so far as per capita distribution is concerned. That is another obvious way for us to go: To simply say we are making a distribution on a per capita basis to States throughout the United States, a certain amount of money will be paid by the Federal Government.

Each of these ways has a good deal of merit. They do not take into account other factors. However, we have considered these quite heavily in connection with various grant-in-aid programs that we have enacted over the years in great numbers. As a matter of fact, it is the proliferating of those grant-in-aid programs that really has now brought us to another approach to the revenue-sharing proposal which we have before us, and which brought us in my own party, back in 1965, to prolong its studies of the whole question of revenue sharing.

In 1965 I was asked to serve and I accepted the responsibility of serving as chairman of the Republic Coordinating Committee, a committee set up by the Republican National Committee to discuss the policy. I was made the chairman of a task force to look into the question of the relationship between State, local, and Federal Government, and to try to work out some sound and proper method for the distribution of funds on this basis. We carried on those studies for two and a half years, with the committee members drawn from all over the United States, representing all kinds of interests, populationwise and economywise.

We made several reports that we finally consolidated into one report that was adopted by the Republican Coordinating Committee in 1968 and resulted in the adoption of the Republican platform of the principle of revenue sharing as one of the principles on which the party proposed to go to the Nation.

We have now moved to the congressional theater and finally gotten to the point of considering legislation.

I have brought out all of that background because it is relevant to the type formula we are going to adopt. We have to recognize that having abandoned the very basic formula which we start with—simple redistribution of revenue back to the areas on a per capita basis—we have to recognize all these other factors are involved and should be considered.

Later I will go into a careful and detailed explanation, but let us ask ourselves what has been done by the Committee on Finance in this bill on which we are asked to vote within the next day or so.

What was adopted was, one, the population factor, which should be in any formula. As I indicated, perhaps it should be the only factor. Second, there is the relative income factor which was given weight in the distribution on an inverse ratio to the relative income of the residents of the States involved.

We have always felt in this country that this is one country and that we should give some recognition to ability to pay in measured effort, and insofar as we recognize we want to provide a minimum standard of services for all Americans, no matter in what locality they live. This seems to be a reasonable factor.

The third factor is, I think, perhaps a great deal more questionable. The third factor adopted was tax effort. This is a factor that has been questioned for some time in connection with revenue sharing, as far as it was the feeling of many who considered the revenue sharing concept;

that the providing of additional Federal funds to State and local governments should not enable anyone to take a free ride. In other words, there should be some assurance that the funds provided would not be in lieu of local funds, that there should not be a reduction in State and local taxes, but that the funds should be used for expansion of areas in which the Federal Government might otherwise expand; to obviate the necessity and pressure to further expand the various grant-in-aid programs that have been proliferating, as I have said, to over 500 in number, from just a few just 15 years ago.

This relative factor of tax effort can be figured in many, many different ways. Initially there was considered the proposal merely to give credit for State income tax. That seemed unwise. I believe it is unwise. While it was rejected as the sole factor, it still is written into the tax effort factor because, in effect, by putting in the State income tax credit factor, we are using the Federal Government and Federal legislation in a way exactly opposite from the principle of revenue sharing, the principle of revenue sharing being to give the State and local authorities the right to make their own decisions and make their own choice as to how they obtain revenues for the services they provide.

By giving State income tax preference, we are really mandating the States to go the income tax route for their revenue structure. For some States that may be wise. It may be their choice. But for any bill to mandate that for all the States is, in my opinion, an error.

For those reasons, I felt that that factor, while some argument could be made for it, unless it were carefully put together and handled, it was likely to develop flaws in any formula applying it.

It would be well to take time to consider all these factors. As I indicated, What did the Senate Finance Committee do? The Senate Finance Committee, instead of doing what would be one's normal reaction in the use of these three factors, which would be to say, "Well, we will use these, one-third, one-third, and one-third," and apply them in that way and take the total of the funds nationally and make the allocations applying these factors to one-third the revenue in each case, setting aside the money for this purpose, as many States do in their redistribution formulas, instead of dividing it on a one-third basis, took these factors and, as we discussed yesterday, in discussing another amendment, decided that rather than add these figures together, they would multiply these factors one times the other, times the other—in other words, the population factor times the tax effort factor times the relative income factor. Well, the effect of it is, inevitably, that any variation in any State from the norm in any one of these factors is going to be distorted.

On the floor yesterday I asked the distinguished chairman of the Finance Committee, the ranking minority member, and any other member who happened to be present, what philosophy, what thinking, or what theory led to their multiplying these factors times each other. I must say my conclusion—perhaps unjustified, but nevertheless my conclusion—was that it just happened that the figures worked out better that way for the results sought to be achieved. There was no other logic that lent itself to the adoption of the multiplication approach in the use of the three factors.

As it happened, the effect upon my State of Ohio in using this approach is an extremely unfavorable one, one that I think is almost an affront to our State. It takes away from it, under the formula the House proposed, some $42 million, reducing the allocation under the House bill of $227 million to $185 million—a very high percentage decrease, the greatest percentage decrease, I believe, of any of the States in a comparison between the House bill and the Senate committee proposal.

Insofar as the population factor alone is concerned, if we applied the population factor to the distribution of $5.3 billion that is proposed here, we would find that Ohio suffered there a proposed loss of $92 million, as opposed to a straight distribution on the population basis. In general, a distribution on a population basis would make a distribution, on the norm, of about $26 per individual. The Senate, version, on the other hand, reduces this, insofar as Ohio is concerned, to $20 per individual.

I have felt, therefore, against this background and what seems to me to be an entirely illogical approach toward the formula the Senate committee has adopted, that it is absolutely vital to have a prolonged discussion of how this formula was arrived at and what factors we ought to consider, so that the conferees meeting with the House, when the bill gets to conference, will have the benefit of a thorough discussion and the backgrounds of the various alternative approaches that might be considered.

I could have chosen many different ways to go about a consideration of this problem. I have chosen three which I hope to present to the Senate, one in this amendment and two in subsequent amendments I hope to offer.

The first of these amendments is the amendment before the Senate today, and it follows the pattern of least resistance, perhaps. Perhaps it is not the best logically, but it follows the path of least resistance as far as the Senate is concerned. It would put a floor under the distribution to each State based on the population factor alone. In other words, it would allow to come into play the Senate committee's formula as to all the States involved, and there would be no reduction of payment to any State involved. For that reason, the Senate committee's formula would be a minimum. But those States that are cut under the Senate committee formula insofar as their per capita distribution is concerned would be provided a minimum payment amounting to the population percentage alone times the $5.3 billion that is proposed to be offered in the overall distribution under the plan.

I have a hard time in seeing the justification of giving any State less than what its fair share would be under a per capita distribution formula. Every State must provide for police protection, fire protection, and the education of its children. Unless the committee is going to change its formula to allocate funds on the basis of the cost of living in each State, it would seem only fair that every State receive not less than its per capita allocation.

When we broke through the clouds of the Senate Finance Committee's report and looked behind the $1 billion added on for social services, we saw that many of the States shortchanged are those where problems and expenses are the greatest. I find it completely inexcusable that these States should receive less than what they would receive under a straight per capita distribution formula.

Assuming for the moment that there may be valid reasons for the committee to give some States more than their per capita fair share—an assumption which I seriously question—we nevertheless should have a hold harmless provision to assure that the per capita fair share is at least a floor for the distribution of funds.

The amendment which I now offer, No. 1502, is a hold harmless amendment. It would not reduce the allocation of any State under the Senate Finance Committee's formula. It would add approximately $360.7 million to the distribution each year. This amendment would not affect in any way the social services funds which have been added to the bill by the Finance Committee, as it has now been conformed and changed as amended by the adoption of the Roth amendment, as amended by the Long amendment.

Mr. President, the chart which I have placed on each Senator's desk indicates the gains which 21 States and the District of Columbia would receive under this amendment. These are the States which have been shortchanged by the Senate committee approach, particularly and especially because of the distinction that results from the multiplication of one factor times another factor times a third factor.

If the American people are to have confidence in revenue sharing, they must understand, I think, that no State will be shortchanged by an unfair formula. I certainly do not recommend it. I do not think any Member of the Senate would recommend the prospect, if the formula is indeed unfair, as we feel this one is, that every year, here on the floor of the Senate and in the Ways and Means Committee and on the floor of the House of Representatives, we are going to have to see a battle to change the formula. I think we ought to arrive at it correctly, fairly, and equitably, first, on some basis that cannot be challenged. We are not on such a basis insofar as this formula is concerned.

I hope the members of the Finance Committee will recognize the essential fairness of the approach, and will not oppose the amendment for that reason. I hope they will recognize the tremendous financial burdens on the States which would be helped by this amendment, and the fact that these States are the ones which are dealing with some of the most pressing and costly programs in our country, a factor which should be given tremendous weight in attempting to arrive at a fair formula.

Mr. President, at this point I ask unanimous consent to have printed in the

RECORD a table marked "Taft Exhibit A Formula," which sets out the additional amounts that would go to each State under the additional distribution as proposed by this amendment, the total additional distribution being $360 million.

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

Gains under Taft exhibit a formula, providing that no State shall receive less than it would under a per capita distribution formula. Allocations are based on a $5.3 billion level and exclude social services funds

[In millions of dollars]

Alaska	2.5
California	10.1
Connecticut	21.4
Delaware	1.4
Florida	16.7
Illinois	38.9
Indiana	21.1
Kansas	.7
Maryland	7.5
Massachusetts	4.9
Michigan	20.7
Missouri	13.5
Nevada	1.0
New Hampshire	2.4
New Jersey	44.5
Ohio	92.3
Oklahoma	1.5
Pennsylvania	17.2
Rhode Island	1.8
Texas	23.4
Virginia	11.7
21 States total	355.2
District of Columbia	5.5
Total	360.7

Mr. TAFT. The amounts involved I think I might run through for the benefit of Senators who are present and might be interested in the figures.

Alaska would receive $2.5 million additional.

California, $10.1 million additional.
Connecticut, $21.4 million.
Delaware, $1.4 million.
Florida, $16.7 million.
Illinois, $38.9 million.
Indiana, $21.1 million.
Kansas, $700,000.
Maryland, $7.5 million.
Massachusetts, $4.9 million.
Michigan, $20.7 million.
Missouri, $13.5 million.
Nevada, $1 million.
New Hampshire, $2.4 million.
New Jersey, $44.5 million.
Ohio, $92.3 million.
Oklahoma, $1.5 million.
Pennsylvania, $17.2 million.
Rhode Island, $1.8 million.
Texas, $23.4 million.
Virginia, $11.7 million.
District of Columbia, $5.5 million.

Mr. President, I know it will be said, in reviewing that table—because it has already been said on an amendment which I proposed yesterday or the day before—that this is a formula which would be most favorable to the State of Ohio.

Indeed, that is true. I take no shame in saying it is true, and I will state the reason it is true. The reason it is true is because the Senate Finance Committee formula took the most away from the State of Ohio; and if we were to make a readjustment back to that basis, that would not take us to a per capita allocation, or anywhere near a per capita allocation.

This gives us only $92.3 million, as opposed to $270 million, the sum Ohio would be entitled to under a per capita distribution. So I am not asking for a per capita distribution, but, in all equity, I am asking for some floor to be put under the distribution involved here, to do away with some of the inequities which are basically built into the formula which has been adopted by the committee.

Mr. President, I am willing to yield to the chairman of the committee, if he would like time to respond.

Mr. LONG. Mr. President, I would like the floor in my own right.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, I can understand the Senator from Ohio is not happy about the formula the committee agreed to. I am sorry about that, but in that regard, that occurred because of Ohio's good fortune. For example, we thought it was a relevant factor to consider relative tax effort, and that is the only factor other than population that the administration recommended at all. To start with, the administration thought that relative tax effort, to look at what people are trying to do to help themselves and what little they have to work with or how much they have to work with, was the only factor that needed to be taken into account in addition to population. Frankly, Mr. President, that formula has much to recommend it. If you are looking at one factor, that is a very fair formula to suggest. But suppose we do it; how does Ohio come out? Well, they come out last because if you look only at relative tax effort because Ohio has the lowest tax effort. Here is the House committee report that has figures on tax effort on page 93. I ask unanimous consent to put it in the RECORD at this point.

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

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

State	Personal income calendar year 1969 (millions)	General revenue from own sources fiscal year 1970 (millions)	Revenue effort (col. 2 as a percentage of col. 1)	General revenue from own sources under the average revenue effort of the 10 States with the highest revenue effort	
				Amount[2] (millions)	Excess over actual (millions)
	(1)	(2)	(3)	(4)	(5)
Wyoming	$1,073	$213.0	19.85	$185.7	−$27.3
North Dakota	1,852	340.6	18.39	320.6	−20.0
New Mexico	2,879	528.1	18.34	498.4	−29.7
Wisconsin	15,376	2,700.5	17.56	2,661.6	−38.9
Hawaii	3,060	534.8	17.48	529.7	−5.1
Vermont	1,426	248.2	17.41	246.8	−1.4
New York	81,384	14,006.3	17.21	14,087.6	81.3
South Dakota	1,995	340.9	17.09	345.3	4.4
Alaska	1,258	[3] 211.9	16.84	217.8	5.9
Arizona	5,709	957.2	16.77	988.2	31.0
Nevada	2,037	338.7	16.63	352.6	13.9
Mississippi	5,234	869.6	16.61	906.0	36.4
California	83,408	13,747.6	16.48	14,437.9	690.3
Utah	3,132	513.4	16.39	542.1	28.7
Minnesota	13,448	2,184.9	16.25	2,327.8	142.9
Louisiana	10,413	1,687.8	16.21	1,802.5	114.7
Montana	2,172	351.7	16.19	376.0	24.3
Colorado	7,569	1,194.6	15.78	1,310.2	115.6
Iowa	9,870	1,541.2	15.61	1,708.5	167.3
Washington	13,093	2,002.9	15.30	2,266.4	263.5
Oregon	7,261	1,108.9	15.27	1,256.9	148.0
Idaho	2,120	320.9	15.14	367.0	46.1
Nebraska	5,230	783.8	14.99	905.3	121.5
Maryland	15,336	2,297.3	15.98	2,654.7	357.4
Delaware	2,218	331.0	14.92	383.9	52.9
Maine	2,987	442.3	14.81	517.0	74.7
Michigan	35,010	5,100.3	14.57	6,080.0	979.7
Massachusetts	22,722	3,233.3	14.23	3,933.2	699.9
Kansas	$8,096	$1,148.4	$14.18	$1,401.4	$253.0
Oklahoma	7,825	1,106.5	14.14	1,354.5	248.0
Alabama	9,116	1,269.9	13.93	1,578.0	308.1
West Virginia	4,735	658.7	13.91	819.6	160.9
Florida	22,396	3,109.7	13.89	3,876.6	767.0
Kentucky	9,202	1,261.5	13.71	1,592.9	331.4
Georgia	14,253	1,941.8	13.62	2,467.2	525.4
Illinois	47,340	6,270.4	13.25	8,194.6	1,924.2
North Carolina	15,030	1,983.8	13.20	2,601.7	617.9
Arkansas	4,963	648.8	13.07	859.1	210.3
Pennsylvania	43,182	5,612.6	13.00	7,474.8	1,862.2
Rhode Island	3,515	456.2	12.98	608.4	152.2
South Carolina	7,018	909.5	12.96	1,214.8	305.3
Tennessee	11,189	1,442.1	12.89	1,936.8	494.7
Virginia	15,441	1,985.2	12.86	2,672.8	687.6
Texas	36,458	4,679.0	12.83	6,310.9	1,631.9
Indiana	18,868	2,393.2	12.68	3,266.1	872.9
New Jersey	30,312	3,787.3	12.49	5,247.0	1,459.7
Connecticut	13,784	1,712.9	12.43	2,386.0	673.1
Missouri	16,085	1,993.0	12.39	2,784.3	791.3
New Hampshire	2,489	303.4	12.19	430.8	127.4
District of Columbia	3,768	[4] 449.4	11.93	652.2	202.8
Ohio	40,145	4,732.5	11.79	6,949.1	2,216.6
Total, 10 States	116,012	20,081.5	17.31	20,081.5	
Total, 41 States	628,470	87,906.0	13.99	108,807.7	20,901.7
Total, 51 States	744,479	107,987.5	14.51	128,889.2	20,901.7

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

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

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

[4] General revenue from our sources; does not include any Federal contribution or Federal aid.

Note: Details may not add to totals because of rounding.

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

Mr. LONG. It shows that, in terms of relative tax effort, Ohio comes dead last, even behind the District of Columbia. They show the least effort of any State in the Union in putting taxes on themselves to solve their own problems. I am not finding fault with the State of Ohio. That is their good fortune, that they have high per capita income.

Now, in the entire United States, Ohio—based on the 1970 census data—has the sixth highest per capita income. I wish I could say that for Louisiana. If they want something, they have the income to pay for it. That causes them to receive less revenue sharing money, because of relative tax effort. The tax effort looks at your income and compares that to how much taxes you are paying. So, if you look at those two factors, the income of the people and the relative tax effort that they are making, Ohio, because of its great, good fortune relative to other States, a wealthy State with relatively high per capita income and low taxes, they are very fortunate. And for that reason, they do not get as much money in the revenue sharing bill as they would like because they do not need as much.

It is just about that simple.

Now, we have thought about it and, frankly, Mr. President, this is the second formula the Senator is suggesting. I understand he has a third one in mind. In this one he is again using a double standard. He winds up with a bill that does not do as much for as many States as the Finance Committee would benefit, to begin with.

For instance, take this one. He starts out by adding $360 million to the pot. If this amendment is to be voted on a direct up or down basis, I am going to insist on a division, so we would first vote on whether we are going to sweeten the pot—to use the gambler's term—because if we are or are not going to crank more money into it, and therefore under either formula the amount to be will be the same. If we are going to crank more money into it, then we are going to have to calculate on another basis to see if Senators are going to be well advised or poorly advised to vote for the amendment.

Now, let us assume, if we want to do that, that we are going to increase the amount of money from $5.3 billion to $5.66 billion, an increase of $360 million. Now, assuming we wanted to do that, how many States would benefit and how many States would lose compared to the bill reported by the committee? Just assume that we take that much money and distribute it the way the formula of the amendment would distribute it. The formula is somewhat vague in that respect. But, the staff of the Joint Committee on Internal Revenue Taxation has calculated this out as best they could, trying to make the assumptions that one would have to make, trying to see how this formula is going to work. Then assume that we distribute that $5.660 billion according to the Committee formula. We will choose whichever formula is going to be the best at the same dollar level. If we do, 34 States would get less money under the Senator's amendment and 16 States would get more money, compared to the committee formula.

So, in spite of the Senator's effort to improve on his previous suggestion that we voted on a day or two ago, he still has twice as many States that would lose money as would gain money, compared to the formula the committee was able to work out. Ohio would get 25 percent of the $360 million additional money—a very good take indeed.

Now, it is interesting to note that we have heard a lot of complaints from New York up until now. We have heard the Senator from New York bitterly complain about how unfair the committee was to the State of New York. The Senator from Ohio would give them $34.5 million less than the committee's formula would in distributing the same amount of money. The only reason New York would be doing as well under his amendment as under the committee bill at $5.3 billion is because the Senator from Ohio sweetened the kitty by about $360 million. But if one looks at the entire formula he has in mind, the formula would treat New York even less favorably than the one about which the Senator from New York complains bitterly on the grounds that we discriminated against his State. And let us hear about California. We heard the complaint from the Senator from California (Mr. TUNNEY) that he thought we had not done as well as should have been done for the State of California. California loses $24.7 million compared to the distribution of the same amount of money under the formula in the committee's bill. Even Pennsylvania would lose money under his proposal.

Let me read off the States which would lose money under the Senator's proposal, compared to the distribution of the same amount, $5.660 billion, under the committee formula. This loss apparently would come under the guise of trying to offset inequities:

Alabama loses, Arizona loses, Arkansas loses, California loses, Colorado loses, Georgia loses, Hawaii loses, Idaho loses, Iowa loses, Kansas loses, Kentucky loses, Louisiana loses, Maine loses, Massachusetts loses, Minnesota loses, Mississippi loses, Montana loses, Nebraska loses, New Mexico loses, New York loses, North Carolina loses, North Dakota loses, Oklahoma loses, Oregon loses, Pennsylvania loses, South Carolina loses, South Dakota loses, Tennessee loses, Utah loses, Vermont loses, Washington State loses, West Virginia loses, Wisconsin loses, and Wyoming loses.

There would be all these losers, just to benefit 16 States and to heavy up on the State of Ohio.

This amendment has no more attraction for the Senate than did the Senator's first try at adopting an alternate formula.

In due course, I intend to move to table the amendment, because the Senator was not inclined to limit debate. Senators do not need that much time to understand this. All they need to see is whether their State wins or loses by the time you put all the States on the same basis, and then see whether, compared to the committee amendment, they are better off or worse off.

Obviously, when the Senator brings in a formula that would favor Ohio above all others—even with New York complaining bitterly and California complaining about the matter—that would favor Ohio at the expense of the 34 States, that is not going to be agreed to. It probably will not do any better than or as well as the last one.

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

Mr. LONG. I yield.

Mr. BENNETT. I have been interested to compare those States that would gain under today's version of his proposal with those States that would have gained under the previous proposal. While the States are the same, there are six States that will not gain as much under today's proposal as they would have gained if the other proposal had been adopted, though Ohio stands very firm at a $92.3 million increase.

Kansas does not do as well as he would have done for it the other day. Missouri does not do as well, nor do New Hampshire and Oklahoma. He cut the gain for Texas in half over what would have been the case if the previous formula had been adopted. Virginia does not do as well.

It seems to me that we have a heads-I-win, tails-you-lose game here. In this proposal he says:

> We will give every State the better of two situations. If they fare better under the committee's proposal, we will let them have it. They can have that money. But I have added $360 million, and I am going to divide it among 21 States and the District.

But of those 21 States, six would not do as well as if we had used the formula proposed the other day.

When the chairman says he is going to move to table it, I should like to remind the Senate that the vote on tabling the other formula was 53 to 24. I think the same Senators who voted to table the other formula would vote to table this one, and I think we might pick up four or five new recruits, because he has reduced the amount he would have given them.

Mr. LONG. Mr. President, I ask unanimous consent to insert in the RECORD at this point a States distribution prepared by the staff showing the distribution under the Finance Committee bill and under the Senator's amendment assuming the distribution of the same amount of money—$5.66 billion—in both cases.

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

COMPARISON OF FINANCE COMMITTEE BILL EXPANDED TO EQUAL THE COST OF THE TAFT AMENDMENT AND THE TAFT AMENDMENT (NO. 1502)

States	Finance bill expanded (1)	Taft amendment [1] (2)	Difference (2)-(1)
United States, total	5,660.0	5,660.0	
Alabama	136.3	127.6	−8.7
Alaska	5.9	8.0	2.1
Arizona	58.9	55.1	−3.8
Arkansas	64.5	60.4	−4.1
California	545.2	520.5	−24.7
Colorado	64.1	60.0	−4.1
Connecticut	61.4	79.0	17.6
Delaware	13.8	14.3	.5
District of Columbia	15.1	19.6	4.5
Florida	171.2	177.0	5.8
Georgia	128.9	120.7	−8.2
Hawaii	24.2	22.7	−1.5
Idaho	23.3	21.8	−1.5
Illinois	268.0	289.9	21.9
Indiana	122.4	135.7	13.3
Iowa	90.4	84.6	−5.8
Kansas	61.9	58.8	−3.1
Kentucky	102.4	95.9	−6.5
Louisiana	133.3	124.8	−8.5
Maine	36.5	34.2	−2.3
Maryland	101.3	102.3	1.0
Massachusetts	153.3	148.4	−4.9
Michigan	225.3	231.6	6.3
Minnesota	115.6	108.2	−7.4
Mississippi	106.4	99.6	−6.8
Missouri	115.9	121.9	6.0
Montana	24.1	22.6	−1.5
Nebraska	50.3	47.1	−3.2
Nevada	12.7	12.7	
New Hampshire	17.8	19.1	1.3
New Jersey	152.3	187.1	34.8
New Mexico	39.0	36.5	−2.5
New York	541.6	507.1	−34.5
North Carolina	158.9	148.8	−10.1
North Dakota	23.2	21.7	−1.5
Ohio	198.0	277.7	79.7
Oklahoma	69.7	66.8	−2.9
Oregon	66.0	61.8	−4.2
Pennsylvania	310.0	307.4	−2.6
Rhode Island	24.7	24.9	.2
South Carolina	95.6	89.5	−6.1
South Dakota	29.5	27.6	−1.9
Tennessee	115.5	108.1	−7.4
Texas	286.9	292.0	5.1
Utah	36.8	34.5	−2.3
Vermont	17.4	16.3	−1.1
Virginia	117.2	121.4	4.2
Washington	98.6	92.3	−6.3
West Virginia	61.4	57.5	−3.9
Wisconsin	157.1	147.1	−10.0
Wyoming	11.4	10.7	−.7

[1] Larger of finance distribution or funds distributed on population basis.

Note: Compared to the expanded finance committee bill, 34 States lose, 16 gain, and one has no change.

Mr. LONG. Mr. President, I move to table the amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion. The motion is not debatable.

Mr. LONG. Mr. 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. 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.

The yeas and nays were ordered.

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 legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Oklahoma (Mr. HARRIS), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Hampshire (Mr. McINTYRE), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Florida (Mr. CHILES) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. SPARKMAN) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Iowa (Mr. MILLER), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

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 "yea."

The result was announced—yeas 60, nays 30, as follows:

[No. 416 Leg.]

YEAS—60

Aiken	Edwards	McClellan
Allen	Ervin	McGee
Anderson	Fannin	Metcalf
Baker	Fong	Mondale
Bayh	Fulbright	Montoya
Bellmon	Gambrell	Moss
Bennett	Goldwater	Muskie
Bentsen	Gurney	Nelson
Bible	Hansen	Packwood
Brock	Hatfield	Proxmire
Burdick	Hollings	Randolph
Byrd, Harry F., Jr.	Hruska	Smith
Byrd, Robert C.	Hughes	Spong
Cannon	Humphrey	Stafford
Church	Inouye	Stennis
Cook	Jackson	Talmadge
Curtis	Jordan, N.C.	Tower
Dole	Jordan, Idaho	Tunney
Dominick	Long	Young
Eastland	Magnuson	
	Mansfield	

NAYS—30

Beall	Griffin	Roth
Boggs	Hart	Saxbe
Brooke	Hartke	Schweiker
Buckley	Javits	Scott
Case	Mathias	Stevens
Cooper	Pastore	Stevenson
Cotton	Pearson	Symington
Cranston	Pell	Taft
Eagleton	Percy	Weicker
Gravel	Ribicoff	Williams

NOT VOTING—10

Allott	McGovern	Sparkman
Chiles	McIntyre	Thurmond
Harris	Miller	
Kennedy	Mundt	

So Mr. LONG's motion to lay Mr. TAFT's amendment (No. 1502) on the table was agreed to.

The PRESIDING OFFICER (Mr. COOK). The bill is open to further amendment.

AMENDMENT NO. 1510

Mr. HARTKE. Mr. President, I call up an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment as follows:

On page 34, line 18, cross out all the following up to and including page 73 and insert the following in lieu thereof:

TITLE I—FEDERAL INCOME TAX CREDIT FOR STATE AND LOCAL INCOME TAXES

ALLOWANCE OF CREDIT

SEC. 101. Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 40 as 41, and by inserting after section 39 the following new section:

"SEC. 40. STATE AND LOCAL INCOME TAXES.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed, as a credit against the tax imposed by this chapter, an amount equal to 50 percent of the State and local income taxes imposed on such individual and paid by him during the taxable year.

"(b) LIMITATIONS.—

"(1) STATE INCOME TAXES.—The credit under subsection (a) for any taxable year attributable to State income taxes paid during the taxable year shall not exceed an amount equal to 12 percent of the tax imposed on the taxpayer by this chapter.

"(2) LOCAL INCOME TAXES.—The credit under subsection (a) for any taxable year attributable to local income taxes paid during the taxable year shall not exceed an amount equal to 7 percent of the tax imposed on the taxpayer by this chapter for the taxable year.

"(3) APPLICATION WITH SECTION 164.—The credit under subsection (a) for any taxable year, when added to the taxpayer's State and local income tax deduction benefit for the taxable year, shall not exceed the amount of State and local income taxes imposed on the taxpayer and paid by him during the taxable year. For purposes of this subsection, a taxpayer's State and local income tax deduction benefit for the taxable year is the amount by which (A) the tax imposed by this chapter on the taxpayer for the taxable year is less than (B) the tax which would be so imposed if the State and local income taxes were not allowable as a deduction under section 164.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) STATE OR LOCAL INCOME TAXES.—A State or local income tax includes only an income tax imposed by a State, a political subdivision of a State, or the District of Columbia.

"(2) TAXES ON PARTNERSHIPS.—State or local income taxes imposed on and paid by a partnership shall be treated as imposed on and paid by each partner in an amount equal to his distributive share of such taxes.

"(3) TAXES ON SUBCHAPTERS CORPORATION.—State or local taxes imposed on and paid by an electing small business corporation (so defined in section 1371) shall be treated as imposed on and paid by, pro rata, the persons who are shareholders of such corporation on the last day of its taxable year.

"(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).

"(d) ADJUSTMENT FOR REFUNDS.—

"(1) IN GENERAL.—The amount of State and local income taxes imposed on and paid by an individual during any taxable year shall be reduced by the amount of any refund of such taxes, whether or not received during the taxable year.

"(2) INTEREST.—In the case of underpayment of the tax imposed by this chapter for a taxable year resulting from the application of paragraph (1), no interest shall be assessed or collected on such underpayment if the amount thereof is paid within 60 days after the taxpayer receives the refund of State or local income taxes which caused such underpayment.

"(e) REGULATION.—The Secretary or his delegate shall prescribe such regulations as

may be necessary to carry out the purposes of this section."

TECHNICAL AND CLERICAL AMENDMENTS

SEC. 102. (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 40 and inserting in lieu thereof the following:

"Sec. 40. State and local income taxes.
"Sec. 41. 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 40 (relating to State and local income taxes)".

(c) Section 46(a)(3) of such Code (relating to liability for tax) is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", and"; and

(3) by inserting after subparagraph (C) the following new subparagraph:

"(D) section 40 (relating to State and local income taxes)."

EFFECTIVE DATE

SEC. 103. The amendments made by sections 101 and 102 shall apply to taxable years beginning after the date of the enactment of this Act.

TITLE II—FEDERAL FINANCIAL RESPONSIBILITY FOR PUBLIC ASSISTANCE PROGRAMS

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 201. (a) The Congress finds and declares that—

(1) existing Federal programs (under titles I, IV, X, XIV, and XVI of the Social Security Act) to assist States in providing aid or assistance to needy individuals have resulted—

(A) in a great and unjustifiable disparity (as among the various States) in the level of aid or assistance provided to needy individuals; and

(B) in the imposition of a disastrously heavy financial burden upon the States, and, in particular, upon those States which have made the greatest efforts to provide adequate levels of aid or assistance to needy individuals; and

(2) the provision of aid or assistance to the needy through a national welfare program administered and financed by the Federal Government would not only more adequately and fairly meet the needs of the poor and needy, but would relieve the States of responsibility for a problem which is national in scope and with which they lack the resources effectively to deal.

(b) Therefore, it is hereby declared to be the policy of the Congress that—

(1) at the earliest practicable date, there be developed and considered by the Congress a national program for provision of aid to the needy which will be federally financed and administered; and

(2) pending the development and enactment of the national program referred to in paragraph (1), that the Federal share of public assistance expenditures under existing Federal programs be increased to 90 per centum.

DEVELOPMENT OF FEDERAL WELFARE PROGRAM

SEC. 202. (a) The Secretary of Health, Education, and Welfare shall develop, and submit to the Congress, a legislative proposal under which—

(1) the provisions of titles I, IV, X, XIV, and XVI of the Social Security Act would be repealed; and

(2) the Federal Government would, through a federally financed and administered program, undertake to provide aid and assistance to the categories of needy individuals for whom aid or assistance is currently provided under State programs established pursuant to such titles.

(b) The legislative proposal referred to in subsection (a) shall be developed and submitted (in completed form) to the Congress not later than June 30, 1972.

INCREASED FEDERAL MATCHING UNDER PUBLIC ASSISTANCE PROGRAM

SEC. 203. (a) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"SEC. 1122. The amount of the Federal payments to which any State is entitled under section 3(a), 403(a), 1003(a), 1403(a), or 1603(a) for any quarter shall, at the option of the State, be determined by application of a Federal share of 90 per centum, instead of the fractions and percentages provided under such section, to the expenditures under its State plan approved under title I, X, XIV, or XVI, or part A of title IV (as the case may be), which would be included in determining the amounts of the Federal payments to which such State is entitled under such section. The preceding sentence shall also be applicable, at the option of any State, in determining the amount of the Federal payments to which such State is entitled for any quarter by reason of any modification of a State plan (referred to in the preceding sentence) of such State pursuant to section 1121."

(b) The amendment made by subsection (a) shall be applicable with respect to expenditures (under titles I, IV, X, XIV, and XVI of the Social Security Act) in the case of calendar quarters beginning after the date of enactment of this Act, and ending before January 1, 1973.

Mr. HARTKE. Mr. President, this amendment is really in the nature of a substitute for the pending bill. The basis of the present bill is a complete tearing asunder of the Federal system to present the States with $6 billion.

No effort whatever is made to assure that taxing responsibility goes with spending.

The PRESIDING OFFICER (Mr. WEICKER). Would the Senator from Indiana suspend. The Senate will please come to order. The Chair is finding it very difficult to hear the comments of the Senator from Indiana.

The Senator from Indiana may proceed.

Mr. HARTKE. Mr. President, the Hartke amendment changes title I, and deals also with welfare reform. Under this amendment every single State in the Union would have a substantial increase in the amount of money available to them. Not a State in the Union would be cut back. Every one of them would share more equally and more fairly. The difficulty with the present system is that everyone admits that it is a poor procedure to begin with and involves a large drain on the Federal Treasury. I do not think that anyone denies that. It is in the nature of a politicalization of revenue sharing.

As a former mayor, I can say that the politics involved are very appealing to all mayors and local government officials. As far as they are concerned, they have no incentive whatever from here on out to increase taxes at the local level. It is much easier to lobby 100 Senators, 435 Representatives, and the President of the United States and ask them to assume the burden of raising the revenue and sending it back to the States to be distributed with practically no strings attached at the local level.

If the Federal taxing system were not in fact the most fair method of collecting taxes, then the local government would not be coming to the Federal Government and asking for revenue sharing. What they are saying is that they want to share in the revenue raised by the Federal income tax system. That is all very well and good. However, by implication what they have been saying is that the progressive income tax system is the best. Everyone is crying about property taxes and the unfair sales taxes, both of which are regressive and unfair.

The difficulty is in the local system. The mayor, if he has authority, or the Governor, if he has authority under the State constitution, is immediately faced with the political reality that if he advocates a progressive income tax, the powers that be at the local level will force him to back off.

They attempt to alleviate the financial need at the local level by adding a sales tax which only puts the burden on those who are least able to pay. It does not hurt the rich. Or, they go to a property tax form of taxation because it has been a historical approach.

The net result of what we do today in this bill is that we are bringing into our Federal system a complete abdication of local taxation. That is the ultimate, end result.

I can assure the Senate that there will not be one single new tax levied by any State or by any municipality after this bill goes into effect. The local officials will feel that the door is wide open and they can raid the Federal Treasury which is already staggering under an enormous budget deficit.

The Senator from Idaho is on the floor. And I commend him for attempting to close tax loopholes and provide a way to pay for the cost of the bill.

If we use the funds of the Federal Treasury to support local governments, they ought to be responsible enough to make some effort to take care of their own needs.

The burdens at the local level are just overwhelming. Even so, I seriously doubt whether anything will be done about it in this session of the Congress, although I hear all of the whimpering and the ac-

cusations and the statements that something will be done about welfare reform.

I am convinced that we will not do anything about it except to politicize it in this campaign and blame everyone else for the welfare mess. That will be the end of that. Anyone who thinks we are going to do something about that in this Congress is misleading the American people.

I would like to see welfare reform. Senator RIBICOFF made a good proposal to bring about welfare reform. It goes no further than the Nixon approach, which would increase the welfare load from 15 million to 40 million, and the so-called McGovern approach which is not really much different from the Nixon approach.

The first item of business should be that the Federal Government should federalize the welfare system.

We have numerous factors involved here, but one factor every Senator must realize is that there will be no stopping the raid on the Federal Treasury by State and local governments.

There are those who say, "If you get the money from Washington the taxpayers do not foot the bill."

It is said that the bureaucrats are running the Government, and it is true. We can talk about the campaign but the bureaucrats will say, "I was here before the Democrats came in and I was here before the Republicans came in, and I will be here when they are gone. Ultimately I will have my say."

The bureaucrats can say that because we do not have the type of system that lets people get through to them.

I am a strong believer in the principle that we will have to decentralize the Government. Revenue sharing is the greatest item of centralization that will have been achieved in this Congress, at least since 1933. This measure is centralizing Government to an extent it never has been centralized. I grant that the States and local communities need help. How can it be done on a fair basis? It can be done on a fair basis if the Senate agrees to the amendment I am proposing today.

This amendment is not something unique with me. It has been proposed by many tax experts, but not by many politicians. It has been advocated by Republicans as well as Democrats. A variation of it was introduced in the House by Representative BYRNES.

It says that if you are going to share in Federal taxation, the best way to do it is not to send the money to Washington merely to dole it out like grandpa giving out money for chewing gum, but by providing a method for local taxation, a tax credit, and to keep the money on a local basis. That makes good sense and it will increase governmental responsibility. Most important of all, I say to my distinguished friend from Idaho, it will be the one factor to strengthen local government and not destroy it. Local government will be destroyed under the bill we are going to adopt today.

I am not under any illusions that this amendment will be agreed to. It provides that taxpayers can take up to 50 percent of their total State and local taxes as a credit against their Federal income tax.

Mr. President, I ask unanimous consent to have printed in the RECORD the charts prepared by the Joint Committee on Taxation and also a chart showing the amount of money coming to the States under the Hartke proposal and under the committee proposal, and the other proposals.

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

COMPARISON OF DISTRIBUTION OF FUNDS TO THE STATES UNDER FINANCE COMMITTEE AND HARTKE VERSIONS OF REVENUE SHARING

	Hartke proposal	Committee	Gain under Hartke proposal
Alabama	$239.3	$138.2	$101.1
Alaska	17.2	6.3	10.9
Arizona	175.8	64.7	111.1
Arkansas	124.0	64.2	59.8
California	2,434.5	644.4	1,790.1
Colorado	194.5	71.8	122.7
Connecticut	804.7	75.0	729.7
Delaware	38.1	15.8	22.3
District of Columbia	50.5	20.4	30.1
Florida	1,104.3	194.6	909.7
Georgia	349.2	136.4	212.8
Hawaii	48.8	26.4	22.4
Idaho	39.8	23.6	16.2
Illinois	1,807.1	316.3	1,490.9
Indiana	589.5	134.5	455.0
Iowa	265.4	91.6	173.8
Kansas	238.6	64.5	174.1
Kentucky	197.7	105.2	92.5
Louisiana	340.8	138.9	201.9
Maine	107.1	36.7	70.4
Maryland	384.3	116.3	268.0
Massachusetts	592.2	179.5	412.7
Michigan	1,084.2	257.9	826.3
Minnesota	188.9	124.0	64.9
Mississippi	114.2	105.1	9.1
Missouri	552.6	129.9	422.7
Montana	28.1	24.3	3.8
Nebraska	73.2	52.0	21.2
Nevada	116.3	14.7	101.6
New Hampshire	108.7	18.1	90.6
New Jersey	1,499.6	193.0	1,306.6
New Mexico	70.5	39.0	31.5
New York	1,561.1	625.1	2,936.0
North Carolina	298.4	161.5	136.9
North Dakota	34.3	23.2	11.1
Ohio	1,880.5	241.1	1,639.4
Oklahoma	246.4	74.0	172.4
Oregon	110.8	70.0	40.8
Pennsylvania	1,935.8	347.6	1,588.2
Rhode Island	135.8	29.3	106.5
South Carolina	152.8	95.9	56.9
South Dakota	59.4	29.3	30.1
Tennessee	457.3	120.4	336.9
Texas	1,657.2	326.0	1,331.2
Utah	59.8	40.6	19.2
Vermont	24.7	17.4	27.3
Virginia	377.8	129.6	248.2
Washington	584.3	107.8	476.5
West Virginia	153.0	61.8	91.2
Wisconsin	239.0	164.3	74.7
Wyoming	43.0	11.5	31.5

COMPARISON OF DISTRIBUTION OF FUNDS TO THE STATES UNDER HOUSE AND FINANCE COMMITTEE VERSIONS OF H.R. 14370

[In millions of dollars]

	Original administration proposal	House bill [1]	Committee bill [2]	Difference—committee bill-House bill
Alabama	82.0	80.2	138.2	58.0
Alaska	8.5	6.6	6.3	—.3
Arizona	51.5	46.1	64.7	18.6
Arkansas	43.0	38.3	65.2	26.9
California	590.0	610.8	644.4	33.6
Colorado	60.0	59.4	71.8	12.4
Connecticut	59.0	72.6	75.0	2.4
Delaware	13.5	17.3	15.8	—1.5
District of Columbia	23.0	26.0	20.4	—5.6
Florida	167.5	150.0	194.6	44.6
Georgia	107.5	103.4	136.4	33.0
Hawaii	23.5	25.9	26.4	.5
Idaho	20.0	15.4	23.6	8.2
Illinois	220.0	301.8	316.2	14.4
Indiana	116.0	113.8	134.5	20.7
Iowa	74.5	67.8	91.6	23.8
Kansas	54.0	47.7	64.5	16.8
Kentucky	78.0	71.8	105.2	33.4
Louisiana	101.5	83.2	138.9	55.7
Maine	23.0	19.9	36.7	16.8
Maryland	92.5	117.5	116.3	—1.2
Massachusetts	136.0	179.0	179.5	.5
Michigan	229.0	243.7	257.9	14.2
Minnesota	107.5	114.1	124.0	9.9
Mississippi	61.5	46.0	105.1	59.1
Missouri	96.5	107.6	129.9	22.3
Montana	19.0	16.7	24.3	7.6
Nebraska	39.0	34.5	52.0	17.5
Nevada	14.0	12.4	14.7	2.3
New Hampshire	15.0	13.5	18.1	4.6
New Jersey	154.0	179.7	193.0	13.3
New Mexico	32.0	22.5	39.0	16.5
New York	534.0	649.6	625.1	—24.5
North Carolina	113.5	113.0	161.5	48.5
North Dakota	20.5	12.0	23.2	11.2
Ohio	212.5	227.4	241.1	13.7
Oklahoma	63.5	52.9	74.0	21.1
Oregon	57.0	60.1	70.0	9.9
Pennsylvania	246.0	300.9	347.6	46.7
Rhode Island	21.0	25.9	29.3	3.4
South Carolina	56.5	57.9	95.9	38.0
South Dakota	19.0	13.5	29.3	15.8
Tennessee	87.0	79.3	120.4	41.1
Texas	243.0	248.3	326.0	77.7
Utah	28.5	29.0	40.6	11.6
Vermont	12.0	11.0	17.4	6.4
Virginia	104.5	115.6	129.6	14.0
Washington	92.0	79.1	107.8	28.7
West Virginia	41.5	36.4	61.8	25.4
Wisconsin	124.5	137.0	164.3	27.3
Wyoming	11.5	6.1	11.5	5.4
Total	5,000.0	5,300.2	6,300.6	1,000.4

[1] The House bill would have distributed $1,800,000,000 to the States based on general State and local tax effort, and State individual income tax receipts, and $3,500,000,000 to the local units of government within each State based on 3 factors: Population, urbanized population, and relative income.

[2] The committee formula for distributing $5,300,000,000 in revenue-sharing funds to the States is based on State population multiplied by inverse State per capita income (the lower the per capita income, the higher the weight of this factor) multiplied by tax effort (State and local tax collections as a percentage of total personal income in the State). The committee bill distributes an additional $1,000,000,000 to the States based on urbanized population. This additional $1,000,000,000 will be distributed within each State on the same basis as the $5,300,000,000 allocation.

Note: Details may not add to totals because of rounding.

Source: Treasury Department.

THE IMPACT ON STATE AND LOCAL GOVERNMENTS OF (a) GENERAL REVENUE SHARING AND (b) INCOME TAX CREDITS [1] COUPLED WITH AN EXPANDED FEDERAL ROLE IN PUBLIC ASSISTANCE

[In thousands]

State	Estimated Federal individual income tax liability, calendar year 1970 [2] (1)	State individual income tax collections, fiscal year 1970 [3] (2)	State income tax revenue under 50 percent credit proposal [4] (3)	Gain to States under 50 percent tax credit proposal [5] (4)	Local income tax revenue under 50 percent tax credit proposal [6] (5)	Additional Federal expenditures for public assistance with Federal share at 90 percent [7] (6)	Column (4) plus column (5) plus column (6) [8] (7)	General revenue sharing first full year under President's program (8)
Alabama	$853,549	$85,081	$204,852	$119,771	$119,497	$18,031	$257,299	$82,089
Alaska	122,667	32,455	29,440	0	17,173	3,524	20,697	8,590
Arizona	633,499	63,974	152,040	87,066	88,690	4,368	180,124	51,395
Arkansas	438,210	42,548	105,170	62,622	61,349	9,993	133,964	43,028
California	9,434,493	1,150,604	2,264,278	1,113,674	1,320,829	511,683	2,946,186	590,219
Colorado	851,441	129,097	204,346	75,249	119,202	22,318	216,769	60,116
Connecticut	2,130,568	4,916	511,336	506,420	298,280	34,625	839,325	59,237
Delaware	272,448	68,486	65,388	0	38,143	2,775	40,918	13,411
District of Columbia	351,549	83,044	84,372	1,328	49,217	9,080	59,625	22,915
Florida	2,906,022	0	697,445	697,445	406,843	18,935	1,123,223	167,438
Georgia	1,405,578	184,943	337,339	152,396	196,781	16,556	365,733	107,519
Hawaii	348,517	105,019	83,644	0	48,792	7,589	56,381	23,453
Idaho	201,127	36,662	48,270	11,608	28,158	2,837	42,603	20,077
Illinois	6,270,292	575,601	1,504,870	929,269	877,841	125,352	1,932,462	219,760
Indiana	2,120,799	216,384	508,992	292,608	296,912	32,046	621,566	115,772
Iowa	995,037	112,746	238,809	126,063	139,305	23,860	289,228	74,488
Kansas	834,170	78,423	200,201	121,778	116,784	18,054	256,616	54,230
Kentucky	840,236	121,423	201,657	80,234	117,633	13,202	211,069	78,194
Louisiana	1,023,247	47,993	245,579	197,586	143,255	22,150	362,991	101,465
Maine	331,556	18,885	79,573	60,688	46,418	5,356	112,462	22,885
Maryland	2,099,087	413,366	503,781	90,415	293,872	25,870	410,157	92,664
Massachusetts	2,921,553	517,952	701,173	183,221	409,017	106,028	698,266	136,160
Michigan	3,946,210	415,345	947,090	531,745	552,469	84,065	1,168,279	279,149
Minnesota	1,349,636	345,733	323,913	0	188,949	25,161	214,110	107,791
Mississippi	416,949	44,162	100,068	55,906	58,373	5,930	120,209	61,295
Missouri	1,795,417	129,654	430,900	301,246	251,358	29,069	581,673	96,432
Montana	176,183	38,871	42,284	3,413	24,666	2,466	30,545	18,766
Nebraska	487,410	44,444	116,978	72,534	68,237	8,839	149,610	38,992
Nevada	306,176	0	73,482	73,482	42,865	1,483	117,830	13,868
New Hampshire	295,206	3,462	70,849	67,387	41,329	3,352	112,068	14,958
New Jersey	3,992,783	17,643	958,268	940,625	558,990	121,083	1,620,698	153,773
New Mexico	279,486	35,730	67,077	31,347	39,128	4,482	74,957	31,814
New York	10,704,081	2,506,435	2,568,979	62,544	1,498,571	411,519	1,972,634	534,083
North Carolina	1,498,247	270,945	359,579	88,634	209,755	21,372	319,761	113,288
North Dakota	130,604	15,379	31,345	15,966	18,285	2,310	36,561	20,502
Ohio	4,948,710	0	1,187,690	1,187,690	692,819	55,035	1,935,544	212,535
Oklahoma	781,367	50,516	187,528	137,012	109,391	21,779	268,182	63,683
Oregon	791,099	213,053	189,864	0	110,754	16,580	127,334	56,860
Pennsylvania	5,094,214	0	1,222,611	1,222,611	713,190	113,783	2,049,584	246,210
Rhode Island	406,366	18,644	97,528	78,884	56,891	11,159	146,934	20,823
South Carolina	653,023	95,398	156,726	61,328	91,423	2,623	155,374	56,701
South Dakota	156,360	0	37,526	37,526	21,890	3,197	62,613	18,826
Tennessee	1,235,344	12,113	296,483	284,370	172,948	13,239	470,557	86,809
Texas	4,361,088	0	1,046,661	1,046,661	610,552	43,404	1,700,617	243,034
Utah	318,884	61,335	76,532	15,197	44,644	5,424	65,265	28,704
Vermont	176,419	43,668	42,341	0	24,699	3,641	28,340	11,942
Virginia	1,738,262	282,769	417,183	134,414	243,357	15,856	393,627	104,608
Washington	1,537,580	0	369,019	369,019	215,261	36,728	621,008	91,958
West Virginia	508,138	40,061	121,953	81,892	71,139	5,842	158,873	41,685
Wisconsin	1,707,296	489,944	409,751	0	239,021	25,752	264,773	124,370
Wyoming	113,117	0	27,148	27,148	15,836	1,281	44,265	11,436
Other	230,698	----------	55,368	----------	32,298	11,884	----------	----------
Total	87,521,998	9,265,906	21,005,279	11,838,022	12,253,079	2,142,570	26,189,489	5,000,000

[1] Under the proposal there would be a credit against the Federal individual income tax equal to 50 percent of State and local income taxes paid but not to exceed, in the case of the credit for State individual income taxes, 12 percent of the Federal individual income tax and, in the case of the credit for local individual income taxes, 7 percent of the Federal individual income tax. The credit, when added to the taxpayer's State and local individual income tax deduction benefit, would not exceed the amount of State and local individual income taxes paid.

[2] Estimated by the staff of the Joint Committee on Internal Revenue Taxation. The State-by-State data on which these estimates are based on data compiled from Federal individual income tax returns by the Internal Revenue Service (Statistics of Income) and reflect taxpayer State of residence except for those cases in which the taxpayer filed his return in the wrong place. The reasons why returns are filed in districts or regions other than those in which the taxpayer resides are as follows: (1) filing with former district office or regional service center after moving to a new area; (2) filing from place of business rather than place of residence; (3) filing from tax lawyer's or accountant's place of business in another State; (4) filing with a place other than residence because of misunderstanding of instructions on where to file.

[3] State Tax Collections in 1970, GF No. 1, Bureau of the Census.

[4] 24 percent of the estimated Federal individual income tax in column (1). This is the minimum State income tax which would bring into play the maximum allowable credit under the proposal: 12 percent of the Federal individual income tax. Under this proposal, which combines the deduction for income tax paid with a 50 percent credit, there would be a strong incentive for States, in need of greater revenues, to enact individual income taxes which would exceed 24 percent of the Federal individual income tax, even though the limitation on the credit would remain at 12 percent of the Federal individual income tax.

[5] Column (3) minus column (2). These figures represent the minimum additional State income tax over the fiscal year 1970 tax which would take full advantage of the 12 percent of Federal income tax limitation. Under the proposal, the incentive would be strong for States, in need of additional revenues, to exceed these additions.

[6] 14 percent of the estimated Federal individual income tax in column (1). This is the minimum local income tax which would bring into play the maximum allowable credit under the proposal: 7 percent of the Federal individual income tax. See the last sentence in footnote 4.

[7] Included public assistance programs are: Old age assistance, aid to the blind, aid to the permanently and totally disabled, aid to families with dependent children, and payments to intermediate care facilities.

[8] To the extent to which States do not employ individual income taxes as high as 24 percent of the Federal individual income tax and local governments now have individual income taxes and do not employ individual income taxes as high as 14 percent of the Federal individual income tax, to that extent do the figures in this column overstate the additional resources made available to the State and local governments under the proposal for individual income tax credits and 90 percent Federal sharing in the indicated public assistance programs.

Mr. HARTKE. Mr. President, for example, in a State like New Hampshire, and I see the Senator from New Hampshire on his feet, where they do not have an income tax, the Hartke proposal would provide for $112 million, and the committee proposal is for $18 million so it provides a basic increase of $94 million. This would generate new funds. The difference between the Hartke proposal and the bill which has been reported by the Committee on Finance, is that not one single penny in new funds is generated by the committee bill.

We have a $30-billion deficit this year, which will probably be closer to $40 billion, and we are going to raid the Treasury in the next 5 years for an additional $30 billion. My guess is that it will be closer to $100 billion. Not only are we bankrupting local and State governments but also the Federal Treasury.

Mr. COTTON. Mr. President, will the Senator yield

Mr. HARTKE. I yield.

Mr. COTTON. Mr. President, in justice to the State I represent, I wish to call attention to the fact that what the Senator said may be true with respect to other States, but the State I represent has been without a State income tax. The one reason they never have had it is that in the State constitution there is a provision that all taxes must be equal and proportional, which has been interpreted as meaning that if the State had an income tax, all persons would have to pay the same rate. If a man's income were $5,000 he would have to pay the same rate that another man pays on his $100,000.

Repeatedly attempts have been made to amend the constitution. So in this instance you have a State where the hands of the officials are tied because it cannot secure enough of the popular vote to amend the constitution and an income tax would be most unjust in the present circumstances.

While I am on my feet, if the Senator will be patient with me for 2 minutes,

this Senator has found the situation extremely difficult. In fact, if the amendment had not been adopted this morning on the limitation of moneys for social services this Senator might have voted against the entire bill because I have great trouble with the theory of this bill that puts a penalty on frugality in a State and puts a premium on profligacy.

It is nice to say we still take care of the States in the proportion they are disposed to take care of themselves. That sounds good, but it is a pressure from the Federal Government and the State that gouges its citizens the most gets the most money from the Federal Government.

For that reason, I have been extremely unhappy about this bill. As I said, I was in doubt until the time we added the amendment that was agreed to this morning as to what I would do about this bill.

But in the case of New Hampshire, it is unjust to penalize the State where it is unable because of its State constitution, which was adopted shortly after the Revolutionary War, to have a progressive income tax.

Mr. HARTKE. The Senator makes my point. What we are doing in this bill is to take off the gloss. If the Senator from New Hampshire thinks that the people of New Hampshire do not pay a Federal tax he is badly mistaken because they do pay a Federal tax. They pay it on a progressive basis. The Senator said his constitution prevents them doing that, but they are doing that. The Good Lord does not come down and give manna to the United States. There is not going to be a draft of money coming to the Federal Treasury because we adopt a revenue bill.

What is the State going to do? Under the bill, New Hampshire today would get $18 million. Am I correct?

Mr. COTTON. I believe so. I am satisfied the people of the State of New Hampshire will pay out more than they get back.

Mr. HARTKE. I am not arguing that point for the moment. Nobody is talking about the true facts and what is going to happen in this case. The facts are that somebody has to raise that money; that money is going to be raised at the Federal level by a progressive income tax—which I favor. If we are going to raise taxes next year in order to pay for local services, the people of New Hampshire will be faced by a higher progressive income tax, which the Senator says his constitution prohibits. There is one difference—we will have removed the last vestige of local government. New Hampshire, every State, and every city of this Union becomes a vassal of the Federal Government. In fact, they are almost that already. That is what they are complaining about. Every city is complaining that it does not have money to provide the services, enough money to do what is needed. And they say, "Give us strings-unattached Federal money." But let us not forget that "strings-unattached Federal money" comes from income tax dollars collected from everybody paying income taxes.

I do not like to talk about fiscal irresponsibility, because I think that is a phrase which means absolutely nothing.

I am talking about two things. I am talking about the bankruptcy of the United States of America. I am talking about the real problem of devaluing the dollar. We have had a devaluation of the dollar once. This administration is going to try not to have it devalued again before the election, but before next year ends, that dollar will be devalued substantially. The run on it is so great that it is almost beyond control.

I have been in New Hampshire. It has great communities. The committee bill will destroy the town meetings and the towns will have to give up. There will be no local responsibility. Every dollar of their taxes will come from the Federal Government.

If we follow the Hartke tax credit scheme, if one paid $200 in local income taxes he could take a credit of $100, which means against this Federal tax liability. The responsibility of assessing that tax would be left with the local community. The Hartke proposal provides an incentive to assess a local tax.

Mr. COTTON. If the Senator will yield a moment. I doubt if he knows the people of New Hampshire as well as I know them.

Mr. HARTKE. I admit I do not.

Mr. COTTON. However, I am completely in accord with much of what the Senator has said, and that is why I have been very unhappy about this bill. Some years ago I was the first Senator who advocated what could be called revenue sharing. That was when we were first fighting over Federal aid to education. In two Congresses in succession I introduced an amendment that 1.5 percent—that was the original Federal contribution—of the direct Federal income tax paid by each State should be returned to the State earmarked for educational purposes.

There is no better criterion of personal income or the prosperity of its citizens than what they pay in Federal income tax. That, in my opinion, would have been the fairest formula in this bill.

Seven percent of the individual income taxes is the amount contemplated in this bill to be set aside for revenue sharing. The amount would be computed by just a few checks and their percentage of it would be returned to them. That is the way to fix a just and absolutely fair revenue sharing.

I prepared such an amendment and was going to offer it. Then I proceeded to count up the States, and I found that if my amendment were adopted, 20 States would gain and 30 States would lose. I have been here long enough to know that whenever one offers an amendment in which 20 States would gain and 30 States would lose, he would be wasting time and the time of the Senate. So I did not offer the amendment.

I did not mean to give the Senator this lengthy colloquy or trespass on the time of my friend from Indiana, but in view of the fact that he saw me on my feet and mentioned New Hampshire, I thought I should mention that.

It happens to be a fact that it requires a two-thirds vote of the population to change our State constitution. A majority have voted again and again to take away that provision which makes it impossible to have a graduated income tax, but it has never succeeded. When there is an income tax that is not graduated, so that a man who gets a $10,000 income pays the same rate on his taxable income as the man who makes $200,000, obviously a State income tax under those circumstances is not practicable, and New Hampshire would be the victim of the amendment of the distingushed Senator from Indiana.

I thank the Senator.

Mr. HARTKE. I thank my colleague.

I refer again to New Hampshire, because I think it is a concrete example of what is probably considered to be true local rule. It has one of the largest State legislatures in the whole United States. I think it has over 400 members in the State legislature, which means it is made up of representatives of small enough communities so it can make a difference.

The Senator from New Hampshire says in his State two-thirds of the people have to vote for a constitutional change. There is no forcing of revenue sharing on New Hampshire under my proposal. All it says is that if they wanted to share money from the Federal Government, it must assess on the local level on the same basis as the Federal Government. To the extent that it does, it can take as a tax credit against the Federal income tax up to 50 percent of the local income tax. The Hartke proposal does not force New Hampshire to give up its constitutional prohibition. But it does encourage them to give it up as condition for revenue sharing.

Mr. COTTON. It forces us to give up our share. I wish the Senator would stop picking on New Hampshire, because there may not be another State with this provision.

Mr. HARTKE. There are only 13 States in the Union that have an income tax system. Not all of them are progressive in the same nature as the Federal income tax system.

The bill before us is a giveaway bill to local and State communities. It is perfectly clear that that is what we are going to do. Anybody who thinks we are going to get the money from anybody other than the taxpayers is deluding himself and misleading the public. It destroys the last vestige of what little State government we have left. Many nations in the world do this very thing. The next step in this process as the demands for Federal money grow, will be that the States will have to submit their budgets to the Office of Management and Budget. The cities will have to submit their budgets to the Office of Management and Budget. We will then have a similar system to those used by the European countries, whereby all the city budgets are reviewed by the States, and then submitted to the Federal Government. The Office of Management and Budget will make a table of what is being done for the cities, what is being done for the counties, and what is being done for the States and the Federal Government. They will then di-

vide up the fiscal resources just as they presently do for the agencies.

That is what is going to happen. It is absolutely and utterly clear that this whole thing has been politicalized. The mayors came in, and the Governors came in, and I do not blame them. If I had been in their shoes I would have done the same. I would rather somebody give me the money to spend with no strings attached.

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

Mr. HARTKE. I yield.

Mr. LONG. Would the Senator be willing to agree to a limitation of further debate on this amendment?

Mr. HARTKE. Let us go ahead. I do not think the Senator from Louisiana really wants to debate this issue at all.

Mr. LONG. What I really want to do is vote, but I am willing to debate, if the Senator is willing to limit the time for further debate on this amendment.

Mr. HARTKE. I frankly do not intend to take much more time. I think we have made the point quite clear. I would like to deal with the second part of the Hartke proposal that deals with welfare reform. The Hartke approach will provide for 90 percent of the welfare payments to be assumed by the Federal Government. This is a great burden on most local governments. That is why property taxes have been going up.

I think it is recognized now that there are two fields that will have to be established according to Federal standards, the field of welfare and the field of education. I think if States do not improve their standards in these areas, the Federal Government is going to have to force the issue. I think when it comes to matters of this kind, we are all reactionaries rather than progressive leaders. Congress is not leading; the President hesitates; everyone waits for a crisis to develop, and the net result is, very simply, that what we have done here is wait until the cities got on the edge of bankruptcy and are falling to pieces; we have waited until the welfare system became such an atrocity that even legitimate cases can no longer be taken care of. As a result, I feel no great sense of pride in our attempts to solve the social and economic dilemmas of this country.

I would like to see us exert some leadership. This revenue-sharing bill is another great example of default, another great example of a temporary Band-Aid on an extremely serious problem. A lot of time has been given to it, and I commend the chairman of the Finance Committee, because he has not only devoted his time and energy to working out something which he thinks would satisfy Congress, the President, the mayors, the county commissioners, and the Governors. But I say it will not satisfy the people, because there is not enough money in it to solve the social problems—not enough to even begin to do the job—but there is enough principle involved to destroy the local governments and to destroy the State governments that are already on the edge of the cliff. All we are doing is shattering them down to bits and pieces.

I imagine we will be able to say, when this bill is passed, that we have finally destroyed local government in the United States of America.

Mr. CHURCH. Mr. President, will the Senator yield for a question?

Mr. HARTKE. I am glad to yield.

Mr. CHURCH. I have listened to the argument the Senator presents, and I think he makes a very strong point when he condemns this revenue-sharing measure as the commencement of a process that can only erode away the independence and responsibility of State and local governments. I think that is incontestable, and that he will be proved a prophet.

The one difficulty I have with the Senator's amendment is that it seems to fail in one important respect to do what the committee bill would do; namely, to apply a formula to the distribution of the Federal revenues that helps the poorer States lift themselves up.

As I understand the Senator's amendment, the credit that would accrue to each State would be based upon a fixed percentage of the Federal income tax that would otherwise be paid by that State, and therefore there would be no income redistribution effect. Is that not correct?

Mr. HARTKE. Yes, the Senator is exactly right. Let me just say, so there will be no misunderstanding, what would happen, for example, if a State imposed a progressive income tax, and, as I said before, if that progressive income tax would cause an individual to have a tax liability to the State and local governments of $200, he could take a credit of $100, in place of the present deduction. I do not eliminate the deduction, which would still continue, but would add the credit.

Let me say to my friend from Idaho that he has stated my point quite correctly, and I appreciate his concern. I do not intend to press for a vote.

There is a great deal of merit to saying you need some form of redistribution. The proposal before us, however, has no tax principle in it at all, none.

When you take a formula, that is merely bookkeeping. When you take a formula for the distribution of the money, that is a mere giveaway. So as far as governmental principle is concerned, this bill does not have one iota of governmental principle in it, and I say there is not a member of the Committee on Finance that will debate that issue on this floor, or in the committee. The reason they will not debate it is that this whole thing is politicized to meet a commitment made by the President that no one wants to argue with. That is fine with me, except that we have too much politicization of too many institutions of the United States now. We have politization of the war, politicization of the international monetary fund, politicization of the welfare system, and now we are going to have politicization of the tax system. Somebody is going to have to pay for the cost of running the Government.

I withdraw the amendment.

Mr. CHURCH. Mr. President, will the Senator withhold that for a moment?

Mr. HARTKE. I withhold the withdrawal.

Mr. CHURCH. Mr. President, I agree basically that this is a defective program. I cannot support it is principle. I shall vote against it on final passage.

I think we will rue the day when we initiated this program, and look back on it as one of our great mistakes. I thank the Senator very much for his explanation of the amendment, and I appreciate why he withdraws it, because it does pose another problem; namely, how to effect the redistribution of Federal funds, once we undertake to give them away to State and local governments. However, basically, I have no argument with the Senator. I think on principle he is correct.

Mr. HARTKE. Mr. President, I find myself in this rather paradoxical situation: I know the desperate plight of the local communities. They are not exaggerating their plight. The States are in desperate shape; they are not exaggerating their plight. The need for services is there.

The difficulty, very simply, is that this is the wrong way to do it. Now, we have our choice. Are we going to provide assistance in the form of financial assistance to these people, who otherwise may go further and deeper into the mire, with a system which is patently bad and which obivously cannot withstand the light of day, if it is examined in any analytical, objective, and intelligent fashion? It is for that reason that we cannot have an intelligent debate on this subject. All the debate thus far has been upon formula and administrative detail. We have acted as if we were in the middle of trying to figure out how much we are going to pay for paper clips.

Mr. CHURCH. I recognize, as does the Senator, the serious financial plight of the cities and some of the States of this country. On the basis of need, I would have voted in favor of this bill, had the Senate been willing to raise the revenue that bill will give away. But in the face of the refusal of the Senate to raise the money to be shared, and its insistence upon relying, instead, upon further borrowing that will plunge the Federal Government still more deeply into debt, I shall vote against it.

Mr. HARTKE. If there is no further comment, I am willing to withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The bill is open to further amendment.

AMENDMENT NO. 1508

Mr. TAFT. Mr. President, I call up my amendment No. 1508.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

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

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 38, beginning with line 15, strike all through line 23 and insert in lieu thereof the following:

(b) ALLOCATION AMONG STATES.—The amount allocated to each State for each

entitlement period shall be computed as follows:

(1) one-third of the total amount to be allocated for such period shall be allocated on the basis of State population;

(2) one-third of the total amount to be allocated for such period shall be allocated on the basis of general tax effort;

(3) one-third of the total amount to be allocated for such period shall be allocated on the basis of relative income.

Mr. TAFT. Mr. President, I bring up this amendment at this time to again give the Senate a chance to examine the formula, the makeup, and the philosophy—or lack of philosophy—behind the formula as proposed by the Senate Finance Committee.

In discussing the last amendment, the one which put a floor under the distribution to any State based on the population factor multipled by the original planned $5.3 billion distribution, I again challenge the proponents of the formula, as the Finance Committee reported it, to explain why the multiplication factor or the multiplication element was used in the formula, multiplying the population factor times the relative income factor times the tax effort factor.

I have made this challenge five separate times, and once more there has been a total failure to answer the question or to give any rationale between the multiplication of these factors times each other.

Because this factor is again involved in the amendment that is now before the Senate and because, as a result of the procedures involved, the tabling motion prevented a reply to some of the discussion on the prior amendment, I should like at this time to bring up some matters by way of reply to the arguments against going to the floor approach of the last amendment. Some of these apply in support of this amendment as well.

In the first place, there has been some indication on the part of the chairman of the Finance Committee that Ohio is going to fear that it will fair poorly because it had an abnormally high per capita income. Quite the contrary. The chairman gave some indication that he felt that the income of Ohio residents was somehow abnormally high.

We are, of course, an industrial State. We have, therefore, a higher cost of living than some other areas. But as against that, I should like to put into the RECORD the fact that the per capita income of the State of Ohio, as I understand it, is $4,175, compared to a national average of $4,156—a very minor element over and above the national income factor.

So that is not anything that is detracting from any distribution to Ohio as this formula is concerned. In other words, we are hurt in only the most minor way by the reverse income factor in the formula. I should like to make it absolutely clear that that is the case.

I also point out that the criticisms of the position of Ohio as being hurt by the formula proposed by the Finance Committee, in not measuring up to the tax factor to other States, seems to me to be criticizing economy in government, as I have said before; criticizing also the fact that in some States, particularly a well developed State such as Ohio, perhaps the private institutions, profit or nonprofit, are able to take on more of the social burden and perhaps do take on more of the social burden.

For example, our United Fund activities in Ohio have been outstanding throughout the United States over the years. We have perhaps more private colleges per capita than any other State in the Union. This is no drain on State funds. Except in minor ways, it does not come out of State funds; yet, it is a social activity, without profit to anyone. These are nonprofit institutions. This distorts the figures that have been indicated here as somehow deploring the fact that we do not spend more money or take in more money at the State level than we have been doing. Unfortunately, in the future we will have to take it in and spend more money, perhaps. But this bill is now based on the past record insofar as the distribution we are talking about is concerned, and I think this record painfully distorts the present picture.

I also take issue with the statement of the chairman of the Finance Committee in which he said we attempted to give 22 percent more, or 22 percent of the total additional distribution proposed under the last amendment, to the State of Ohio. My proposal in amendment No. 1508 does not add any cost to the bill. Going back to the past amendment, the reason why 22 percent more of the funds went to the State of Ohio under the proposed amendment was that the Finance Committee took away 22 percent of the total taken away under the House formula when they acted on the bill. That is the only explanation for that figure. To give any other impression is misleading.

I invite attention to one other aspect, particularly with regard to the tax effort factor. This is really the crux of it, and I do not think it has been explored adequately on the floor of the Senate. I think it is very important to explore it adequately before this bill goes to conference, so that the conferees on the House side at least—and hopefully some on the Senate side—may be apprised of exactly what is involved in the multiplication factor in the formula. As I indicated earlier, there is a distortion involved in using multiplication factors. I invite the attention of the Senate to page 52 of the bill, line 18:

(b) GENERAL TAX EFFORT FACTOR OF STATES.—For purposes of this subtitle—

(1) IN GENERAL.—The general tax effort factor of any State for any entitlement period is (A) the net amount collected from the State and local taxes of such State during the most recent reporting year, divided by (B) the aggregate personal income (as defined in paragraph (3) of subsection (a)) attributed to such State . . .

Let us just talk about this formula, how it is made up. I have heard no justification of this particular factor. Why are we taking the net amount collected in State and local taxes? My State of Ohio for many years has been the monopoly in the liquor business. It takes into its treasury each year a considerable amount, several million dollars. The last figure I recall is $10 million; but knowing the drinking habits of the people of my State, I expect that it has gone up considerably since then, and prices have gone up. That factor apparently counts for nothing in this formula.

I see the Senator from New Hampshire in the Chamber, and I know that the State of New Hampshire has a lottery. I do not believe that lottery is classified as a tax. Other States are turning in the direction of lotteries. That factor, which is revenue coming into the State, is not figured into this formula at all.

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

Mr. TAFT. I yield.

Mr. COTTON. We also have State stores, and the State of New Hampshire sells every ounce of liquor that is sold, and that is not counted.

Mr. TAFT. I agree with the Senator.

Let me take one other instance to show the kind of distortions that will result from the use of the multiplication factor when inaccuracies in the revenues come in. I am proud of the fact that over 100 years ago the people of my city of Cincinnati were wise enough to make a tremendous major capital investment for them at that time, in the Southern Railroad—the Southern Railroad System, and a very large amount of money comes into the coffers of the city of Cincinnati every year as a result of that lease.

Is that taken into account anywhere in the formula? Absolutely not. We are bound to have some of the minor distortions. I recognize that trying to draw up a formula and make it work and be accurate is very difficult, but I also recognize there are bound to be some distortions.

What happens here when we use the multiplication factor is that every one of those distortions is multiplied many times. Particularly in the case of the State of Ohio, I feel it is a multiplied factor and does not reflect what a truly equitable and fair formula would be.

Because such great stock has been put by members of the committee, by the chairman of the committee, and by the ranking member of the committee in the population factor, the relative income factor, and the inverse relative income factor, we should apply these factors fairly. Each should be applied to one-third of the total distribution.

That is what this amendment does.

The Finance Committee's formula, by multiplying the factors together, instead of allocating one-third of the funds by each factor, causes the factors to lose their meaning. If the Senate Finance Committee wanted to use three factors and give each equal weight, one-third of the money should be allocated on the basis of the first factor, one-third of the money should be allocated on the basis of the second factor, and one-third of the money should be allocated on the basis of the third factor. But that is not what was done. The factors were multiplied together, thereby using the multiplier effect to distort their meaning and give a disproportionate effect to a low factor. A very low factor, consequently, affects not only one-third of the money

but reduces the entire allocation. If one of the factors were zero, a State would receive no money at all.

The absurdity of this formula can be illustrated by some simple numbers: 5, 5, and 5 total 15. Multipled together they equal 125; 9, 5, and 1 also total 15, but multiplied together they equal 45, or barely one-third as much.

Here are two sets of numbers which, added together, give exactly the same total but multiplied together give radically different results. This is precisely where the inequity comes in, in using the Senate Finance Committee's formula.

There has been a great deal of rhetoric from Finance Committee members in recent days about how sacrosanct these three factors are, how they should be given equal weight, and how we should not disturb the $5.3 billion revenue sharing allocation. For that reason, I am now offering amendment No. 1508 which is consistent with all of these concepts. This amendment does not add any more money to the bill. This amendment uses the same three factors adopted by the Finance Committee. These three formulas give equal weight to the factors but unlike the Finance Committee's, this amendment does not present the inequities and the distortions present when factors are multiplied together.

As I have indicated on the tax effort factor, they are fatal errors in any event. They have not been gone into adequately by the committee or by the legislation. I do not believe it is possible on the floor of the Senate to go into detailed amendments to correct this and do it properly.

This amendment very simply would allocate one-third of the money on the basis of population, one-third of the money on the basis of general tax effort—even though, as I have indicated, it may be somewhat distorted—and one-third of the money on the basis of inverse relative income. This amendment would do what the members of the Finance Committee say they are doing and pretend they are doing. In reality, the Finance Committee's formula does not give equal weight to three factors. Instead, it gives disproportionate weight to abnormally low factors which, when multiplied, negate the higher values of the other components.

Using this formula, Ohio would still receive less than its per capita fair share.

Mr. President, it is interesting to me, in listening to the many arguments that I particularly recall the argument of the Senator from Utah (Mr. BENNETT) just recently in which he, in effect, indicated that what he felt was fair—and I cannot think of anything fairer, really—was the per capita formula. I may give the Senate the opportunity to vote on that later, but I do not see how we justify giving any State less than its per capita fair share. In fact, it would receive $50 million a year less than its per capita fair share. I do not see how we can justify giving any State less than its per capita fair share—this was turned down, however, by the Senate on the recent amendment—but at least the amendment I propose does away with the harshly unfair multiplier effect. If a State has only one factor that is low, that State will no longer have its entire allocation reduced accordingly. Instead, that factor will reduce only one-third of the money for that State.

Under this formula, the State of Ohio would increase its share from $185.4 million to $227.4 million. The State of Illinois would be increased from $251 million to $287.2 million, and the State of New York would be increased from $498.1 million to $589.5 million.

Mr. President, I feel that this amendment has much merit in hitting the target that the distinguished Senator from New York (Mr. JAVITS) was talking about in his amendment. It puts the money where the effort is needed. While it has some problems of its own, and may cut back on the allocation of some funds, nevertheless, if we are to have a formula that we can defend and that we will not be arguing over every year as the bill comes before the Senate, then we have to take the multiplier effect out of the formula.

I hope that the Senate will have the wisdom to do this and certainly hope that the results in the conference will not be tragic because it seems to me completely to discredit the whole revenue-sharing concept.

Mr. President, I hold in my hand a list of figures for the various States, if any Senators would like to see them. I am not going to take time reading all of them. I ask unanimous consent that the list be printed in the RECORD.

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

Figures for various States

	Senate	*Taft No. 1508*
Alabama	127.6	94.7
Alaska	5.5	6.9
Arizona	55.1	47.8
Arkansas	60.4	48.4
California	510.4	579.0
Colorado	60.0	56.9
Connecticut	57.6	73.5
Delaware	12.9	13.8
District of Columbia	14.1	18.6
Florida	160.3	158.6
Georgia	120.7	110.1
Hawaii	21.8	23.3
Idaho	21.8	18.2
Illinois	251.0	287.2
Indiana	114.6	121.1
Iowa	84.6	76.9
Kansas	58.1	56.3
Kentucky	95.9	83.5
Louisiana	124.8	96.7
Maine	34.2	27.0
Maryland	94.8	102.8
Massachusetts	143.5	153.0
Michigan	210.9	227.9
Minnesota	108.2	101.5
Mississippi	99.6	63.7
Missouri	108.4	109.4
Montana	22.6	18.6
Nebraska	47.1	39.9
Nevada	11.7	13.1
New Hampshire	16.7	17.1
New Jersey	142.6	171.2
New Mexico	36.5	27.5
New York	498.1	589.5
North Carolina	148.8	126.2
North Dakota	21.7	17.0
Ohio	185.4	227.4
Oklahoma	65.3	60.4
Oregon	61.7	55.1
Pennsylvania	290.2	292.1
Rhode Island	23.1	23.7
South Carolina	89.6	68.2
South Dakota	27.6	29.7
Tennessee	108.1	94.4
Texas	268.6	261.0
Utah	34.5	26.2
Vermont	16.3	13.4
Virginia	109.7	108.7
Washington	92.3	90.4
West Virginia	57.5	44.9
Wisconsin	147.1	133.3
Wyoming	10.7	9.1

Mr. LONG. I ask unanimous consent to insert in the RECORD at this point a State distribution prepared by the staff showing the distribution under the Finance Committee bill and under the Senator's amendment.

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

COMPARISON OF DISTRIBUTION OF FUNDS TO THE STATES UNDER FINANCE COMMITTEE BILL AND SENATOR TAFT'S AMENDMENT NO. 1508

[In millions of dollars]

States	Finance Committee bill (1)	Proposal [1] (2)	Difference, col. (2) — col. (1) (3)
U.S. total	5,300.0	5,300.0	
Alabama	127.6	94.7	−32.9
Alaska	5.5	6.9	1.4
Arizona	55.1	47.8	−7.3
Arkansas	60.4	48.4	−12.0
California	510.4	575.6	65.2
Colorado	60.0	56.7	−3.1
Connecticut	57.5	73.5	16.0
Delaware	12.9	13.9	1.0
District of Columbia	14.1	20.6	6.5
Florida	160.3	158.5	−1.8
Georgia	120.7	110.0	−10.7
Hawaii	22.7	23.3	.6
Idaho	21.8	18.2	−3.6
Illinois	250.9	287.4	36.5
Indiana	114.6	121.1	6.5
Iowa	84.6	76.6	−8.0
Kansas	58.0	56.3	−1.7
Kentucky	95.9	80.2	−15.7
Louisiana	124.8	96.8	−28.0
Maine	34.2	27.0	−7.2
Maryland	94.8	102.6	7.8
Massachusetts	143.5	153.0	9.5
Michigan	210.9	227.8	16.9
Minnesota	108.2	101.4	−6.8
Mississippi	99.6	63.5	−36.1
Missouri	108.5	109.5	1.0
Montana	22.6	18.6	−4.0
Nebraska	47.1	39.9	−7.2
Nevada	11.9	13.1	1.2
New Hampshire	16.7	17.1	.4
New Jersey	142.6	171.1	28.5
New Mexico	36.5	27.7	−8.8
New York	507.1	589.5	82.4
North Carolina	148.8	126.3	22.5
North Dakota	21.7	17.0	−4.7
Ohio	185.4	227.3	41.9
Oklahoma	65.3	60.3	−5.0
Oregon	61.8	55.0	−6.8
Pennsylvania	290.2	292.1	1.9
Rhode Island	23.1	23.6	.5
South Carolina	89.5	68.7	−20.8
South Dakota	27.6	19.8	−7.8
Tennessee	108.1	94.4	−13.7
Texas	268.6	260.9	−7.7
Utah	34.5	28.2	−16.0
Vermont	16.3	13.3	−3.0
Virginia	109.7	108.6	−1.1
Washington	92.3	90.4	−1.9
West Virginia	57.5	44.9	−12.6
Wisconsin	147.1	133.3	−13.8
Wyoming	10.7	9.0	−1.7

[1] $5,300,000 distributed on following basis: ⅓ population; ⅓ relative income; and ⅓ general tax effort.

Note: Details may not add to totals because of rounding. Number of States receiving less under proposal—32.

Mr. TAFT. Mr. President, I have no desire to prolong debate on this amendment but I do feel that it is of enormous importance that the arguments, whatever the outcome, might be spread out on the record. The arguments should be set out and set out in full for the consideration of the conferees.

I know that there have been many amendments turned down and many amendments have been tabled in the past 2 or 3 days in this debate on the revenue

sharing bill. I suppose, perhaps, this amendment may meet the same fate but I hope, at least, that the rationale and the arguments I have presented will have some effect on the thinking of Members of the Senate in making their decision as to, really, what is a fair and equitable approach to this problem.

The PRESIDING OFFICER (Mr. WEICKER). The question is on agreeing to the amendment of the Senator from Ohio (Mr. TAFT) (No. 1508).

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

There was not a sufficient second.

Mr. TAFT. 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. ROBERT C. BYRD. 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 and Mr. TAFT asked for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio (Mr. TAFT) (No. 1508).

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. MCGOVERN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Alabama (Mr. SPARKMAN), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Oklahoma (Mr. HARRIS) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. SPARKMAN) and the Senator from New Hampshire (Mr. MCINTYRE) would vote "nay."

Mr. GRIFFIN. I announced that the Senator from Colorado (Mr. ALLOTT), the Senator from Iowa (Mr. MILLER), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

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 32, nays 59, as follows:

[No. 417 Leg.]

YEAS—32

Bayh	Fong	Saxbe
Beall	Gravel	Schweiker
Bible	Griffin	Scott
Boggs	Hart	Stevens
Brooke	Hartke	Stevenson
Buckley	Javits	Symington
Cannon	Mathias	Taft
Case	Pastore	Tunney
Cotton	Pell	Weicker
Cranston	Percy	Williams
Eagleton	Ribicoff	

NAYS—59

Aiken	Edwards	McClellan
Allen	Ervin	McGee
Anderson	Fannin	Metcalf
Baker	Fulbright	Mondale
Bellmon	Gambrell	Montoya
Bennett	Goldwater	Moss
Bentsen	Gurney	Muskie
Brock	Hansen	Nelson
Burdick	Hatfield	Packwood
Byrd, Harry F., Jr.	Hollings	Pearson
	Hruska	Proxmire
Byrd, Robert C.	Hughes	Randolph
Chiles	Humphrey	Roth
Church	Inouye	Smith
Cook	Jackson	Spong
Cooper	Jordan, N.C.	Stafford
Curtis	Jordan, Idaho	Stennis
Dole	Long	Talmadge
Dominick	Magnuson	Tower
Eastland	Mansfield	Young

NOT VOTING—9

Allott	McGovern	Mundt
Harris	McIntyre	Sparkman
Kennedy	Miller	Thurmond

So Mr. TAFT's amendment (No. 1508) was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H.R. 9222) to correct deficiencies in the law relating to the crimes of counterfeiting and forgery.

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. TAFT. Mr. President, I call up an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 38, line 18, after "subsection (a)" strike all through line 23 and insert in lieu thereof the following: as the population of that State, bears to the population of the United States.

Mr. TAFT. Mr. President, this amendment should be fairly simple and one that everyone can understand. It relates distributions to one factor and certainly it is the equitable factor and the only factor in the long run that can stand up. It is a per capita distribution. The States would receive for every man, woman, and child in the State $26.09 per person across the board.

This standard has been referred to as the truly equitable standard. To me, it is the truly equitable standard. We can play around with figures and talk about who is best served, but I would like to suggest, as I did earlier, that the place to handle the balancing of inequities and the problem of the State really is not in a revenue sharing bill. It is going to come about, as sure as we go ahead with a revenue sharing bill, that it will become increasingly difficult to work out a formula in the Senate or in the House as to what we feel appropriate for the needs and for distribution to the States.

I am appalled by the number of Senators who really are deeply concerned about this problem and the formula but who feel, and I sympathize with them, the important consideration is how much their States will receive. I am deeply concerned about the State of Ohio. The State of Ohio would be much more deeply cut than any other State. But the place to handle distribution on revenue as between States is not in a revenue sharing bill; it should be done in various grant-in-aid programs where we aim at particular targets.

The whole principle of revenue sharing, it seems to me, was originally really to limit the areas of distributions under various grant-in-aid programs, for programs and types of programs which the States and the local governments really can better do by themselves. In those cases where they need additional aid to handle particular problems involved, and where we believe that there is a national problem concerned therein, that will be supplied through a grant-in-aid program, and not through revenue sharing at all.

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

Mr. TAFT. I yield.

Mr. COTTON. I think there is much merit in the Senator's amendment, and I am prepared to vote for it, but I would like to suggest to the Senator if he would consider amending his amendment, where it says "population," by inserting the words "as determined by the last official census," because in this day and generation, in the desire for some people to vote, people can go from State to State and practically establish a residence in 2 or 3 weeks. It would seem to me that would avoid confusion.

Mr. TAFT. I appreciate very much the suggestion of the distinguished Senator from New Hampshire, and I will send to the desk an amendment changing the amendment as he has proposed.

I would like to discuss for a few moments some of the negative aspects of the present formula. Really, I am giving a choice as between adopting and not adopting it. I have already discussed the multiplier factor involved in the Senate Finance Committee's argument and I have indicated why I feel that this is an extremely inequitable way to arrive at it.

I am still waiting. This is the sixth or seventh time in which I have asked for some explanation or rationale from the chairman of the Finance Committee, or the ranking minority member, or any other member of the committee, as to why they went to the formula of multiplying one factor by the other factor by the third factor, rather than applying each factor to one-third. I did that on my last amendment. I have yet to get a reply. I indicated some of the inequities which would result therefrom. I omitted some others.

The PRESIDING OFFICER (Mr. WEICKER). If the Senator will suspend, the Chair finds it very difficult to understand and hear what the Senator is saying. The Chair would appreciate it if the Senate would be in order.

Mr. TAFT. Mr. President, the areas that I have already mentioned as a distortion of the tax effort factor are related to page 52 of the bill, in which it reads that the general tax effort factor of any State for any entitlement period is the net amount collected from the State and local taxes of such State during the most recent reporting year, divided by the aggregate personal income as defined in other parts of the bill.

I have already discussed what the effect of that might be as to some items, particularly as to the fact that it completely leaves out the possibility of income from lotteries. It leaves out the possibility of income, as in the case of my State, and a very sizable income, from a monopoly of running the liquor sales in the State. It leaves out a couple of other items I would like to mention.

For instance, it has a detrimental effect on any State which has a large investment from outside the State, because the divider is personal income only. It has nothing to do with the overall resources of the individual State that might or might not be involved. This is a highly unfavorable factor in my State, and I believe it is a highly unfavorable factor for many States. I mentioned that Cincinnati has private ownership of a rail line, from which it derives a sizable amount of its budget, and has for years. Yet no credit is given for that.

I bring this up not to criticize, because I realize there is danger in drawing up general language in any bill, but I wish to point up that these distortions and inequities not only are not reflected in not considering the total tax effort as one-third of the entire amount, but this factor is made a multiplier of the other two factors. This to me makes no sense at all.

I would like to discuss this matter for a few minutes, because I am hopeful the conference committee will consider some of these other factors. I have advocated in this amendment that we move solely toward a per capita approach to this problem. I would like to discuss what the other possibilities are. It seems to me this is the only fair factor, the only factor on which one can rely to the exclusion of other factors. Let us take some of these.

I have figures which indicate various other factors that might be considered. Let us take welfare expenditures. That could possibly be a factor. I have a table showing welfare expenditures throughout the Nation. These would be based, presumably, on need and application.

How about State indebtedness? That certainly would be a pretty good indication of the tax effort of the particular State involved. Some States may have no debt. They may rely solely on the tax effort. Others may have indebted themselves in the past, and this approach would have no consideration of past indebtedness.

How about State deficits? Some States cannot have deficits; and some do. How about State taxes collected from State residents only? That would be very relevant in showing the tax effort.

The Senator from Wyoming and I had a discussion previously about the severance tax. He pointed out that 5 percent of the revenues of Wyoming come from the severance tax. No credit is given for that. Other States may have a higher severance tax. I do not know. Why that should be a factor in tax programs, I do not know, any more than considering the fact that a State runs a liquor selling business, such as my own State, or runs a lottery.

How about Federal taxes collected in the States? I suggested before that I felt revenue-sharing distribution involved the very concept of the Federal Government collecting taxes and giving them back. Why not give them back where they were collected? It seems to me that is a factor that should be taken into consideration, as well as the factors considered by the Senate committee.

How about the factor of the number of welfare recipients? How about the number of pupils per classroom, if we are really concerned with the education of youth? I do not believe that could be ruled out as a proper consideration insofar as the future of the Nation is concerned. If we start going into the merits of each considered factor, that factor certainly should be considered in this particular formula.

How about student-teacher ratios? How about unemployment rates, if we are talking about the needs of the unemployed in the States? And, for the future, how about environmental effort? Why should not we use that as a whip to see to it that we move promptly to protect our environment—so important to the entire Nation?

How about inner-city crime, a problem with which we have not dealt adequately? How about inverse crime effort? How about air pollution programs?

Mr. President, I ask unanimous consent that tables showing how various factors affect the several States be inserted at this point in the RECORD.

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

SELECTED FACTORS AFFECTING STATE AND LOCAL FINANCES

State	Population [1]		Personal income calendar 1969 [2] (millions)	Retail sales [3] calendar 1969 (millions)	Assessed valuation of property 1966 [4] (millions)	Motor vehicle registration [5] calendar 1969 (thousands)	Mileage in state and local systems [6] calendar 1968	Public elementary and secondary school enrollment fall 1969 (thousands)	Higher education enrollment, fall 1969 [7]		Old age assistance recipients, December 1969	Patients in mental hospitals, Dec. 31, 1968 [8]	Families receiving aid to dependent children December 1969
	Total, July 1, 1969 (thousands)	Percent urban in 1960							Total public and private (thousands)	Percent public			
Total	201,921	69.9	742,961	347,808	484,057	105,404	3,684,085	45,619	7,512	72.3	2,054,000	409,606	1,830,000
Alabama	3,531	54.8	9,062	4,572	3,962	1,860	78,097	826	95	82.1	115,000	7,749	29,600
Alaska	282	37.9	1,272	467	1,300	131	6,850	77	7	85.7	1,600	164	2,400
Arizona	1,693	74.5	5,648	2,962	2,239	1,024	41,062	418	91	97.8	12,500	1,153	12,200
Arkansas	1,995	42.8	5,027	2,930	1,804	950	78,839	460	50	78.0	60,700	1,667	11,200
California	19,443	86.4	83,070	37,992	42,522	11,601	158,159	4,598	1,104	89.5	314,000	19,728	304,000
Colorado	2,100	73.7	7,492	3,724	4,232	1,374	81,517	538	103	85.4	38,300	1,829	18,000
Connecituct	3,000	78.3	13,610	5,580	13,881	1,677	18,116	646	106	53.8	8,000	6,655	21,700
Delaware	540	65.6	2,167	989	1,730	297	4,847	130	19	78.9	2,200	1,396	5,100
Florida	6,354	73.9	21,777	12,499	25,629	3,859	85,889	1,408	202	78.2	70,400	9,796	52,500
Georgia	4,641	55.3	14,108	7,131	5,938	2,487	98,241	1,113	109	78.0	92,100	10,984	52,300
Hawaii	794	76.5	3,024	1,261	3,090	375	3,442	179	25	92.0	2,200	585	6,200
Idaho	718	47.5	2,051	1,228	894	477	54,758	180	27	77.8	3,500	633	4,200
Illinois	11,047	80.7	47,609	21,086	39,848	5,162	129,419	2,324	391	64.5	38,100	22,102	83,500
Indiana	5,118	62.4	18,891	9,283	9,493	2,975	90,950	1,224	175	69.1	17,600	9,994	17,800
Iowa	2,781	53.0	9,782	5,435	6,225	1,754	112,349	661	104	59.6	24,300	1,432	16,900
Kansas	2,321	61.0	8,197	3,789	4,953	1,515	133,405	519	93	82.8	14,200	2,240	13,900
Kentucky	3,232	44.5	9,210	4,488	16,320	1,713	69,909	707	94	75.5	65,200	4,156	33,700
Louisiana	3,745	63.3	10,413	5,349	3,729	1,750	52,733	854	115	83.5	120,000	5,132	47,100
Maine	978	51.3	2,972	1,588	3,048	496	21,311	240	28	67.9	10,700	2,805	9,500
Maryland	3,765	72.7	15,416	6,710	12,975	1,795	25,885	892	125	74.4	8,500	8,473	33,900
Massachusetts	5,467	83.6	22,623	10,171	14,501	2,426	27,805	1,147	269	32.3	50,500	15,700	58,900
Michigan	8,766	73.4	34,574	15,685	20,488	4,488	114,170	2,166	343	84.8	37,700	15,471	62,600
Minnesota	3,700	62.2	13,350	6,532	2,517	2,144	127,099	914	148	80.4	22,000	4,244	21,900
Mississippi	2,360	37.7	5,174	2,787	1,528	1,085	66,104	575	69	87.0	73,900	5,131	29,200
Missouri	4,651	66.6	16,086	8,158	9,548	2,313	114,596	1,077	165	69.1	92,800	7,645	34,900
Montana	694	50.2	2,168	1,211	824	478	76,437	175	26	88.5	3,700	1,376	3,600
Nebraska	1,449	54.3	5,278	2,779	4,333	929	103,464	331	61	73.8	8,100	2,116	7,600
Nevada	457	70.4	1,992	1,056	1,477	329	47,562	124	10	100.0	3,600	451	3,300
New Hampshire	717	58.3	2,491	1,310	2,384	377	14,669	152	27	51.9	4,300	2,158	2,200
New Jersey	7,148	88.6	30,580	12,746	28,429	3,490	31,522	1,455	170	61.8	15,600	17,071	68,200
New Mexico	994	65.9	2,876	1,489	1,440	611	66,450	276	38	92.1	9,300	710	13,400

Footnotes at end of table.

State	Population [1] Total, July 1, 1969 (thousands)	Population [1] Percent urban in 1960	Personal income calendar 1969 [2] (millions)	Retail sales [3] calendar 1969 (millions)	Assessed valuation of property 1966 [4] (millions)	Motor vehicle registration [5] calendar 1969 (thousands)	Mileage in state and local systems [6] calendar 1968	Public elementary and secondary school enrollment fall 1969 (thousands)	Higher education enrollment fall 1969 [7] Total public and private (thousands)	Higher education enrollment fall 1969 [7] Percent public	Old age assistance receipients, December 1969	Patients in mental hospitals, Dec. 31, 1968 [8]	Families receiving aid to dependent children, December 1969
New York	18,321	85.4	80,989	32,397	51,161	6,505	102,327	3,514	704	52.3	91,700	80,548	272,000
North Carolina	5,205	39.5	15,045	7,574	13,621	2,717	85,029	1,186	148	66.9	38,800	8,449	31,600
North Dakota	615	35.2	1,852	1,095	693	420	107,237	148	28	96.4	3,900	1,208	2,800
Ohio	10,740	73.4	40,587	18,247	33,936	5,875	108,360	2,424	337	70.9	58,600	20,740	66,800
Oklahoma	2,568	62.9	7,872	4,111	3,049	1,650	107,321	613	106	82.1	75,900	3,993	25,800
Oregon	2,032	62.2	7,244	3,751	3,454	1,335	90,810	479	96	86.5	7,500	2,219	20,100
Pennsylvania	11,803	71.6	43,243	19,556	17,336	5,760	113,911	2,318	372	54.6	46,800	31,839	103,000
Rhode Island	911	86.4	3,442	1,504	3,157	470	5,203	180	45	57.8	3,900	1,987	9,900
South Carolina	2,692	41.2	6,947	3,507	1,037	1,311	59,520	648	56	67.9	19,000	5,896	12,800
South Dakota	659	39.3	2,011	1,132	2,393	418	84,333	167	29	75.9	4,500	1,342	4,300
Tennessee	3,985	52.3	11,197	5,954	4,942	1,971	77,617	891	123	69.1	52,400	7,011	32,500
Texas	11,187	75.0	36,401	18,569	16,366	6,506	240,130	2,755	379	80.7	233,000	14,609	47,800
Utah	1,045	74.9	3,129	1,546	1,541	601	39,040	302	70	62.9	3,600	542	9,100
Vermont	439	38.5	1,434	817	640	215	14,208	100	18	50.0	4,500	1,467	3,100
Virginia	4,669	55.6	15,377	6,988	9,834	2,161	60,428	1,077	127	78.0	11,900	11,651	22,000
Washington	3,402	68.1	13,046	6,181	4,875	2,106	73,955	820	154	87.0	23,300	3,012	30,400
West Virginia	1,819	38.2	4,748	2,250	4,915	836	35,850	401	59	79.7	12,600	4,590	22,000
Wisconsin	4,233	63.8	15,437	7,326	15,123	2,075	101,729	980	172	80.8	18,500	11,709	21,200
Wyoming	320	56.8	1,103	572	1,168	238	40,338	87	14	100.0	1,700	509	1,400
District of Columbia	798	100.0	3,869	1,746	3,538	254	1,083	150	70	8.6	2,700	5,539	9,500

[1] Excludes Armed Forces overseas.
[2] Preliminary.
[3] Estimated by Sales Management, Inc.
[4] Assessed value subject to tax, after deduction of exemptions.
[5] Includes private, commercial, and public-owned vehicles (except military vehicles).
[6] Includes mileage in Federal parks, forests, and reservations that are not a part of the State highway system.
[7] Total includes 15,000 students in U.S. service academies not listed under States.
[8] Primarily resident patients in State and county mental hospitals.

Source: Department of Commerce; Department of Health, Education, and Welfare; and Sales Management, Inc.—Copyright 1970, Sales Management's Survey of Buying Power; further reproduction is forbidden.

PUBLIC ELEMENTARY AND SECONDARY SCHOOL EXPENDITURES BY STATE [1]

[Selected School Years 1945–46—1967–68; in thousands]

State	1945–46	1949–50	1955–56	1959–60	1967–68	State	1945–46	1949–50	1955–56	1959–60	1967–68
Total [2]	$2,906,886	$5,837,643	$10,955,047	$15,613,255	$32,983,730	Nebraska	$29,478	$47,193	$86,589	$112,836	$212,662
Alabama	39,054	79,374	134,070	191,165	388,631	Nevada	3,427	8,757	21,638	32,641	96,486
Alaska				24,195	72,974	New Hampshire	8,154	16,939	29,559	41,114	94,352
Arizona	14,840	41,535	83,138	139,697	277,944	New Jersey	120,017	199,986	399,081	599,007	1,262,277
Arkansas	22,959	54,354	71,690	100,548	244,219	New Mexico	13,820	33,509	73,640	88,902	182,227
California	221,435	623,359	1,280,350	2,021,625	4,047,651	New York	351,711	617,811	1,256,339	1,742,717	3,762,231
Colorado	25,86.	59,458	126,061	189,508	348,231	North Carolina	63,477	151,323	225,311	294,744	606,876
Connecticut	41,174	83,748	156,406	231,407	496,364	North Dakota	14,594	24,905	41,687	59,694	99,559
Delaware	5,724	13,118	29,604	55,667	114,694	Ohio	158,379	291,920	573,343	799,953	1,558,569
Florida	38,970	97,319	226,826	367,207	899,032	Oklahoma	45,467	87,611	150,036	185,751	323,168
Georgia	46,102	95,225	166,676	236,764	652,416	Oregon	31,651	93,325	136,818	185,229	366,258
Hawaii				48,766	126,235	Pennsylvania	205,379	348,118	584,052	797,498	1,794,868
Idaho	11,687	26,267	42,964	52,527	99,685	Rhode Island	13,929	21,538	37,350	53,035	128,981
Illinois	178,815	358,198	627,899	846,734	1,704,019	South Carolina	28,959	63,465	141,732	136,686	329,895
Indiana	81,692	158,180	260,008	393,626	913,566	South Dakota	15,683	27,071	44,392	53,855	105,016
Iowa	59,525	114,174	186,992	235,678	487,457	Tennessee	39,596	104,576	155,927	214,459	488,335
Kansas	41,500	72,391	157,982	216,003	365,421	Texas	138,465	303,013	546,691	757,092	1,564,727
Kentucky	38,033	68,092	96,995	148,236	347,409	Utah	17,897	33,800	68,861	97,490	192,219
Louisiana	39,991	112,753	191,806	298,618	540,965	Vermont	6,520	11,548	28,024	28,144	67,664
Maine	14,769	25,143	39,911	59,674	135,396	Virginia	47,840	100,902	188,478	266,942	664,697
Maryland	35,116	94,545	186,622	286,550	725,359	Washington	59,661	113,845	225,113	319,393	619,081
Massachusetts	93,224	145,559	272,537	368,907	833,453	West Virginia	40,108	69,666	96,059	122,434	230,806
Michigan	134,015	274,534	581,448	811,973	1,724,076	Wisconsin	69,861	123,868	244,225	332,960	712,572
Minnesota	64,667	118,163	258,676	352,448	737,601	Wyoming	7,661	14,737	35,114	46,844	58,600
Mississippi	21,080	40,786	81,329	148,791	251,688	District of Columbia	14,031	27,871	38,060	52,752	134,391
Missouri	78,573	112,463	222,219	300,749	662,857	Alaska	1,391	4,101	13,093		
Montana	18,316	31,607	51,722	64,021	129,681	Hawaii	12,712	19,412	30,551		

[1] Includes current expenditures, capital outlay, and interest for public day schools, expenditures or operation of summer and adult programs, community services, and community colleges.
[2] Beginning in 1959–60, totals include Alaska and Hawaii.

Source: Department of Health, Education, and Welfare, Office of Education.

STATE LONG-TERM DEBT BY CHARACTER AND STATE

[End of fiscal year 1969; dollar figures in thousands]

State	Gross long-term debt	Full faith and credit Total [1]	Full faith and credit General obligation	Nonguaranteed Amount	Nonguaranteed Percent of total	State	Gross long-term debt	Full faith and credit Total [1]	Full faith and credit General obligation	Nonguaranteed Amount	Nonguaranteed Percent of total
Total	$36,686,452	$16,182,805	$12,729,539	$20,503,647	55.9	Indiana	$527,385			$527,385	100.0
Alabama	632,435	56,900	55,325	575,535	91.0	Iowa	100,224	$10,400	$10,400	89,824	89.6
Alaska	168,623	105,333	105,333	63,290	37.5	Kansas	236,432	18,165		218,267	92.3
Arizona	90,238			90,238	100.0	Kentucky	1,186,420	252,390	252,390	934,030	78.7
Arkansas	108,736	18,622	18,622	90,114	82.9	Louisiana	780,437	369,628	351,385	410,809	52.6
California	5,494,072	4,811,450	3,556,750	682,622	12.4	Maine	200,901	130,700	126,690	70,201	34.9
Colorado	124,710			124,710	100.0	Maryland	966,431	562,871	557,325	403,470	41.7
Connecticut	1,311,041	1,001,086	765,977	309,955	23.6	Massachusetts	1,801,014	1,065,504	781,867	735,510	40.8
Delaware	426,428	338,146	338,146	88,282	20.7	Michigan	888,965	17,200	17,200	811,165	98.1
Florida	941,238			941,238	100.0	Minnesota	360,955	292,022	292,022	68,933	19.1
Georgia	876,989	16	16	876,973	(2)	Mississippi	443,432	309,386	179,386	134,046	30.2
Hawaii	445,211	325,837	325,837	119,374	26.8	Missouri	148,358	38,755	38,755	109,603	73.9
Idaho	30,505	516	516	29,989	98.3	Montana	81,868	650	650	81,218	99.2
Illinois	1,279,826	291,900	291,900	987,926	77.2	Nebraska	54,655			54,655	100.0
						Nevada	29,003	20,006	20,006	8,997	31.0

STATE LONG-TERM DEBT BY CHARACTER AND STATE—Continued

State	Gross long-term debt	Full faith and credit		Nonguaranteed	
		Total [1]	General obligation	Amount	Percent of total
New Hampshire	$114,660	$111,939	$111,939	$2,721	23.7
New Jersey	1,358,357	585,074	337,341	773,283	56.9
New Mexico	130,621	23,096	23,096	107,525	82.3
New York	5,546,673	2,199,349	994,226	3,347,324	60.3
North Carolina	462,384	367,881	367,881	94,503	20.4
North Dakota	34,369	885	885	33,754	98.2
Ohio	1,069,625	144,016	144,016	925,610	86.5
Oklahoma	685,389	136,525	136,525	548,864	80.1
Oregon	596,450	596,434	587,584	16	(3)
Pennsylvania	2,889,930	431,571	431,571	2,458,359	85.1
Rhode Island	288,760	221,742	182,477	67,018	23.2
South Carolina	$326,896	$189,271	$189,271	$137,625	42.1
South Dakota	28,821	----------	----------	28,821	100.0
Tennessee	298,443	229,730	229,730	68,713	23.0
Texas	938,621	432,575	432,575	506,046	53.9
Utah	103,070	56,000	56,000	47,070	45.7
Vermont	169,449	145,304	143,994	24,145	14.2
Virginia	344,085	81,373	81,373	262,712	76.4
Washington	672,288	67,265	67,265	605,023	90.0
West Virginia	445,162	125,292	125,292	319,870	71.9
Wisconsin	392,691	----------	----------	392,691	100.0
Wyoming	52,995	----------	----------	52,995	100.0

[1] Total includes general obligation debt plus $3,453,266,000 payable initially from specified nontax revenue.
[2] More than 99.9 percent.
[3] Less than 0.05 percent.

Source: Department of Commerce, Bureau of the Census. Percentage computations by Tax Foundation.

TOTAL AND PER CAPITA GROSS DEBT AND NET LONG-TERM DEBT BY STATE [1]

[End of selected fiscal years 1946–69]

State	Gross debt				Net long-term debt 1969	
	Total in millions			Per capita 1969	Total in millions	Per capita
	1946	1950	1969			
Total	$2,352.8	$5,285.1	$36,686.5	$182	$32,297.1	$161
Alabama	[2] 50.2	[2] 53.8	632.4	179	621.0	176
Alaska	----------	----------	168.6	598	162.7	577
Arizona	2.8	3.5	90.2	53	82.9	49
Arkansas	134.6	132.8	108.7	54	93.3	47
California	169.9	263.3	5,494.1	283	4,207.5	216
Colorado	19.5	14.6	124.7	59	111.4	53
Connecticut	22.8	158.5	1,311.0	437	1,167.8	389
Delaware	4.7	76.8	426.4	790	423.6	784
Florida	4.4	19.7	941.2	148	815.9	128
Georgia	8.4	2.8	877.0	189	824.5	178
Hawaii	----------	----------	445.2	561	425.5	536
Idaho	.4	.9	30.5	42	29.0	40
Illinois	104.8	427.8	1,279.8	116	1,183.3	107
Indiana	7.2	14.9	527.4	103	454.1	89
Iowa	1.2	35.1	100.2	36	89.9	32
Kansas	10.3	5.5	236.4	102	230.1	99
Kentucky	3.2	7.2	1,186.4	367	1,135.6	351
Louisiana	156.1	229.5	780.4	208	757.8	202
Maine	17.0	30.1	200.9	205	194.8	199
Maryland	34.6	101.8	966.3	257	904.5	240
Massachusetts	84.0	242.4	1,801.0	329	1,683.6	308
Michigan	23.1	232.1	889.0	101	805.3	92
Minnesota	66.2	131.9	361.0	98	354.1	96
Mississippi	63.4	77.6	443.4	188	431.0	183
Missouri	$59.1	$40.3	$148.4	$32	$135.9	$29
Montana	12.7	25.1	81.9	118	66.9	96
Nebraska	.8	1.0	54.7	38	50.5	35
Nevada	----------	.8	29.0	63	27.9	61
New Hampshire	11.6	22.5	114.7	160	111.9	156
New Jersey	63.8	98.7	1,358.4	190	1,307.6	183
New Mexico	21.2	29.9	130.6	131	109.8	110
New York	563.1	866.9	5,546.7	303	4,685.2	256
North Carolina	101.9	202.3	462.4	89	448.1	86
North Dakota	19.0	43.6	34.6	56	30.7	50
Ohio	[2] 3.7	189.8	1,069.6	100	946.4	88
Oklahoma	41.3	96.3	685.4	267	562.9	219
Oregon	18.3	36.7	596.4	294	147.2	72
Pennsylvania	125.6	804.7	2,889.9	245	2,710.5	230
Rhode Island	24.4	53.7	288.8	317	276.9	304
South Carolina	74.6	98.7	326.9	121	301.7	112
South Dakota	23.5	37.2	28.8	44	27.2	41
Tennessee	74.0	99.4	298.4	75	290.4	73
Texas	[2] 12.2	[2] 52.3	938.6	84	861.4	77
Utah	1.9	1.0	103.1	99	98.8	95
Vermont	2.2	6.3	169.4	386	168.0	383
Virginia	22.5	38.1	344.1	74	328.1	70
Washington	11.9	97.7	672.3	198	600.1	176
West Virginia	68.2	70.4	445.2	245	422.8	232
Wisconsin	3.7	4.4	392.7	93	359.5	85
Wyoming	[2] 2.9	[2] 2.9	53.0	166	31.7	99

[1] Gross debt includes short- and long-term debt (see amounts in table 166).
[2] Fiscal year ending in preceding calendar year.

Source: Department of Commerce, Bureau of the Census.

STATE PAYMENTS TO LOCAL GOVERNMENTS BY FUNCTION AND STATE: FISCAL YEAR 1969

[In millions]

State	Total	Specified function				General local government support
		Education	Highways	Public welfare	Other [1]	
Total	$24,779.3	$14,858.3	$2,108.7	$4,402.4	$1,274.5	$2,135.4
Alabama	336.5	254.5	60.4	----------	12.5	9.1
Alaska	36.3	30.8	----------	----------	1.3	4.2
Arizona	259.5	183.5	22.3	----------	3.6	50.1
Arkansas	171.2	129.5	26.5	.1	4.9	10.1
California	3,676.2	[2] 1,575.1	279.7	1,365.9	266.7	188.6
Colorado	222.0	107.0	24.3	81.8	8.6	.3
Connecticut	195.2	155.3	9.4	7.4	11.0	12.0
Delaware	78.7	75.5	2.1	----------	1.2	----------
Florida	756.9	690.2	21.8	.2	42.6	1.2
Georgia	454.8	370.3	32.4	14.7	20.6	16.7
Hawaii	16.8	1.0	----------	----------	3.3	12.4
Idaho	60.7	42.4	12.5	----------	.4	5.5
Illinois	824.7	544.7	157.3	104.4	18.3	----------
Indiana	518.2	300.2	86.8	63.1	15.9	52.2
Iowa	375.6	246.5	75.3	2.2	3.8	47.8
Kansas	234.4	126.3	15.7	77.2	4.2	11.1
Kentucky	254.1	235.0	3.3	----------	14.1	1.8
Louisiana	453.6	335.7	24.8	----------	22.3	70.8
Maine	53.8	46.5	3.7	.5	2.4	.6
Maryland	514.3	254.3	71.1	102.7	48.6	37.6
Massachusetts	444.8	221.5	14.8	52.8	56.1	99.6
Michigan	1,229.9	774.3	215.8	30.2	29.0	180.5
Minnesota	665.6	303.3	61.5	140.8	13.3	136.8
Mississippi	252.7	200.8	27.1	----------	8.6	16.3
Missouri	$307.2	$274.1	$19.6	$0.9	$6.9	$5.6
Montana	46.7	42.5	----------	.2	3.9	----------
Nebraska	111.6	38.2	23.2	45.0	3.9	1.3
Nevada	58.8	45.3	3.8	----------	2.7	7.0
New Hampshire	17.2	11.1	.5	.1	1.7	3.7
New Jersey	577.8	312.3	21.0	191.3	43.0	10.2
New Mexico	149.3	133.9	5.8	----------	4.9	4.7
New York	4,970.2	2,259.5	138.5	1,772.4	293.3	506.5
North Carolina	627.1	470.5	10.4	101.2	14.1	30.9
North Dakota	52.4	36.0	11.7	1.3	1.9	1.4
Ohio	811.5	465.6	191.0	52.3	17.7	84.9
Oklahoma	223.9	157.7	50.5	.4	12.7	2.7
Oregon	191.5	97.2	48.6	1.5	5.5	38.6
Pennsylvania	1,070.0	864.1	65.1	42.0	92.8	6.1
Rhode Island	67.5	50.6	.4	6.8	1.5	8.1
South Carolina	240.1	192.1	11.4	----------	12.2	24.5
South Dakota	28.8	21.9	2.7	.1	2.0	2.1
Tennessee	329.5	234.8	57.8	.2	10.4	26.3
Texas	790.7	763.8	7.5	----------	19.3	.1
Utah	113.5	103.3	4.6	----------	4.7	1.0
Vermont	39.1	29.9	7.0	.4	1.8	(3)
Virginia	450.6	339.5	18.5	49.9	28.9	13.9
Washington	475.3	336.8	62.0	9.3	31.3	35.9
West Virginia	150.8	141.6	----------	3.1	6.1	----------
Wisconsin	760.2	207.0	95.5	75.2	34.3	348.2
Wyoming	41.4	24.9	3.1	4.5	2.4	6.4

[1] Largely health and hospitals.
[2] Includes $6,763,000, contingent loans for school construction.
[3] Less than $50,000.

Source: Department of Commerce, Bureau of the Census.

STATE AND LOCAL DIRECT GENERAL EXPENDITURES BY FUNCTION AND STATE: FISCAL YEAR 1969

[In millions]

State	Total	Education	Highways	Public welfare	Health and hospitals	Police and fire	Financial administration [1]	Other [2]
Total	$116,727	$47,238	$15,417	$12,110	$8,520	$5,694	$4,105	$23,643
Alabama	1,570	631	242	157	127	54	41	318
Alaska	343	110	70	11	12	9	17	114
Arizona	976	484	140	43	45	47	40	177
Arkansas	884	314	147	88	57	23	23	232
California	15,099	5,365	1,461	2,283	965	831	603	3,591
Colorado	1,272	595	156	128	93	48	54	198
Connecticut	1,764	664	210	174	116	96	77	429
Delaware	381	161	66	24	21	11	14	83
Florida	3,080	1,364	334	171	283	155	138	634
Georgia	2,206	930	237	211	254	78	76	419
Hawaii	633	210	78	36	36	27	29	216
Idaho	356	140	70	26	24	13	15	68
Illinois	6,154	2,467	822	504	410	340	195	1,415
Indiana	2,477	1,264	350	102	192	100	76	393
Iowa	1,654	758	288	134	97	50	55	272
Kansas	1,176	538	198	86	83	41	40	190
Kentucky	1,619	649	340	167	93	54	40	276
Louisiana	1,979	742	315	251	150	84	55	381
Maine	468	186	88	46	23	20	19	86
Maryland	2,309	964	236	193	185	140	80	512
Massachusetts	3,480	1,036	338	771	269	222	125	719
Michigan	5,388	2,562	526	496	417	247	185	956
Minnesota	2,368	1,065	380	207	171	70	74	401
Mississippi	1,029	409	173	85	74	31	24	232
Missouri	2,268	969	315	239	185	118	72	370
Montana	403	165	96	28	18	12	17	68
Nebraska	768	353	127	45	57	31	28	127
Nevada	351	117	57	22	31	24	21	80
New Hampshire	348	144	72	25	21	16	12	58
New Jersey	3,782	1,511	569	223	234	258	156	831
New Mexico	605	293	94	57	32	22	24	82
New York	14,954	5,071	1,310	2,207	1,541	919	507	3,399
North Carolina	2,030	949	307	132	150	81	72	338
North Dakota	384	161	70	28	13	8	13	91
Ohio	5,092	2,150	813	417	312	252	170	977
Oklahoma	1,316	524	202	226	76	46	44	197
Oregon	1,271	599	172	79	63	51	56	250
Pennsylvania	6,032	2,507	993	561	326	264	209	1,173
Rhode Island	543	192	79	74	33	29	21	116
South Carolina	1,023	481	119	55	98	38	32	201
South Dakota	396	184	93	26	13	9	14	56
Tennessee	1,725	697	283	126	155	72	51	341
Texas	4,490	2,268	796	388	321	235	156	776
Utah	612	326	97	41	29	18	18	83
Vermont	280	110	69	30	11	8	10	42
Virginia	2,126	948	367	101	147	90	75	398
Washington	2,208	1,004	310	186	124	89	79	416
West Virginia	845	355	189	75	50	20	25	131
Wisconsin	2,754	1,231	416	252	167	118	91	479
Wyoming	304	108	72	10	22	7	8	77
District of Columbia	664	178	66	57	94	69	26	174

[1] Includes general control.
[2] Sewerage, other sanitation, local parks and recreation, interest on general debt, and all other general expenditures.

Source: Department of Commerce, Bureau of the Census.

STATE TAX COLLECTIONS BY STATE: EXCLUDING UNEMPLOYMENT TAX COLLECTIONS [1], SELECTED FISCAL YEARS 1939–1970 [2]

[In thousands]

State	1939	1946	1950	1960	1969	1970
Total	$3,076,387	$4,937,065	$7,929,881	$18,035,927	$41,930,697	$47,904,706
Alabama	47,780	66,607	115,918	273,718	575,154	657,361
Alaska				27,110	71,828	85,899
Arizona	15,288	31,701	47,836	164,965	410,723	474,270
Arkansas	28,030	55,415	85,015	158,118	317,602	351,447
California	242,215	480,144	811,206	2,124,369	5,243,537	5,497,548
Colorado	31,360	51,268	89,455	192,542	408,092	470,060
Connecticut	40,258	55,783	105,636	238,124	541,573	741,789
Delaware	9,776	15,175	25,775	70,776	156,999	195,648
Florida	51,191	111,066	170,275	521,682	1,269,436	1,421,109
Georgia	42,128	79,769	124,648	369,080	828,109	941,334
Hawaii				124,230	289,033	340,450
Idaho	10,143	18,172	30,052	68,999	150,532	155,880
Illinois	183,247	256,819	380,270	836,372	1,927,422	2,868,694
Indiana	72,617	117,887	202,895	399,379	881,725	1,002,418
Iowa	61,071	82,127	146,437	265,787	588,599	628,327
Kansas	36,144	59,221	119,349	206,622	385,077	430,975
Kentucky	40,787	56,032	107,390	228,507	654,900	703,044
Louisiana	70,143	113,157	240,867	452,695	776,704	838,792
Maine	19,751	26,049	41,628	86,929	158,221	207,617
Maryland	35,895	57,523	131,464	343,579	862,770	1,082,058
Massachusetts	106,826	175,351	234,846	491,123	1,233,510	1,393,653
Michigan	139,610	238,113	393,056	913,920	2,248,779	2,345,090
Minnesota	75,775	99,050	188,610	352,583	914,569	1,020,953
Mississippi	27,288	57,943	87,451	194,300	400,390	485,755
Missouri	69,071	111,789	162,215	213,895	711,110	820,860
Montana	11,007	14,395	30,149	64,868	111,822	128,823
Nebraska	21,474	28,661	54,055	91,052	217,329	261,307
Nevada	3,554	5,375	10,953	44,885	125,561	149,128
New Hampshire	12,445	16,328	19,819	41,757	83,247	94,765
New Jersey	91,730	135,150	147,914	365,232	1,181,308	1,332,251
New Mexico	13,998	27,120	51,070	123,206	237,423	266,458
New York	416,207	668,718	891,738	1,961,008	5,329,946	6,116,519
North Carolina	69,169	137,544	212,728	459,373	1,009,568	1,190,220
North Dakota	11,235	21,196	39,210	60,760	105,421	121,646

STATE TAX COLLECTIONS BY STATE: EXCLUDING UNEMPLOYMENT TAX COLLECTIONS [1] SELECTED FISCAL YEARS 1939–1970 [2]—Continued

State	1939	1946	1950	1960	1969	1970
Ohio	$190,341	$242,376	$379,403	$872,723	$1,540,503	$1,702,624
Oklahoma	55,721	104,883	158,232	275,379	472,562	502,121
Oregon	22,592	52,094	99,829	208,283	405,808	430,686
Pennsylvania	238,747	263,406	439,387	1,032,861	2,265,832	2,777,578
Rhode Island	14,162	25,284	38,297	86,095	200,104	228,674
South Carolina	28,646	61,133	90,019	235,478	465,146	543,678
South Dakota	14,879	18,887	37,923	52,993	91,889	112,725
Tennessee	40,553	67,065	149,782	304,590	645,758	686,936
Texas	111,375	170,921	315,117	792,800	1,710,686	1,924,788
Utah	15,365	26,181	43,613	100,405	203,314	251,596
Vermont	9,853	13,383	20,425	43,522	100,892	135,176
Virginia	47,365	79,625	147,081	291,664	924,229	955,726
Washington	57,474	134,872	201,560	460,770	980,715	1,028,028
West Virginia	43,616	62,252	94,029	180,119	346,556	384,993
Wisconsin	75,649	126,433	197,546	426,234	1,090,826	1,332,754
Wyoming	6,836	8,622	17,663	41,460	77,858	84,475

[1] Unemployment tax collections by State shown in tab'e 163.
[2] Data for 1970 are preliminary; 1939 not strictly comparable to other years.

Source: Department of Commerce, Bureau of the Census.

STATE UNEMPLOYMENT COMPENSATION TAX COLLECTIONS BY STATE—SELECTED FISCAL YEARS 1939-69 [1]

(Thousands)

State	1939	1946	1950	1960	1969
Total	$801,113	$1,033,591	$1,028,033	$2,135,933	$2,550,431
Alabama	8,134	10,392	11,913	17,739	26,566
Alaska				5,322	12,592
Arizona	2,140	3,114	3,824	9,149	19,479
Arkansas	3,303	5,471	4,332	8,842	14,931
California	75,351	143,767	128,456	268,217	552,361
Colorado	4,875	4,979	3,490	5,501	7,944
Connecticut	15,670	25,848	13,285	42,766	65,037
Delaware	2,205	972	1,458	9,677	5,120
Florida	6,109	10,680	7,542	35,967	27,606
Georgia	8,869	12,223	13,013	27,084	38,887
Hawaii				4,464	13,288
Idaho	2,016	2,644	4,263	5,103	8,115
Illinois	65,909	58,304	56,031	121,051	57,334
Indiana	19,623	22,082	18,156	42,998	51,536
Iowa	8,091	9,346	10,848	9,811	12,863
Kansas	5,703	7,928	5,966	10,605	17,077
Kentucky	10,939	11,080	14,833	29,297	25,502
Louisiana	9,810	13,192	15,350	20,217	31,170
Maine	4,032	5,927	6,173	8,560	9,650
Maryland	11,844	16,846	12,294	44,372	22,164
Massachusetts	37,803	21,823	49,018	78,435	121,656
Michigan	36,563	60,890	68,839	154,185	125,969
Minnesota	14,100	16,988	9,184	22,123	44,548
Mississippi	2,143	6,026	4,118	13,319	7,391
Missouri	$19,567	$22,498	$23,327	$30,003	$34,972
Montana	2,682	3,623	4,178	4,106	6,051
Nebraska	3,986	2,951	2,724	6,754	7,171
Nevada	937	1,499	1,515	6,013	11,668
New Hampshire	2,734	3,049	4,538	6,785	6,756
New Jersey	43,978	63,647	43,601	109,894	164,266
New Mexico	1,481	1,983	4,058	5,996	6,796
New York	119,215	166,945	208,227	293,185	354,089
North Carolina	10,691	15,978	17,987	37,627	52,091
North Dakota	1,112	768	1,869	3,122	5,015
Ohio	56,889	68,307	44,029	107,558	89,817
Oklahoma	5,621	5,412	7,310	11,171	10,701
Oregon	6,439	11,562	12,788	34,338	28,098
Pennsylvania	75,745	60,117	57,937	239,053	168,780
Rhode Island	7,594	13,335	10,927	19,071	19,183
South Carolina	4,438	5,127	7,377	11,765	24,742
South Dakota	1,144	587	1,368	1,970	2,070
Tennessee	8,486	17,513	12,396	29,737	45,056
Texas	22,740	20,714	26,927	42,698	27,652
Utah	2,627	4,885	3,096	6,793	11,659
Vermont	1,506	1,796	1,569	2,585	6,806
Virginia	9,913	8,330	8,644	23,365	15,048
Washington	10,061	30,764	34,756	50,512	49,616
West Virginia	9,453	9,511	9,604	22,701	19,105
Wisconsin	15,415	20,960	13,222	31,759	61,487
Wyoming	1,427	1,208	1,673	2,568	2,950

[1] Data for 1939 are not strictly comparable to other years.

Source: Department of Commerce, Bureau of the Census.

UNEMPLOYMENT COMPENSATION BENEFITS AND RESERVES BY STATE, AS OF JUNE 30, 1970

State	Thousands: Cumulative contributions collected and interest [1]	Thousands: Cumulative benefits paid	Thousands: Funds available for benefits	Amount of benefits paid for each dollar of income [2]
Total [3]	$62,254,519	$49,627,234	$12,443,633	$0.80
Alabama	630,145	486,762	134,440	.77
Alaska	163,098	134,807	29,840	.83
Arizona	299,196	182,456	116,676	.61
Arkansas	295,253	243,227	49,514	.82
California	8,675,558	7,308,145	1,308,853	.84
Colorado	291,471	208,308	85,181	.71
Connecticut	1,272,008	983,179	293,165	.77
Delaware	142,673	119,423	23,989	.84
District of Columbia	222,554	146,093	75,806	.66
Florida	727,296	458,243	269,481	.63
Georgia	800,627	467,169	333,585	.58
Hawaii	170,651	125,628	45,417	.74
Idaho	190,080	145,704	44,438	.77
Illinois	3,106,591	2,670,907	448,965	.86
Indiana	1,225,018	893,899	326,797	.73
Iowa	378,506	250,257	128,773	.66
Kansas	390,328	296,327	94,299	.76
Kentucky	737,655	567,718	171,296	.77
Louisiana	752,018	599,186	154,087	.80
Maine	285,226	243,584	41,729	.85
Maryland	984,034	751,009	222,193	.76
Massachusetts	2,675,968	2,272,927	406,638	.85
Michigan	3,495,337	2,879,662	588,545	.82
Minnesota	755,070	641,072	116,270	.85
Mississippi	306,835	223,518	83,589	.73
Missouri	$1,062,780	$789,616	$273,437	$0.74
Montana	167,693	143,590	24,335	.86
Nebraska	194,276	139,146	55,363	.72
Nevada	179,104	140,299	39,001	.78
New Hampshire	198,890	144,176	55,209	.72
New Jersey	3,317,052	2,858,358	471,858	.86
New Mexico	164,320	123,499	41,442	.75
New York	9,949,105	8,096,115	1,768,630	.81
North Carolina	1,076,944	676,009	403,481	.63
North Dakota	91,305	80,885	10,586	.89
Ohio	3,171,677	2,472,086	702,831	.78
Oklahoma	364,436	307,650	59,274	.84
Oregon	720,995	595,570	126,209	.83
Pennsylvania	5,292,230	4,340,590	864,458	.82
Puerto Rico	217,078	156,949	88,984	.72
Rhode Island	532,733	446,171	81,675	.84
South Carolina	451,559	287,964	163,616	.64
South Dakota	61,454	45,311	19,494	.74
Tennessee	897,873	690,475	208,013	.77
Texas	1,177,555	826,084	351,889	.70
Utah	229,855	181,331	48,939	.79
Vermont	114,710	89,025	25,929	.78
Virginia	518,948	305,590	214,860	.59
Washington	1,370,444	1,071,305	302,221	.78
West Virginia	528,809	428,597	102,969	.81
Wisconsin	1,146,805	826,975	327,121	.72
Wyoming	82,696	64,656	18,245	.78

[1] Includes employee contributions in States when in effect: excludes all permanent transfers.
[2] Cumulative benefits paid divided by cumulative contributions and interest.
[3] Includes Puerto Rico beginning Jan. 1, 1961.
Source: Department of Labor, Manpower Administration.

STATE AND LOCAL GENERAL EXPENDITURES, REVENUES, AND DEBT BY STATE: FISCAL YEAR 1969

[In millions]

State	Expenditures			Revenue				Gross debt [1]	
	Total State and local	State	Local	Total State and local	State	Local	From Federal Government	Total State and local	State
Total	$116,727	$43,244	$73,483	$114,550	$49,537	$45,861	$19,153	$133,548	$39,553
Alabama	1,570	729	841	1,485	691	431	363	2,188	635
Alaska	343	239	104	294	123	60	111	375	190
Arizona	976	390	585	1,014	495	331	187	911	90
Arkansas	884	381	503	789	368	216	205	956	111
California	15,099	4,885	10,214	15,449	5,938	6,884	2,627	15,638	5,506
Colorado	1,272	498	774	1,294	524	528	242	1,112	126
Connecticut	1,764	795	969	1,632	664	730	238	3,020	1,640
Delaware	381	197	184	231	202	78	40	732	429
Florida	3,080	1,016	2,063	3,157	1,434	1,316	417	3,567	941
Georgia	2,206	905	1,300	2,108	950	734	423	2,358	877
Hawaii	633	488	144	593	345	122	126	693	449
Idaho	356	171	185	372	177	122	73	186	30
Illinois	6,154	2,183	3,970	5,880	2,183	2,714	983	6,281	1,306
Indiana	2,477	934	1,543	2,530	1,123	1,056	351	1,894	571
Iowa	1,654	633	1,021	1,573	698	654	222	875	100
Kansas	1,176	410	767	1,220	484	550	186	1,096	236
Kentucky	1,619	908	711	1,577	779	392	406	2,489	1,248
Louisiana	1,979	964	1,015	1,970	1,045	502	423	2,745	784
Maine	468	236	232	441	196	163	82	410	201
Maryland	2,309	720	1,589	2,161	1,002	877	282	3,160	1,186
Massachusetts	3,480	1,425	2,055	3,362	1,391	1,451	520	4,103	1,865
Michigan	5,388	1,929	3,459	5,405	2,640	2,054	711	4,749	930
Minnesota	2,368	744	1,624	2,309	1,113	841	356	2,320	361
Mississippi	1,029	470	558	983	983	281	220	1,166	447
Missouri	2,268	934	1,334	2,145	821	937	387	1,982	149
Montana	403	203	200	405	147	165	93	240	82
Nebraska	768	275	494	808	291	402	115	1,201	55
Nevada	351	142	209	356	145	141	71	344	29
New Hampshire	348	173	175	319	112	151	57	326	151
New Jersey	3,782	1,114	2,668	3,846	1,418	1,987	440	4,452	1,408
New Mexico	605	310	294	655	340	133	182	417	131
New York	14,954	3,474	11,480	14,440	6,057	6,415	1,968	22,130	6,745
North Carolina	2,030	873	1,157	2,073	1,187	534	352	1,772	582
North Dakota	384	197	187	394	184	138	72	217	35
Ohio	5,092	1,747	3,345	4,944	1,874	2,322	748	5,416	1,403
Oklahoma	1,316	728	588	1,365	638	384	342	1,553	686
Oregon	1,271	526	745	1,269	518	507	244	1,253	596
Pennsylvania	6,032	2,636	3,396	5,643	2,528	2,211	904	8,188	2,904
Rhode Island	543	300	243	495	240	163	92	726	352
South Carolina	1,023	511	513	967	552	234	181	789	327
South Dakota	396	192	203	391	135	167	89	136	29
Tennessee	1,725	740	985	1,628	732	552	344	2,242	370
Texas	4,940	1,961	2,979	4,960	2,129	1,957	875	6,626	939
Utah	612	305	307	592	262	180	150	589	106
Vermont	280	178	101	272	124	74	73	249	170
Virginia	2,126	880	1,247	2,155	1,107	689	359	2,044	344
Washington	2,208	1,005	1,203	2,197	1,151	694	352	4,082	676
West Virginia	845	505	340	834	412	190	232	740	461
Wisconsin	2,754	949	1,805	2,588	1,287	975	326	2,173	514
Wyoming	304	135	169	279	109	87	84	237	53
District of Columbia	664	----	664	614	----	387	227	490	----

[1] Includes general and utility debt.

Source: Department of Commerce, Bureau of the Census.

PER CAPITA STATE AND LOCAL GENERAL EXPENDITURES BY FUNCTION AND STATE

[Fiscal year 1969]

State	Total	Education	Highways	Public welfare	Health and hospitals	Police and fire	Financial administration [1]	Other [2]
Total	$578	$234	$76	$60	$42	$28	$20	$117
Alabama	445	179	69	44	36	15	12	90
Alaska	1,216	390	248	39	43	32	60	404
Arizona	576	286	83	25	27	28	24	105
Arkansas	443	157	74	44	29	12	12	116
California	777	276	75	117	50	43	31	185
Colorado	606	283	74	61	44	23	26	94
Connecticut	588	221	70	58	39	32	26	143
Delaware	706	298	122	44	39	20	26	154
Florida	485	215	53	27	45	24	22	100
Georgia	475	200	51	45	55	17	16	90
Hawaii	797	264	98	45	45	34	37	272
Idaho	496	195	97	36	33	18	21	95
Illinois	557	223	74	46	37	31	18	128
Indiana	484	247	68	20	38	20	15	77
Iowa	595	273	104	48	35	18	20	98
Kansas	507	232	85	37	36	18	17	82
Kentucky	501	200	105	52	29	17	12	85
Louisiana	528	198	84	67	40	22	15	102
Maine	479	190	90	47	24	20	19	88
Maryland	613	256	63	51	49	37	21	136
Massachusetts	637	190	62	141	49	41	23	132
Michigan	615	292	60	57	48	28	21	109
Minnesota	640	288	103	56	46	19	20	108
Mississippi	436	173	73	36	31	13	10	98
Missouri	488	208	68	51	40	25	15	80
Montana	581	238	138	40	26	17	24	98
Nebraska	530	244	88	31	39	21	19	88
Nevada	768	256	125	48	68	53	46	175
New Hampshire	485	201	100	35	29	22	17	81
New Jersey	529	211	80	31	33	36	22	116
New Mexico	609	295	95	57	32	22	24	82
New York	816	277	72	120	84	50	28	186
North Carolina	390	182	59	25	29	16	14	65
North Dakota	624	262	114	46	21	13	21	148
Ohio	474	200	76	39	29	23	16	91
Oklahoma	512	204	79	88	30	18	17	77
Oregon	625	295	85	39	31	25	28	123
Pennsylvania	511	212	84	48	28	22	18	99
Rhode Island	596	211	87	81	36	32	23	127
South Carolina	380	179	44	20	36	14	12	75
South Dakota	601	279	141	39	20	14	21	85
Tennessee	433	175	71	32	39	18	13	86
Texas	442	203	71	35	29	21	14	69
Utah	586	312	93	39	28	17	17	79
Vermont	638	251	157	68	25	18	23	96
Virginia	455	203	79	22	31	19	16	85
Washington	649	295	91	55	36	26	23	122
West Virginia	465	195	104	41	27	11	14	72
Wisconsin	651	291	98	60	39	28	21	113
Wyoming	950	338	225	31	69	22	25	241
District of Columbia	832	223	83	71	118	86	33	218

[1] Includes general control.

[2] Sewerage, other sanitation, local parks and recreation, interest on general debt, and all other general expenditures.

Source: Computed from data in table 105, based on population at the beginning of the fiscal year.

STATE AND LOCAL TOTAL AND PER CAPITA TAX COLLECTIONS BY STATE: SELECTED FISCAL YEARS 1942–1969

State	Amount (millions)			Per capita [1]		
	1942	1957	1969	1942	1957	1969
Total	$8,528	$28,817	$76,712	$63.24	$169.14	$379.94
Alabama	81	320	793	27.61	102.92	224.47
Alaska			110			390.49
Arizona	34	183	654	65.54	162.74	386.57
Arkansas	56	179	440	28.15	103.05	220.82
California	668	3,311	10,499	86.40	232.13	539.99
Colorado	83	314	810	74.32	188.93	385.80
Connecticut	144	462	1,177	80.11	195.83	392.15
Delaware	16	59	201	55.77	137.98	372.17
Florida	116	667	2,096	53.80	152.51	329.86
Georgia	100	470	1,252	31.18	124.79	269.66
Hawaii			381			480.23
Idaho	30	100	236	61.79	156.25	327.96
Illinois	589	1,732	4,118	73.12	179.10	372.80
Indiana	202	638	1,710	57.55	140.98	334.19
Iowa	154	490	1,081	63.23	180.28	388.60
Kansas	106	369	804	60.14	173.23	346.40
Kentucky	95	325	897	34.04	110.99	277.32
Louisiana	122	498	1,116	48.06	159.95	297.87
Maine	51	141	301	60.31	149.20	308.11
Maryland	107	461	1,546	53.54	160.53	410.58
Massachusetts	358	1,018	2,474	81.96	206.50	452.59
Michigan	371	1,396	3,754	66.80	184.48	428.26
Minnesota	196	600	1,503	73.44	183.29	406.15
Mississippi	73	234	571	32.91	112.23	241.95
Missouri	186	554	1,400	48.63	132.14	301.02
Montana	$39	$126	$244	$74.68	$188.89	$351.33
Nebraska	65	201	525	52.25	144.38	362.13
Nevada	11	60	213	82.19	231.78	466.39
New Hampshire	34	87	215	70.68	152.25	299.37
New Jersey	346	991	2,903	80.51	172.67	406.06
New Mexico	25	128	322	49.84	151.25	323.55
New York	1,386	3,723	10,544	106.63	227.40	575.51
North Carolina	146	503	1,347	40.93	115.20	258.81
North Dakota	44	108	208	75.98	176.14	338.06
Ohio	435	1,404	3,284	62.48	149.21	305.77
Oklahoma	115	346	737	51.97	151.85	287.04
Oregon	78	350	786	70.49	204.20	387.00
Pennsylvania	644	1,777	4,007	66.36	162.21	339.52
Rhode Island	49	130	345	66.04	152.92	378.66
South Carolina	72	246	605	35.88	108.05	224.84
South Dakota	40	113	232	67.47	169.37	352.80
Tennessee	106	404	1,006	36.04	117.73	252.31
Texas	271	1,259	3,084	40.42	138.78	275.66
Utah	37	137	342	64.89	165.59	327.21
Vermont	22	65	169	64.88	172.53	382.17
Virginia	112	492	1,465	36.81	127.89	313.70
Washington	136	514	1,395	71.39	188.67	410.12
West Virginia	87	220	478	47.62	191.48	262.82
Wisconsin	228	709	1,858	74.80	187.00	439.04
Wyoming	16	61	132	65.59	193.14	413.73
District of Columbia	46	143	341	54.14	187.76	427.67

[1] Based on population, excluding Armed Forces overseas, at the end of fiscal year.

Source: Department of Commerce, Bureau of the Census.

EXPENDITURES FOR PUBLIC ASSISTANCE BY SOURCE OF FUNDS AND STATE [1], CALENDAR YEAR 1969

State	Amount (millions)					Percentage distribution				
			State and local					State and local		
	Total	Federal	Total	State	Local	Total	Federal	Total	State	Local
Total	$12,931.4	$6,801.1	$6,130.3	$4,623.0	$1,507.3	100.0	52.6	47.4	35.7	11.7
Alabama	152.9	115.5	37.4	37.2	.2	100.0	75.5	24.5	24.3	.2
Alaska	11.8	5.1	6.7	6.7		100.0	43.1	56.9	56.9	
Arizona	39.4	28.4	11.0	10.8	.2	100.0	72.1	27.9	27.4	.5
Arkansas	90.2	68.5	21.7	21.7		100.0	76.0	24.0	24.0	
California	2,538.4	1,285.4	1,253.0	860.8	392.2	100.0	50.6	49.4	33.9	15.5
Colorado	125.4	73.3	52.1	40.4	11.7	100.0	58.4	41.6	32.2	9.4
Connecticut	172.5	78.8	93.7	91.0	2.7	100.0	45.7	54.3	52.8	1.5
Delaware	18.3	10.0	8.3	7.2	1.1	100.0	54.6	45.4	38.3	7.1
Florida	158.4	116.3	42.1	39.1	3.0	100.0	73.4	26.6	25.7	.9
Georgia	220.1	166.6	53.5	46.0	7.5	100.0	75.7	24.3	20.9	3.4
Hawaii	38.0	16.8	21.2	21.2		100.0	44.2	55.8	55.8	
Idaho	22.8	15.5	7.3	7.3		100.0	68.0	32.0	32.0	
Illinois	622.9	279.0	343.9	324.8	19.1	100.0	44.8	55.2	52.1	3.1
Indiana	90.5	43.4	47.1	28.4	18.7	100.0	47.9	52.1	31.4	20.7
Iowa	115.3	65.3	50.0	38.1	11.9	100.0	56.6	43.4	33.0	10.4
Kansas	109.2	58.3	50.9	27.1	23.8	100.0	53.4	46.6	24.8	21.8
Kentucky	171.2	129.1	42.1	42.1		100.0	75.4	24.6	24.6	
Louisiana	242.2	176.3	65.9	65.9		100.0	72.8	27.2	27.2	
Maine	45.8	30.7	15.1	12.4	2.7	100.0	67.1	32.9	27.1	5.8
Maryland	194.1	96.6	97.5	87.3	10.2	100.0	49.8	50.2	45.0	5.2
Massachusetts	546.4	251.6	294.8	294.5	.3	100.0	46.0	54.0	53.9	.1
Michigan	515.1	238.0	277.1	246.1	31.0	100.0	46.2	53.8	47.8	6.0
Minnesota	210.3	112.3	98.0	40.3	57.7	100.0	53.4	46.6	19.2	27.4
Mississippi	77.5	60.8	16.7	16.1	.6	100.0	78.5	21.5	20.8	.7
Missouri	237.6	152.9	84.7	84.4	.3	100.0	64.3	35.7	35.5	.2
Montana	26.9	15.0	11.9	4.9	7.0	100.0	55.7	44.3	18.2	26.1
Nebraska	53.9	33.2	20.7	15.2	5.5	100.0	61.7	38.3	28.2	10.1
Nevada	16.1	9.5	6.6	4.8	1.8	100.0	58.8	41.2	29.8	11.4
New Hampshire	19.2	11.0	8.2	5.2	3.0	100.0	57.1	42.9	27.1	15.8
New Jersey	309.8	118.8	191.0	132.5	58.5	100.0	38.4	61.6	42.8	18.8
New Mexico	53.3	38.7	14.6	14.6		100.0	72.6	27.4	27.4	
New York	2,648.3	1,130.9	1,517.4	827.2	690.2	100.0	42.7	57.3	31.2	26.1
North Carolina	143.3	99.8	43.5	22.0	21.5	100.0	69.6	30.4	15.4	15.0
North Dakota	27.1	18.7	8.4	6.4	2.0	100.0	69.0	31.0	23.6	7.4
Ohio	379.2	195.4	183.8	165.0	18.8	100.0	51.5	48.5	43.5	5.0
Oklahoma	222.9	156.7	66.2	66.2		100.0	70.3	29.7	29.7	
Oregon	80.0	43.0	37.0	32.6	4.4	100.0	53.7	46.3	40.8	5.5
Pennsylvania	633.7	294.5	339.2	325.2	14.0	100.0	46.5	53.5	51.3	2.2
Rhode Island	71.8	34.5	37.3	37.3		100.0	48.0	52.0	52.0	
South Carolina	60.8	46.0	14.8	14.3	.5	100.0	75.7	24.3	23.5	.8
South Dakota	26.6	17.8	8.8	7.6	1.2	100.0	66.9	33.1	28.6	4.5
Tennessee	121.8	91.0	30.8	25.0	5.8	100.0	74.7	25.3	20.5	4.8
Texas	437.5	316.6	120.9	117.3	3.6	100.0	72.4	27.6	26.8	.8
Utah	42.5	27.7	14.8	14.8		100.0	65.2	34.8	34.8	
Vermont	30.0	19.3	10.7	10.7		100.0	64.3	35.7	35.7	
Virginia	84.5	49.6	34.9	20.8	14.1	100.0	58.7	41.3	24.6	16.7
Washington	198.2	97.0	101.2	101.2		100.0	48.9	51.1	51.1	
West Virginia	73.2	51.9	21.3	19.7	1.6	100.0	71.0	29.0	26.9	2.1
Wisconsin	254.0	138.1	115.9	58.5	57.4	100.0	54.4	45.6	23.0	22.6
Wyoming	8.5	4.8	3.7	2.1	1.6	100.0	56.3	43.7	24.7	19.0
District of Columbia	55.6	29.0	26.6	26.6		100.0	52.1	47.9	47.9	
Guam	1.3	.6	.7	.7		100.0	47.9	52.1	52.1	
Puerto Rico	82.8	36.6	46.2	46.2		100.0	44.2	55.8	55.8	
Virgin Islands	2.4	.9	1.5	1.5		100.0	37.3	62.7	62.7	

[1] Includes cash payments under programs for the aged, blind, permanently and totally disabled, dependent children and their families, and general assistance where available; as well as vendor payments for medical care under all public assistance programs, and expenditures for administration, services, and training.

Source: Department of Health, Education, and Welfare; Social and Rehabilitation Service.

TOTAL STATE REVENUE BY SOURCE AND STATE

[Fiscal year 1969; in millions]

State	Total	From own sources						Intergovernmental	
		Total own sources	General revenue			Liquor stores [2]	Insurance trust	From Federal	From local
			Total	Taxes	Charges and miscellaneous				
Total	$77,584.3	$59,809.1	$49,536.7	$41,930.7	$7,606.0	$1,663.5	$8,608.9	$16,907.4	$867.8
Alabama	1,169.1	829.7	691.1	575.2	115.9	69.2	69.5	330.5	8.8
Alaska	250.9	145.3	123.0	71.8	51.1	----	22.4	105.6	[3]
Arizona	767.8	607.1	495.0	410.7	84.3	----	112.1	157.1	3.6
Arkansas	600.9	406.6	368.3	317.6	50.7	----	38.2	194.0	[3]
California	10,263.2	7,699.1	5,938.4	5,243.5	694.8	----	1,760.8	2,347.8	216.3
Colorado	827.8	602.4	524.1	408.1	116.0	----	78.3	222.8	2.7
Connecticut	993.6	796.7	664.5	541.6	122.9	----	132.2	194.4	2.5
Delaware	247.9	208.8	202.5	157.0	45.5	----	6.2	36.9	2.2
Florida	1,962.1	1,601.3	1,423.8	1,269.4	154.3	----	177.5	345.6	15.2
Georgia	1,459.8	1,069.5	950.3	828.1	122.2	----	119.1	380.1	10.2
Hawaii	528.1	399.5	344.6	289.0	55.6	----	54.9	123.7	5.0
Idaho	294.5	222.8	176.9	150.5	26.3	19.3	26.6	69.7	2.0
Illinois	3,268.2	2,446.7	2,183.2	1,927.4	255.8	----	263.5	808.4	13.1
Indiana	1,560.0	1,234.2	1,122.9	881.7	241.1	----	111.3	319.0	6.8
Iowa	1,072.6	833.1	698.1	588.6	109.5	66.2	68.8	206.5	33.0
Kansas	706.9	528.0	483.7	385.1	98.6	----	44.3	170.2	8.7
Kentucky	1,230.4	858.0	778.6	654.9	123.7	----	79.4	369.8	2.6
Louisiana	1,571.3	1,158.4	1,044.9	776.7	268.2	----	113.4	397.4	15.5
Maine	340.6	264.0	196.0	158.2	37.8	36.6	31.5	72.5	4.0
Maryland	1,355.5	1,105.5	1,001.7	862.8	138.9	----	103.8	233.9	16.0
Massachusetts	2,108.5	1,594.2	1,390.6	1,233.5	157.1	----	203.5	445.3	69.1
Michigan	3,875.2	3,191.2	2,640.1	2,248.8	391.3	263.7	287.4	644.7	39.3
Minnesota	1,606.8	1,253.5	1,112.6	914.6	198.0	----	140.9	336.1	17.1
Mississippi	783.0	568.8	482.6	400.4	82.3	42.4	43.7	210.5	3.7
Missouri	1,295.7	941.1	820.7	711.1	109.6	----	120.4	349.0	5.6
Montana	292.8	201.5	147.3	111.8	35.5	22.6	31.6	88.1	3.1
Nebraska	424.5	306.9	291.4	217.3	74.0	----	15.6	100.2	17.3
Nevada	255.2	189.7	144.6	125.6	19.0	----	45.1	63.0	2.5
New Hampshire	251.9	192.4	112.0	83.2	28.8	56.0	24.4	51.0	8.5
New Jersey	2,282.7	1,857.2	1,418.5	1,181.3	237.2	----	438.7	379.7	45.8
New Mexico	543.0	376.8	340.1	237.4	102.7	----	36.7	163.4	2.8
New York	9,174.3	7,297.0	6,057.4	5,329.9	727.4	----	1,239.7	1,787.5	89.8
North Carolina	1,680.4	1,350.5	1,187.2	1,009.6	177.7	----	163.3	320.8	9.1
North Dakota	269.3	197.9	183.5	105.4	78.1	----	14.3	67.4	4.0
Ohio	3,531.7	2,858.2	1,874.2	1,540.5	333.7	301.6	682.4	650.7	22.8
Oklahoma	1,004.3	676.3	638.4	472.6	165.9	----	37.9	321.0	6.9
Oregon	938.9	719.7	518.2	405.8	112.4	76.2	125.2	207.8	11.5
Pennsylvania	4,171.8	3,349.2	2,527.8	2,265.8	262.0	340.0	481.3	769.6	53.0
Rhode Island	380.0	295.9	239.7	200.1	39.6	----	56.2	82.7	1.4
South Carolina	801.0	626.0	551.6	465.1	86.5	----	74.4	166.5	8.6
South Dakota	225.7	141.4	134.6	91.9	42.8	----	6.7	83.0	1.3
Tennessee	1,128.0	815.6	731.7	645.8	85.9	----	84.0	300.2	12.1
Texas	3,137.9	2,327.7	2,128.6	1,710.7	417.9	----	199.1	800.2	10.0
Utah	463.1	323.9	262.2	203.3	58.9	22.4	39.3	137.2	2.0
Vermont	230.3	157.8	124.0	100.9	23.1	20.0	13.9	71.8	.7
Virginia	1,649.8	1,336.1	1,106.9	924.2	182.7	146.4	82.8	296.8	16.9
Washington	1,830.7	1,510.3	1,150.9	980.7	170.2	125.8	233.7	313.4	6.9
West Virginia	759.0	534.2	411.9	346.6	65.3	45.0	77.3	224.0	.8
Wisconsin	1,803.6	1,469.5	1,286.9	1,090.8	196.1	----	182.6	308.1	26.0
Wyoming	214.0	131.9	108.8	77.9	30.9	10.3	12.8	81.4	.7

[1] Excludes unemployment compensation taxes included in insurance trust revenue and shown separately in table 163.

[2] Represents sales revenues, not net profits.

[3] Less than $500,000.

Source: Department of Commerce, Bureau of the Census.

STATE TAX COLLECTIONS BY SOURCE AND STATE

EXCLUDING UNEMPLOYMENT TAX COLLECTIONS—FISCAL YEAR 1970[1]

[Dollar amounts in thousands]

State	Total	General sales, use, or gross receipts	Selective sales and gross receipts [2]	Licenses	Individual income	Corporation income	Property	Death and gift	Severance	Other taxes
States using tax	50	45	50	50	[4] 42	43	43	49	28	----
Total	$47,904,706	$14,127,082	$13,070,816	$4,615,055	$9,182,862	$3,737,944	$1,090,448	$996,396	$685,892	$398,211
Alabama	657,361	212,383	249,486	51,190	85,081	30,797	22,853	1,380	2,252	1,949
Alaska	85,899	----	20,408	14,735	32,455	5,301	----	123	10,780	2,097
Arizona	474,270	173,739	113,218	29,362	64,974	20,910	67,822	4,245	----	----
Arkansas	351,447	108,719	124,175	40,338	42,548	26,228	870	743	4,334	3,492
California	5,497,548	1,756,935	1,251,921	358,464	1,150,604	587,577	233,480	156,935	1,632	----
Colorado	470,060	137,768	111,621	43,906	129,097	33,513	1,115	11,934	1,058	48
Connecticut	741,789	258,659	258,081	58,005	4,916	119,538	----	42,590	----	----
Delaware	195,648	----	42,798	62,965	68,486	13,446	303	5,353	----	2,297
Florida	1,421,109	658,197	490,578	176,524	----	----	33,623	16,017	248	45,922
Georgia	941,334	335,807	274,907	51,276	184,943	84,735	3,123	5,642	----	901
Hawaii	340,450	162,689	51,209	4,219	105,019	14,578	----	2,324	----	412
Idaho	155,880	41,679	39,042	25,573	36,662	11,125	750	785	264	----
Illinois	2,868,694	1,008,182	797,895	277,865	575,601	143,956	2,502	63,720	----	1,973
Indiana	1,002,418	380,739	276,906	81,677	216,384	8,597	22,780	15,013	322	----
Iowa	628,327	223,464	156,093	90,040	112,746	24,273	4,063	16,767	----	881
Kansas	430,975	145,371	123,502	46,229	78,423	19,258	10,353	7,234	605	----
Kentucky	703,044	267,688	189,452	44,834	121,423	39,459	26,577	12,445	191	975
Louisiana	838,792	166,485	234,136	70,726	47,993	34,770	26,935	6,728	251,019	----
Maine	207,617	83,240	65,588	22,934	18,885	8,257	3,767	4,944	----	2
Maryland	1,082,058	236,843	253,092	69,227	413,366	60,109	34,119	11,921	----	3,381
Massachusetts	1,393,653	168,443	356,761	84,749	517,952	218,279	349	43,422	----	3,698
Michigan	2,345,090	828,491	487,651	307,804	415,345	194,602	83,032	26,470	965	[4] 730
Minnesota	1,020,953	195,620	267,394	84,603	345,733	79,832	5,810	20,032	18,976	2,953
Mississippi	485,755	227,930	141,770	31,777	44,162	19,949	3,917	1,980	14,262	8
Missouri	820,860	344,799	198,737	111,572	129,654	21,287	2,815	11,996	----	----
Montana	128,823	----	48,211	14,990	38,871	9,696	8,090	4,235	4,730	----
Nebraska	261,307	74,883	96,125	33,185	44,444	8,550	2,006	816	766	532
Nevada	149,128	54,710	73,834	15,380	----	----	4,336	----	50	818

STATE TAX COLLECTIONS BY SOURCE AND STATE—Continued

EXCLUDING UNEMPLOYMENT TAX COLLECTIONS—FISCAL YEAR 1970 [1]—Continued

[Dollar amounts in thousands]

State	Total	General sales, use, or gross receipts	Selective sales and gross receipts [2]	Licenses	Individual income	Corporation income	Property	Death and gift	Severance	Other taxes
New Hampshire	$94,765	----------	$62,778	$19,243	$3,462	----------	$3,485	$3,769	$71	$1,957
New Jersey	1,332,251	$355,613	454,931	219,557	17,643	[3] $169,178	49,755	65,574	----------	----------
New Mexico	266,458	85,709	64,501	22,207	35,730	8,072	13,172	1,669	35,398	----------
New York	6,116,519	1,012,036	1,174,815	322,959	2,506,435	693,151	12,350	127,935	----------	266,838
North Carolina	1,190,220	264,461	383,227	116,530	270,945	112,408	23,680	18,936	----------	33
North Dakota	121,646	42,926	34,069	20,828	15,379	2,998	1,406	842	3,198	----------
Ohio	1,702,624	658,759	660,626	306,822	----------	----------	58,563	17,854	----------	----------
Oklahoma	502,121	93,821	183,436	80,861	50,516	27,490	----------	14,459	50,539	999
Oregon	430,686	----------	90,089	68,758	213,053	39,880	2,881	14,088	1,937	----------
Pennsylvania	2,777,578	948,357	815,277	322,697	----------	529,770	32,009	98,850	----------	30,618
Rhode Island	228,674	78,324	79,070	20,637	18,644	23,090	----------	8,618	----------	291
South Carolina	543,678	192,552	174,156	31,408	95,398	42,318	1,655	3,517	----------	2,674
South Dakota	112,725	47,736	47,274	14,967	----------	780	----------	1,952	16	----------
Tennessee	686,936	241,151	232,655	116,417	12,113	59,633	----------	18,118	----------	6,849
Texas	1,924,788	520,561	760,448	301,379	----------	----------	64,063	23,123	273,213	1
Utah	251,596	90,976	51,662	15,624	61,335	11,790	12,835	3,102	4,272	----------
Vermont	135,176	17,065	48,844	15,334	43,668	5,819	225	2,307	----------	1,914
Virginia	955,726	210,045	282,280	79,067	282,769	67,369	12,599	12,245	314	9,038
Washington	1,028,028	546,236	267,868	74,151	----------	----------	113,061	25,434	----------	1,278
West Virginia	384,993	181,710	118,451	34,220	40,061	3,872	250	5,009	----------	1,420
Wisconsin	1,332,754	272,614	267,694	91,458	489,944	104,704	72,317	32,569	222	1,232
Wyoming	84,475	30,967	22,074	15,782	----------	----------	10,752	632	4,268	----------

Preliminary; unemployment tax collections are shown in table 163.

[2] Includes collections of motor fuels, alcoholic beverages, tobacco products, insurance, public utilities, pari-mutuels, amusement, and other selective sales and gross receipts.

[3] Includes 4 states (Connecticut, New Hampshire, Rhode Island, and Tennessee) where tax applies to limited income base (see table 141); and New Jersey, where tax is limited to earnings of New York residents employed in New Jersey.

[4] Business activities tax (repealed Jan. 1, 1968).

[5] Includes unsegregable amount of business franchise tax.

Source: Department of Commerce, Bureau of the Census.

PER CAPITA GENERAL REVENUE OF LOCAL GOVERNMENTS IN SELECTED STANDARD METROPOLITAN AREAS BY SOURCE, FISCAL YEAR 1968-1969

Area [1]	Intergovernmental revenue			Revenue from local sources				
					Taxes			Charges and miscellaneous
	Total [2]	Total	From State	From Federal	Total	Total	Property	Nonproperty	
Total, 38 areas	$448.15	$154.09	$138.22	$15.87	$294.07	$229.39	$187.61	$41.78	$64.68
Anaheim-Santa Ana-Garden Grove, Calif	470.08	148.63	144.31	4.31	321.46	259.16	230.39	28.76	62.03
Atlanta, Ga	335.92	102.78	92.12	10.67	233.14	147.32	131.57	15.75	85.82
Baltimore, Md	413.65	179.32	169.64	9.67	234.33	187.47	141.57	45.90	46.86
Boston, Mass	416.64	124.21	106.66	17.54	292.44	248.85	246.53	2.33	43.59
Buffalo, N.Y	482.40	209.45	205.55	3.90	272.95	225.20	188.00	37.20	47.75
Chicago, Ill	355.46	97.69	75.84	21.85	257.77	211.46	178.54	32.91	46.31
Cincinnati, Ohio-Ky.-Ind	344.73	94.53	72.70	21.83	250.20	162.00	137.22	24.77	88.20
Cleveland, Ohio	337.13	60.71	55.36	5.35	276.42	214.28	195.04	19.24	62.15
Columbus, Ohio	289.33	77.70	67.87	9.83	211.63	157.42	127.72	29.69	54.22
Dallas, Tex	259.41	57.85	53.86	3.99	201.56	146.72	135.40	11.32	54.83
Dayton, Ohio	307.09	83.84	69.80	14.04	223.26	169.49	144.43	25.06	53.77
Denver, Colo	368.53	99.80	90.88	8.91	268.74	208.90	177.00	31.90	59.85
Detroit, Mich	429.86	146.61	134.74	11.88	283.25	210.60	186.62	23.99	72.65
Houston, Tex	279.21	61.82	58.43	3.39	217.39	164.11	150.75	13.36	53.29
Indianapolis, Ind	308.69	86.93	83.96	2.97	221.77	177.41	176.64	.77	44.36
Kansas City, Mo.-Kans	320.48	81.24	70.26	10.99	239.24	175.14	143.84	31.29	64.10
Los Angeles-Long Beach, Calif	558.38	187.56	182.14	5.42	370.81	292.83	251.00	41.83	77.98
Louisville, Ky.-Ind	315.64	90.25	63.89	26.36	225.39	141.87	95.26	46.61	83.52
Miami, Florida	393.65	110.04	84.76	25.28	283.60	174.14	148.54	25.60	109.46
Milwaukee, Wis	479.20	197.71	189.09	8.61	281.49	216.42	212.82	3.60	65.07
Minneapolis-St. Paul, Minn	447.11	197.87	189.94	7.94	249.24	169.79	163.23	6.64	79.28
Newark, N.J	411.51	97.93	85.10	12.82	313.59	279.96	258.50	21.46	33.63
New Orleans, La	285.85	106.08	94.66	11.41	179.77	112.68	52.82	59.86	67.10
New York, N.Y	740.71	318.45	307.73	10.72	422.26	341.46	239.37	102.09	80.80
Paterson-Clifton-Passaic, N.J	315.72	56.83	52.95	3.89	258.89	231.23	213.95	17.34	27.60
Philadelphia, Pa-N.J	318.59	88.88	72.65	16.23	229.71	181.33	130.04	51.29	48.38
Pittsburgh, Pa	290.90	90.83	78.04	12.80	200.07	157.08	120.00	37.08	42.99
Portland, Ore.-Wash	363.25	106.67	95.80	10.87	256.58	191.83	182.11	9.73	64.75
Providence-Pawtucket-Warwick, R.I	249.30	67.20	58.64	8.59	182.06	163.45	161.26	2.20	18.60
Rochester, N.Y	486.97	226.34	211.49	14.85	260.63	218.73	163.45	55.28	41.90
St. Louis, Mo.-Ill	310.47	69.58	60.35	9.23	231.90	182.25	146.10	36.16	49.65
San Antonio, Tex	213.59	83.28	66.12	17.16	130.31	84.99	81.18	3.18	45.33
San Bernardino-Riverside-Ontario, Calif	536.14	218.89	198.70	20.19	317.25	245.88	221.08	24.81	71.36
San Diego, Calif	478.05	188.19	170.78	17.41	289.86	204.68	178.50	26.18	85.18
San Francisco-Oakland, Calif	663.26	228.15	188.15	40.01	435.11	325.34	290.89	34.45	109.76
Seattle-Everett, Wash	402.88	139.29	126.36	12.93	263.60	161.30	135.33	25.97	102.29
Tampa-St. Petersburg, Fla	339.92	116.76	104.56	12.19	223.16	129.57	102.97	26.60	93.58
Washington, D.C.-Md.-Va	485.86	161.36	62.15	99.21	324.51	269.00	152.76	116.24	55.51

[1] These are the 38 most populous standard metropolitan statistical areas according to the 1960 census of population, and contain approximately 10,000 local governments.

[2] Excludes interlocal revenue.

Source: Department of Commerce, Bureau of the Census.

STATE CORPORATION NET INCOME TAX COLLECTIONS BY STATE, SELECTED FISCAL YEARS 1939-70 [1]

[In thousands]

State	1939	1946	1950	1960	1969	1970	State	1939	1946	1950	1960	1969	1970
Total	$134,895	$441,750	$585,750	$1,179,924	$3,179,765	$3,737,944	Georgia	$2,700	$8,309	$14,589	$23,634	$73,223	$84,735
Alabama	934	3,543	[2] 885	9,447	29,023	30,797	Hawaii	----------	----------	----------	5,649	13,748	14,578
Alaska	----------	----------	----------	1,692	4,307	5,301	Idaho	877	1,456	3,297	5,778	10,032	11,125
Arizona	544	2,181	2,897	6,833	18,080	20,910	Illinois	----------	----------	----------	----------	----------	140,956
Arkansas	306	1,829	7,809	8,862	22,387	26,228	Indiana	----------	----------	----------	----------	8,839	8,597
California	20,230	55,783	74,546	240,064	592,493	587,577	Iowa	761	1,271	2,652	3,807	24,105	24,273
Colorado	706	3,301	6,003	10,723	32,000	33,513	Kansas	867	1,695	3,456	8,434	20,126	19,258
Connecticut	2,834	8,766	12,200	30,773	86,228	119,538	Kentucky	1,518	3,861	8,305	20,240	39,375	39,459
Delaware	----------	----------	----------	7,478	15,079	13,446	Louisiana	2,891	5,112	(3)	18,331	34,580	34,770
							Maine	----------	----------	----------	----------	----------	8,257

Footnotes at end of table.

State	1939	1946	1950	1960	1969	1970
Maryland	$305	$3,105	$10,463	$20,381	$54,749	$60,109
Massachusetts [4]	1,277	18,416	19,450	28,539	[5] 185,068	218,279
Michigan					216,847	194,602
Minnesota	6,492	11,661	15,568	39,840	82,642	79,832
Mississippi	852	5,350	7,637	13,460	33,276	19,947
Missouri	[6] 6,173	[3]	[3]	10,000	18,505	21,289
Montana	395	766	1,678	4,671	8,070	9,696
Nebraska					6,866	8,550
New Jersey				27,690	156,631	[7] 169,178
New Mexico	279	662	1,255	[3]	5,128	8,072
New York	42,147	176,937	180,664	256,309	610,307	693,151
North Carolina	6,950	21,845	30,015	51,516	112,457	112,408
North Dakota	149	543	1,306	1,414	2,188	2,998
Oklahoma	$4,585	$7,041	$7,893	$12,166	$22,135	$27,490
Oregon	1,484	8,381	17,017	22,442	37,543	39,880
Pennsylvania	15,141	43,129	64,214	142,086	283,965	529,770
Rhode Island		250	4,382	8,419	28,134	23,090
South Carolina	1,571	9,152	14,487	18,797	40,467	42,318
South Dakota	[6] 574	67	143	395	606	780
Tennessee	1,784	3,510	10,443	21,392	61,633	59,633
Utah	1,024	1,277	2,584	5,671	10,706	11,790
Vermont	158	592	1,172	2,219	5,553	5,819
Virginia	2,077	7,041	18,458	31,715	67,482	67,369
West Virginia					4,138	3,872
Wisconsin	6,310	24,918	40,315	59,057	101,044	104,704

[1] Data for 1970 are preliminary; 1939 not strictly comparable to other years.
[2] Financial institutions only; other corporation income taxes are included with individual income taxes in table 142.
[3] Unallocable, included with individual income taxes in table 142.
[4] Excludes corporation taxes measured in part by net income included with license taxes in table 157. Financial institutions are included only in 1939.
[5] Includes portion of corporation excise taxes and surtaxes measured by corporate excess; for prior years, included in amount for licenses.
[6] Includes individual income taxes.
[7] Includes unsegregable amount of business franchise tax.

Source: Department of Commerce, Bureau of the Census.

LOCAL EXPENDITURES BY CHARACTER AND STATE—FISCAL YEAR 1967

[Thousands]

State	Total	Direct					Local payments to state governments
		Total	Current operation	Capital outlay	Assistance and subsidies	Interest [2]	Insurance trust	
Total	$67,862,796	$66,263,694	$70,664,691	$12,328,999	$3,714,951	$2,586,804	$1,009,277	$1,589,004
Alabama	895,460	808,719	584,036	176,586	6	45,794	2,297	86,741
Alaska	103,684	103,609	64,618	33,702		5,263	25	75
Arizona	579,327	564,810	429,200	111,587		22,246	1,776	14,517
Arkansas	378,648	376,500	263,746	95,647	3	16,179	926	2,147
California	9,664,685	9,509,463	6,329,603	1,871,241	894,135	269,932	144,553	155,222
Colorado	786,370	756,118	508,644	146,115	67,137	27,681	6,541	30,252
Connecticut	852,388	839,228	603,264	188,673	2,895	33,055	11,340	13,161
Delaware	166,402	163,217	99,692	53,139		9,348	1,037	3,185
Florida	1,882,595	1,861,784	1,373,678	396,468	554	79,760	11,324	20,810
Georgia	1,163,250	1,115,733	841,863	223,001	622	41,587	8,660	47,517
Hawaii	149,755	145,598	90,398	46,969		8,231		4,157
Idaho	185,170	175,755	143,724	28,769	63	3,099	100	9,416
Illinois	3,345,892	3,312,122	2,509,080	550,872	13,509	145,393	93,269	33,770
Indiana	1,494,926	1,440,335	1,076,613	262,830	53,483	37,011	10,396	54,591
Iowa	901,003	876,786	675,254	179,022	312	19,020	3,178	24,216
Kansas	797,716	743,843	539,477	133,100	45,225	23,388	2,653	53,874
Kentucky	633,447	626,117	459,850	132,619	702	30,665	2,280	7,330
Louisiana	957,654	946,433	654,790	232,766	38	51,316	7,523	11,221
Maine	211,245	193,981	158,778	28,887	673	5,563	80	17,264
Maryland	1,263,275	1,255,155	834,311	291,599	60,360	50,257	18,628	8,120
Massachusetts	2,089,430	2,012,060	1,481,310	271,559	149,975	55,454	53,761	77,370
Michigan	3,132,978	3,047,167	2,253,508	620,714	6,293	105,366	61,285	85,811
Minnesota	1,510,079	1,465,523	997,945	327,674	68,607	52,045	19,251	44,556
Mississippi	516,965	509,348	367,075	118,197	8	23,096	971	7,617
Missouri	1,236,159	1,227,216	912,668	257,479	123	47,201	9,744	8,943
Montana	222,402	187,894	149,805	32,235	236	4,932	685	34,509
Nebraska	637,030	612,485	420,111	144,429	22,558	22,356	3,032	24,546
Nevada	197,588	196,182	144,189	41,778	17	10,198		1,407
New Hampshire	166,615	158,727	117,866	35,118	684	5,019	39	7,887
New Jersey	2,289,964	2,213,352	1,710,705	314,900	95,477	83,904	8,366	76,612
New Mexico	290,918	289,342	227,281	53,260		8,750	52	1,575
New York	9,845,257	9,728,069	6,981,611	1,340,065	593,741	429,176	383,477	117,188
North Carolina	1,225,362	1,215,570	881,974	219,888	81,201	31,509	999	9,792
North Dakota	196,475	178,875	128,900	42,904	153	6,730	188	17,600
Ohio	2,965,296	2,949,267	2,199,361	570,267	71,526	104,084	4,029	16,029
Oklahoma	601,059	585,424	446,967	110,322	32	24,751	3,351	15,635
Oregon	701,415	677,987	517,367	139,761	432	15,913	4,514	23,428
Pennsylvania	3,167,882	2,942,773	2,211,926	541,330	20	148,075	41,421	225,109
Rhode Island	212,496	210,870	161,269	34,904	2,051	9,538	3,108	1,626
South Carolina	444,497	442,051	363,349	67,938	56	10,526	181	2,446
South Dakota	207,155	187,343	149,341	34,766	373	2,609	254	19,812
Tennessee	1,268,604	1,205,667	830,770	300,072	375	62,558	11,891	62,937
Texas	2,926,192	2,917,623	2,014,230	727,796	578	164,621	10,398	8,569
Utah	291,233	290,327	220,873	60,626	23	8,482	323	906
Vermont	110,655	100,356	75,524	22,347	138	2,211	136	10,299
Virginia	1,052,769	1,040,654	731,646	218,106	38,506	48,391	4,005	12,115
Washington	1,379,913	1,346,886	879,115	348,703	85	109,632	9,351	33,027
West Virginia	306,325	304,701	254,175	39,114	1,310	8,902	1,200	1,624
Wisconsin	1,618,235	1,578,324	1,106,589	356,670	54,677	43,484	16,904	39,911
Wyoming	119,785	117,254	95,471	14,206	4,518	2,954	105	2,532
District of Columbia	519,171	519,171	365,170	98,279	16,502	9,549	29,670	

[1] Includes utility and liquor store expenditures.
[2] Includes payments on general and utility debt.

Source: Department of Commerce, Bureau of the Census.

STATE GENERAL SALES TAX RATES, AS OF SEPT. 1, 1970

State	Rate [2] (percent)	Taxation of food and drugs [3]		Credit: maximum per dependent	Local sales taxes levied [4]
		Food [3]	Prescription drugs		
Alabama	4	T	T		Yes.
Arizona	3	T	E		Yes.
Arkansas	3	T	T		Yes.[6]
California	4	E	E		Yes.
Colorado	3	T	E	$7	Yes.
Connecticut	[7] 5	E	E		No.
Flordia	4	E	E		No.
Georgia	3	T	T		No.
Hawaii	4	T	T	[8] 21	No.
Idaho	3	T	E	10	No.
Illinois	4	T	T		Yes.
Indiana	2	T	E	8	No.
Iowa	3	T	T		No.
Kansas	3	T	T		No.[9]
Kentucky	5	T	T [10]		No.
Louisiana	3	T	T		Yes.

STATE GENERAL SALES TAX RATES, AS OF SEPT. 1, 1970—Continued

State	Rate [2] (percent)	Taxation of food and drugs [3]: Food [5]	Taxation of food and drugs [3]: Prescription drugs	Credit: maximum per dependent	Local sales taxes levied [4]
Maine	5	E	E		No.
Maryland	4	E	E		No.
Massachusetts	3	E	E	[8] 8	No.
Michigan	4	T [11]	T		No.
Minnesota	3	E	E		Yes.[9]
Mississippi	5	T	T		No.
Missouri	3	T	T		Yes.
Nebraska	2.5	T	E	7	Yes.
Nevada	3	T	T		Yes.
New Jersey	5	E	E		No.
New Mexico	4	T	T		Yes.
New Yrok	3	E	E		Yes.
North Carolina	3	T	E		Yes.
North Dakota	4	T	E[12]		No.
Ohio	4	E	E		Yes.
Oklahoma	2	T	T		Yes.
Pennsylvania	6	E	E		No.
Rhode Island	5	E	E		No.
South Carolina	4	T	T		No.
South Dakota	4	T	T		Yes.
Tennessee	3	T	T		Yes.
Texas	3.25	E	E		Yes.
Utah	4	T	T		Yes.
Vermont	3	E	E	[8] 12	No.
Virginia	3	T	E		Yes.
Washington	4.5	T [13]	T		Yes.
West Virginia	3	T	E		No.
Wisconsin	4	E	E		No.[9]
Wyoming	3	T	T		No.
District of Columbia	[14] 4	T [14]	E	[8] 6	

[1] In all but 2 of the States listed, the tax is confined to retail, or final, sales; Hawaii and Mississippi also tax certain preretail sales at special, low rates. Every sales-tax State levies an accompanying use tax on imports from other States at a rate identical to that of the sales tax.
[2] The following States tax retail sales of certain automotive vehicles and/or aircraft at lower rates: Alabama, 1½ percent; Florida, 3 percent; Mississippi, 3 percent; North Carolina, 2 percent.
[3] E=Exempt: T=Taxable.
[4] See table 186 for information on local sales taxes.
[5] Exemptions apply only to food for consumption away from place of sale; all States tax restaurant meals, although Massachusetts and Vermont do it under separate taxes. Several States listed as taxing food exempt farm products sold directly to consumers by producers.
[6] Authorization restricted to one or a few localities.
[7] Scheduled to be 3.5 percent beginning July 1, 1971.
[8] The credits allowed by Hawaii, Vermont, and Washington, D.C. are reduced over several income brackets; the Massachusetts credit is $4 for taxpayer and spouse, $8 for others, for families with income under $5,000.
[9] Local taxes authorized but not levied.
[10] Drugs exempt as of Jan. 1, 1971.
[11] The tax applies only to 50 percent of the amount charged for prescription drugs.
[12] Fresh meat and dairy products not enclosed in airtight containers are exempt.
[13] The rate on wine is 26 percent; on liquor, 15 percent plus 2 cents per fluid ounce.
[14] Food for home consumption, nonprescription medicine, and specified consumer services are taxed at 2 percent; alcoholic beverages, restaurant meals, and transient lodgings at 5 percent.

Source: Commerce Clearing House.

STATE CORPORATION INCOME TAX RATES, AS OF SEPT. 1, 1970

State	Flat rate or lowest bracket: Rate (percent)	Flat rate or lowest bracket: To net income of	Highest bracket: Rate	Highest bracket: Net income over	Minimum tax	Federal income tax deductible [2]
Alabama	[3] 5.0	All				Yes.
Alaska	18 percent of total income tax					No.
Arizona	2.0	$1,000	8.0	$6,000		Yes.
Arkansas	1.0	3,000	6.0	25,000		Mo.
California [4]	7.0	All			$100	No.
Colorado	5.0	All				No.
Connecticut	[5] 5.25	All			45	No.
Delaware	6.0	All				No.
Georgia	6.0	All				No.
Hawaii	5.85	25,000	6.435	25,000		No.
Idaho	[6] 6.0	All				No.
Illinois	4.0	All			No	No.
Indiana	[7] 2.0	All				No.
Iowa	4.0	25,000	8.0	100,000		Yes.[8]
Kansas	[9] 4.5	All				Yes.
Kentucky	5.0	25,000	7.0	25,000		Yes.[8]
Louisiana	4.0	All				No.
Maine	4.0	All				No.
Maryland	[10] 7.0	All				No.
Massachusetts	[11] 7.5		(11)	(11)	(11) 100	No.
Michigan [12]	5.6	All				No.
Minnesota	[13] 8.5	All			10	Yes.
Mississippi	3.0	5,000	4.0	5,000		No.
Missouri	2.0	All				Yes.
Montana	[14] 6.25	All			[15] 50	No.
Nebraska	2.6	All				No.
New Hampshire	[16] 6.0	All				No.
New Jersey [17]	4.25	All				No.
New Mexico	5.0	All				No.
New York	[18] 7.0	All			100	No.
North Carolina	6.0	All				No.
North Dakota	[19] 3.0	3,000	6.0	15,000		Yes.
Oklahoma	4.0	All				Yes.
Oregon	6.0	All			10	No.
Pennsylvania	12.0	All				No.
Rhode Island	[20] 8.0	All				No.
South Carolina	6.0	All				No.
Tennessee	6.0	All				No.
Utah	6.0	All			25	Yes.
Vermont	6.0	All			25	No.
Virginia	5.0	All				No.
Washington [21]	3.5	All				
West Virginia	6.0	All				No.
Wisconsin	2.0	1,000	7.0	6,000		Yes.[8]
District of Columbia	6.0	All			25	No.

[1] A special tax on financial institutions is levied in all States, and is based either on net income or generally on the value of shares of capital stock.
[2] In general, each State which permits the deduction of Federal income taxes, limits such deduction to taxes paid on that part of income subject to its own income tax.
[3] The tax rate is increased to 7 percent with respect to taxable income for the calendar year 1970 or for any fiscal year beginning during 1970, if voter approval of a constitutional amendment authorizing the increase is secured at a November 1970 election.
[4] Financial corporations other than banks are allowed a limited offset for personal property taxes and license fees.
[5] If tax yield is greater, 2⅝ mills per dollar of capital stock, surplus, and indebtedness. For income years beginning on or after Jan. 1, 1969, and prior to Jan. 1, 1971, tax rates are increased from 5¼ percent to 8 percent of net income, and from 2⅝ mills to 4 mills per dollar of capital stock, surplus, and indebtedness.
[6] Each corporation filing return pays additional $10.
[7] Based on adjusted gross income.
[8] Deductions limited.
[9] A 2¼ percent surtax is imposed on taxable income in excess of $25,000.
[10] Domestic corporations deduct franchise taxes in excess of $25.
[11] Corporations pay an excise tax equal to the greater of the following: (1) $7 per $1,000 of value of Massachusetts tangible property not taxed locally or net worth allocated to Massachusetts, plus 7½ percent of net income; or (2) $100, whichever is greater. Interstate corporations not subject to the corporation income tax pay a tax of 4 percent of net income. In addition, a surtax of 14 percent is imposed.
[12] In addition, cities are authorized to levy a 1 percent tax on corporations.
[13] An additional tax of 1.8 percent for taxable years beginning after Dec. 1, 1968, and prior to Jan. 1, 1972. The basic rate and the surtax are increased 10 percent from Jan. 1, 1961 to Dec. 31, 1972.
[14] For taxable years ending on or after Feb. 28, 1971, the rate is 5½ percent.
[15] $10 for small business corporations.
[16] Effective for profits earned since Jan. 1, 1970.
[17] All corporations pay additional tax on net worth.
[18] Alternative methods of computation are used if tax yield is greater.
[19] An additional 1 percent tax is imposed for the privilege of going business in the State.
[20] If the yield is greater, 40 cents on each $100 of corporate excess applies. Tax on net income is effective without apportionment.
[21] The tax is effective Jan. 1, 1972 if voters approve a constitutional amendment at a November 1970 election.

Source: Commerce Clearing House.

STATE GENERAL SALES TAX COLLECTIONS BY STATE [1]—SELECTED FISCAL YEARS 1939–70 [2]

[In thousands of dollars]

State	1939	1946	1950	1960	1969	1970
Total	451,213	899,051	1,670,028	4,301,997	12,443,224	14,127,082
Alabama	5,921	18,265	32,662	89,109	197,364	212,383
Alaska						
Arizona	3,571	9,672	16,138	64,164	147,467	173,739
Arkansas	4,937	13,349	23,116	54,571	103,697	108,719
California	88,365	178,693	321,560	714,991	1,684,261	1,756,935
Colorado	8,455	15,582	25,901	50,205	122,834	137,768
Connecticut			23,689	77,293	174,141	258,659
Delaware		148	13			
Florida			23,516	171,335	573,779	658,197
Georgia				146,277	307,997	335,807
Hawaii				62,067	137,067	162,689
Idaho					38,429	41,679
Illinois	81,696	107,378	166,951	374,949	989,569	1,008,182
Indiana [3]	19,982	46,252	86,550	189,170	349,420	380,739
Iowa	15,423	29,878	55,741	80,680	207,539	223,464
Kansas	9,744	21,947	37,430	73,349	137,366	145,371
Kentucky					247,733	267,688
Louisiana	8,248	12,939	45,003	88,489	159,811	166,485

Footnotes at end of table.

State	1939	1946	1950	1960	1969	1970
Maine				27,318	70,382	83,240
Maryland			28,378	74,093	162,405	236,843
Massachusetts					158,276	168,443
Michigan	51,838	118,703	204,864	363,221	794,768	828,491
Minnesota					173,961	195,620
Mississippi	6,296	17,017	24,540	71,792	173,520	227,930
Missouri	22,488	46,641	72,084	118,934	295,669	344,799
Montana						
Nebraska					70,368	74,883
Nevada				12,905	44,224	54,710
New Hampshire						
New Jersey					264,902	355,613
New Mexico	3,440	9,560	17,384	40,948	82,747	85,709
New York					698,759	1,012,036
North Carolina	10,995	26,555	41,848	87,978	239,596	264,461
North Dakota	2,751	6,328	11,563	15,876	35,631	42,926
Ohio	47,864	73,861	133,016	265,201	620,677	658,759
Oklahoma	11,782	23,978	34,839	56,184	87,033	93,821
Oregon						
Pennsylvania		26		330,419	891,223	948,357
Rhode Island			5,799	24,666	72,493	78,324
South Carolina				67,705	137,798	192,552
South Dakota	4,158	5,867	17,048	15,748	34,691	47,736
Tennessee			42,507	104,923	228,914	241,151
Texas					440,571	502,561
Utah	3,725	8,388	14,014	28,592	65,199	90,976
Vermont						17,065
Virginia					185,264	210,045
Washington [3]	20,332	66,838	104,771	261,534	532,263	546,236
West Virginia [3]	17,349	38,125	51,911	85,039	157,117	181,710
Wisconsin					116,821	272,614
Wyoming	1,853	3,061	7,192	12,272	29,478	30,967

[1] Includes use tax collections. For information on sales taxes, see table 146.
[2] Data for 1970 are preliminary; 1 39 not strictly comparable to other years.
[3] Includes business occupation taxes for Washington and West Virginia, and gross income tax collections for Indiana. Figures listed for 1960 and earlier years for Indiana refer to gross income tax collections only.

Source: Department of Commerce, Bureau of the Census.

STATE INDIVIDUAL NET INCOME TAX COLLECTIONS BY STATE—SELECTED FISCAL YEARS 1939–70

[In thousands of dollars]

State	1939	1946	1950	1960	1969	1970
Total	196,044	389,139	724,435	2,209,294	7,527,498	9,182,862
Alabama	1,061	3,350	[2] 14,314	27,360	74,905	85,081
Alaska				8,903	25,233	32,455
Arizona	372	1,841	2,668	10,000	52,765	64,974
Arkansas	343	1,539	4,343	9,774	37,669	42,548
California	20,672	44,946	60,500	245,797	1,086,919	1,150,604
Colorado	1,361	3,630	11,287	34,542	103,474	129,097
Connecticut [3]						4,916
Delaware	1,085	1,464	7,398	26,393	61,420	68,486
Georgia	2,280	6,874	10,884	36,442	139,165	184,943
Hawaii				28,778	86,501	105,019
Idaho	520	3,120	5,374	20,195	38,476	36,662
Illinois						575,601
Indiana					181,451	216,384
Iowa	3,483	6,345	15,812	36,671	106,866	112,746
Kansas	1,325	5,499	8,313	24,000	72,423	78,423
Kentucky	1,941	5,525	11,025	51,686	107,580	121,423
Louisiana	2,344	5,884	[4] 18,768	12,500	44,516	47,993
Maine						18,885
Maryland	570	6,572	18,267	85,010	313,433	413,366
Massachusetts	18,875	30,369	44,758	151,728	452,568	517,952
Michigan					390,177	415,345
Minnesota	8,097	11,900	37,351	89,328	304,150	345,733
Mississippi	861	2,540	4,487	7,639	36,719	44,162
Missouri	([5])	[4] 15,223	[4] 25,239	37,659	118,229	129,654
Montana	435	1,589	3,687	10,707	31,223	38,871
Nebraska					36,628	44,444
New Hampshire [3]	745	631	1,119	1,581	2,916	3,462
New Jersey					14,514	17,643
New Mexico	268	552	1,546	[4] 7,101	19,631	35,730
New York	105,888	147,737	262,916	756,364	2,151,634	2,506,435
North Carolina	2,767	16,058	24,397	91,814	239,644	270,945
North Dakota	275	1,614	3,697	4,796	13,964	15,379
Oklahoma	2,469	5,571	7,260	16,780	47,818	50,516
Oregon	3,338	14,487	29,460	94,641	204,323	213,053
Rhode Island [3]						18,644
South Carolina	1,250	5,852	10,292	31,642	84,370	95,398
South Dakota	([5])	4				
Tennessee [3]	1,386	1,757	3,045	5,218	11,381	12,113
Utah	680	2,579	4,111	16,234	50,887	61,335
Vermont	562	1,041	3,057	11,373	33,976	43,668
Virginia	2,161	9,090	23,993	77,314	273,430	282,769
West Virginia	1,311	22			30,959	40,061
Wisconsin	7,319	23,961	45,067	139,324	461,876	489,944

[1] Data for 1970 are preliminary; 1939 not strictly comparable to other years.
[2] Includes corporation income taxes except on financial institutions.
[3] In Connecticut only income from capital gains is taxed; in Tennessee and New Hampshire the tax is restricted to income from interest and dividends; and in Rhode Island the income from dividends, interest, and capital gains is taxed.
[4] Includes corporation income taxes.
[5] Included with corporation income taxes in table 143.

Source: Department of Commerce, Bureau of the Census.

STATE INDIVIDUAL INCOME TAX RATES AND RELATED DATA, AS OF SEPT. 1, 1970

State	Lowest bracket		Highest bracket		Maximum personal exemption and credit for dependents [1]			Optional tax table or standard deduction	Federal income tax deductible [2]	Withholding of salaries and wages
	Rate (percent)	To net income of	Rate (percent)	Income above	Married or head of family	Single	Each dependent [2]			
Alabama	1.5	$1,000	5	$5,000	$3,000	$1,500.00	$300	Yes	Yes	Yes.
Alaska	([4])	([4])	([4])	([4])	([4])	([4])	([4])	Yes	No	Yes.
Arizona [5]	2	1,000	8	6,000	2,000	1,000.00	600	Yes	Yes	Yes.
Arkansas	1	3,000	5	25,000	[6] 35	[6] 17.50	[6] 6	Yes	No	Yes.
California [5]	1	2,000	10	14,000	[6] 50	[6] 25.00	[6] 8	Yes	No	Yes. [7]
Colorado	3	1,000	([8])	10,000	[8] 1,500	[8] 750.00	[8] 750	Yes	Yes	Yes.
Connecticut [9]	6	[9] All			200	100.00				
Delaware	1.5	1,000	11	100,000	[10] 1,200	600.00	600	Yes	Yes [11]	Yes.
Georgia	1	1,000	6	10,000	3,000	1,500.00	600	Yes	No	Yes.
Hawaii	[12] 2.25	500	11	30,000	1,250	625.00	625	Yes	No	Yes.
Idaho [5]	[13] 2.5	1,000	[12] 9	5,000	1,250	625.00	625	Yes	Yes	Yes.
Illinois	2.5	All			2,000	1,000.00	1,000	No	No	Yes.
Indiana	2.0	All			[14] 2,000	1,000.00	500	No	No	Yes.
Iowa	.75	1,000	5.25	9,000	[6] 30	[6] 15.00	[6] 10	Yes	Yes	Yes.
Kansas	2	2,000	6.5	7,000	1,200	600.00	600	Yes	Yes [11]	Yes.
Kentucky	2	3,000	6	8,000	[6] 40	[6] 20.00	[6] 20	Yes	Yes [11]	Yes.
Louisiana [5]	2	10,000	6	50,000	[15] 5,000	[15] 2,500.00	[15] 400	Yes	No	Yes.
Maine	1	2,000	6	50,000	2,000	1,000.00	1,000	Yes	No	Yes.
Maryland	2	1,000	5	3,000	1,600	800.00	800	Yes	No	Yes.
Massachusetts	[16] 4	All			[16] 4,000	[16] 2,000.00	[16] 600	No	No	Yes.
Michigan	2.6	All			2,400	1,200.00	1,200	No	No	Yes.
Minnesota	1.5	500	12	20,000	[6] 38	[6] 19.00	[6] 19	Yes	Yes	Yes.
Mississippi	3	5,000	4	5,000	6,000	4,000.00		Yes	No	Yes.
Missouri	1	1,000	4	[17] 9,000	2,400	1,200.00	400	Yes	Yes	Yes.
Montana [18]	2	1,000	11	35,000	1,200	600.00	600	Yes	Yes	Yes.
Nebraska	([19])	([19])	([19])	([19])	([18])	([19])	([19])	Yes	No	Yes.
New Hampshire [9] [20]	4.25	[9] All			1,200	600.00		No	No	No.
New Jersey [20]	2	1,000	14	23,000	[6] 1,200	[6] 600.00	[6] 600	Yes	No	Yes. [7]
New Mexico [5]	1	500	([21])	100,000	1,250	625.00	625	Yes	No	Yes.
New York	[22] 2	1,000	[22] 14	23,000	[6] 1,250	[6] 625.00	[6] 625	Yes	No	Yes.
North Carolina	3	2,000	7	10,000	2,000	1,000.00	600	Yes	No	Yes.
North Dakota	[23] 1	3,000	[23] 11	15,000	1,500	600.00	600	Yes	Yes	Yes. [7]
Oklahoma	1	1,500	6	7,500	2,000	1,000.00	500	Yes	Yes	Yes.
Oregon	4	500	([24])	5,000	1,250	625.00	625	Yes	Yes	Yes.
Rhode Island [9]	10	[9] All			([25])	([25])				

STATE INDIVIDUAL INCOME TAX RATES AND RELATED DATA, AS OF SEPT. 1, 1970—Continued

State	Lowest bracket		Highest bracket		Maximum personal exemption and credit for dependents[1]			Optional tax table or standard deduction	Federal income tax deductible[3]	Withholding of salaries and wages
	Rate (percent)	To net income of	Rate (percent)	Income above	Married or head of family	Single	Each dependent[2]			
South Carolina	2	2,000	7	$10,000	$1,600	$800.00	800	Yes	Yes[11]	Yes.
Tennessee[9]	6	[9] All								
Utah	2	1,000	6.5	5,000	1,200	600.00	600	Yes	Yes	Yes.
Vermont[13]	([26])	([26])	([26])	([26])	1,200	600.00	600	Yes	No	Yes.
Virginia	2	3,000	5	5,000	2,000	1,000.00	300	Yes	No	Yes.
West Virginia	1.65	2,000	([27])	200,000	1,200	600.00	600	Yes	No	Yes.
Wisconsin	2.7	1,000	10	14,000	[6]20	[6]10.00	[6]10	Yes	No	Yes.
District of Columbia	[22]2	1,000	([22],[28])	25,000	2,000	1,000.00	500	Yes	No	Yes.

[1] Does not include exemptions or credits granted for age or blindness, to offset sales or property taxes paid, or for any other special purpose. For information on sales tax credits, see table 146.

[2] In some States "heads of families" are taxed at slightly different rates. A taxpayer with head of family status is generally disallowed deductions for dependents.

[3] In general, each State which permits the deduction of Federal income taxes limits such deductions to taxes paid on that part of income subject to its own income tax.

[4] Rate of 16 percent of Federal tax payable upon net income derived from sources in Alaska.

[5] Community property State in which in general ½ of the community income is taxable to each spouse.

[6] Amount deducted in lieu of exemption, except in New York and New Jersey where credits of $25 for married couple or head of household and $10 for single taxpayer are in effect.

[7] Withholding on nonresidents only.

[8] $525 plus 8 percent of excess of $10,000. In addition, there is a surtax of 2 percent on income in excess of $5,000 received as dividends and interest. A credit equal to ½ percent of net taxable income is allowed on the 1st $9,000 of net taxable income.

[9] Tax limited to interest and dividend and/or capital gains income. The Connecticut tax applies only to capital gains income. Those of New Hampshire and Tennessee apply to income in the form of interest and dividends only. Rhode Island's tax applies to interest and dividends and net capital gains.

[10] An additional exemption of $300 is allowed heads of households.

[11] Deductions limited in Delaware, Kansas, and Kentucky. In South Carolina, deduction limited to $500.

[12] An alternative tax is permitted on capital gains. A taxpayer may deduct 50 percent of capital gains and pay an additional tax of 4 percent of such gains.

[13] An additional $10 is paid by every taxpayer or taxpaying unit except persons who are blind or recipients of public assistance.

[14] For joint returns, each spouse may subtract the lesser of $1,000 or the adjusted gross income of each, but not less than $500 apiece.

[15] Personal exemptions are deductible from the 2 percent bracket only.

[16] On income from professions, employments, trade or business. Rate is 2 percent on income from annuities and 8 percent on interest, dividends, and capital gains from sales of intangibles. Exemptions listed apply to earned income. There is also a $2,000 exemption applicable to interest, dividends, annuities, and capital gains if income from all sources does not exceed $2,000 for an individual or $2,600 for a couple.

[17] Graduated tax credit on all brackets except 1st up to $135 on income over $9,000. The entire taxable amount of each net income shall be computed at only the 1 rate wherein the income falls.

[18] A surcharge on personal income tax of 10 percent is levied in Montana, and of 15 percent in Vermont.

[19] The rate is 13 percent of adjusted Federal income tax liability. For nonresidents, this applies only to Federal liability attributable to Nebraska sources. Rate will be 10 percent for 1971

[20] Tax applies to commuters only. The New Hampshire rate is 4 percent on New Hampshire-derived income less $2,000. The New Jersey tax applies to income of New Jersey residents from New York sources and income of New York residents from New Jersey sources.

[21] $7,765 plus 9 percent of the excess of net income over $100,000.

[22] Income of unincorporated businesses is taxed at 5½ percent in New York and 6 percent in District of Columbia.

[23] An additional 1 percent tax is imposed on net income derived from a business, trade, or profession other than as an employee.

[24] $345 plus 10 percent of excess over $5,000.

[25] Exemption determined by multiplying $2,000 times a fraction whose numerator is interest and dividend income and whose denominator is Federal adjusted gross income.

[26] 25 percent of Federal income tax liability attributable to Vermont sources, plus 15 percent surcharge.

[27] $12,907 plus 7.6 percent of the excess of taxable income over $200,000.

[28] $1,770 plus 10 percent of excess over $25,000.

Source: Commerce Clearing House.

STATE PROPERTY TAX COLLECTIONS BY STATE

[Selected fiscal years 1939–70,[1] in thousands]

State	1939		1956		1960		1969		1970 total
	Total	General	Total	General	Total	General	Total	General	
Total	$251,046	$179,881	$467,489	$203,011	$607,399	$231,497	$981,329	$341,868	$1,090,448
Alabama	5,273	5,273	10,631	10,631	13,220	13,220	21,548	21,308	22,853
Alaska					[2]542				
Arizona	2,938	2,938	14,794	12,839	28,470	25,250	60,130	53,452	67,822
Arkansas	3,437	3,437	318	78	321	68	730	87	870
California	11,188	1	101,510		125,459		220,832		233,480
Colorado	5,228	5,228	10,774	9,702	10,646	9,318	1,458	464	1,115
Connecticut	1,918	1,742	12		12				
Delaware[3]			699	699	1,842		282		303
Florida	2,074	2,074	9,417	168	18,629	[2]44	27,224		33,693
Georgia	5,003	5,003	881	861	1,275	1,275	3,146		3,123
Idaho	1,501	1,501	2,410	2,384	2,572	2,546	448	411	750
Illinois	570	570	615	44	918	[2]2	2,061	[2]4	2,502
Indiana	7,279	6,188	15,083	9,658	9,967	2,784	20,624	1,092	22,780
Iowa	7,855	7,855	138		3,641	3,448	7,300	7,186	4,063
Kansas	4,852	4,852	13,412	12,911	7,949	6,653	9,461	8,381	10,353
Kentucky	6,334	6,334	13,867	(4)	17,080	1,193	24,831	2,044	26,577
Louisiana	7,250	7,250	11,094	11,094	14,880	14,880	27,074	27,074	26,935
Maine	5,082	5,082	1,083	1,081	1,650		3,668	3,074	3,767
Maryland	6,662	6,662	7,498	7,449	12,101		27,061	26,933	34,119
Massachusetts	18,029	18,029	153		270		369		349
Michigan	10,418	1,725	39,497		51,170		76,220		83,032
Minnesota	13,792	13,792	15,949	15,764	22,518	20,828	4,602	479	5,810
Mississippi	2,437	2,437	3,352	3,352	4,448	4,448	3,870	3,870	3,917
Missouri	5,795	5,795	9,880	4,434	11,224	5,068	3,022	3,022	2,815
Montana	2,005	2,005	4,434	4,434	6,247	6,247	7,578	7,578	8,090
Nebraska	5,518	5,518	24,182	23,371	23,173	25,893	1,672		2,006
Nevada	1,371	1,371	2,416	2,416	1,841	1,841	3,910		4,336
New Hampshire	2,316	2,137	2,064	2,060	2,366		3,044	5	3,485
New Jersey	26,643	11,328	3,023		2,700		41,900		49,755
New Mexico	1,838	1,838	6,045	6,045	8,234	8,234	12,064	12,064	13,712
New York	1,638	1,638	2,727	2,727	3,474	3,474	10,032	10,032	12,350
North Carolina	2,450	32	8,071		11,155		24,317		23,680
North Dakota	2,060	2,060	2,708	2,653	3,220	3,172	1,348	889	1,406
Ohio	6,527	4	27,594	3,620	46,691	12,086	59,045	4,609	58,563
Oklahoma	85	85	[2]1						
Oregon			21		21		404		2,881
Pennsylvania	12,188		1,526		1,656		2,425		32,009
Rhode Island	10	10							
South Carolina	1,515	293	1,272	1,272	1,042	1,642	1,526		1,655
South Dakota	1,417	1,417	747	635	3	3			
Tennessee	1,255	1,255	[2]16	[2]16	[2]9	9			
Texas	17,394	17,394	30,522	30,522	37,587	37,587	63,974	63,974	64,063
Utah	3,326	3,326	5,174	5,174	8,087	8,087	12,324	12,324	14,835
Vermont	641	22	351	26	339		278	36	225
Virginia	4,080		10,620		13,170		11,903		12,599
Washington	5,285	5,285	21,715	5,722	34,017	9,305	104,915	54,959	113,061
West Virginia	1,493	1,493	271	271	390	390	400	400	250
Wisconsin	14,101	6,627	22,612	2,792	30,423		61,322	5,781	72,317
Wyoming	705	705	6,310	6,105	6,750	6,576	10,987	10,336	10,752

[1] Data for 1970 total are preliminary; 1939 not strictly comparable to other years

[2] Back taxes only.

[3] For years 1956 and 1960 tax was collected locally for schools operated directly by the State Board of Education.

[4] Detailed data not available.

Source: Department of Commerce, Bureau of the Census.

TOTAL STATE EXPENDITURES INCLUDING PAYMENTS TO LOCAL GOVERNMENTS BY FUNCTION AND STATE, FISCAL YEAR 1969

[In millions]

State	Total	Education	Highways	Public welfare	Health and hospitals	Natural resources	Financial administration [1]	Insurance trust [2]	Liquor stores	Other
Total	$74,218.1	$27,162.1	$12,518.0	$10,866.1	$4,703.2	$2,095.9	$1,513.6	$4,911.3	$1,292.6	$9,155.4
Alabama	1,167.5	495.6	219.2	154.2	61.6	26.1	16.4	40.8	61.0	92.5
Alaska	285.1	86.3	63.2	11.3	8.5	11.4	11.6	9.5		83.4
Arizona	693.4	333.1	128.2	40.2	17.5	15.7	13.6	43.6		101.4
Arkansas	575.9	222.5	138.6	87.8	35.7	18.9	11.7	23.7		37.0
California	9,633.3	2,660.0	1,211.9	2,132.8	378.7	474.1	179.2	1,072.3		1,524.4
Colorado	757.5	326.8	126.1	115.5	56.6	23.8	19.1	37.6		52.0
Connecticut	1,082.9	310.3	169.5	165.9	104.5	31.9	47.5	92.7		160.6
Delaware	283.1	131.1	34.9	24.4	20.6	6.5	9.0	7.0		49.6
Florida	1,846.8	959.4	262.6	152.5	118.4	87.5	44.5	73.4		148.5
Georgia	1,402.4	673.9	174.2	206.4	102.5	52.6	27.0	42.4		123.3
Hawaii	534.3	209.8	56.0	35.9	28.6	20.1	19.0	29.4		135.5
Idaho	258.2	82.6	61.3	22.8	11.6	18.2	6.9	12.9	13.9	28.0
Illinois	3,205.9	1,166.3	693.7	504.5	260.6	66.2	66.4	197.9		250.4
Indiana	1,517.7	740.9	333.5	71.4	104.5	33.3	23.5	66.0		144.8
Iowa	1,091.9	462.3	222.7	116.0	53.0	31.8	17.4	33.8	49.5	105.5
Kansas	670.0	279.3	131.7	89.6	51.4	22.3	14.4	26.1		55.2
Kentucky	1,208.4	444.2	321.6	164.0	54.0	36.7	26.5	46.1		115.3
Louisiana	1,493.0	550.7	238.7	250.2	111.2	41.6	22.1	75.7		202.9
Maine	340.0	104.3	66.1	43.3	19.5	17.1	8.5	25.7	24.0	31.6
Maryland	1,284.8	436.0	208.3	183.4	116.7	27.9	38.5	59.3		214.7
Massachusetts	2,039.5	430.0	228.2	566.4	168.0	26.0	50.7	169.7		400.6
Michigan	3,554.7	1,514.1	466.5	448.7	228.2	56.6	58.9	183.0	213.2	385.6
Minnesota	1,452.9	590.8	278.4	149.9	96.2	40.1	27.8	53.6		216.3
Mississippi	779.2	313.4	130.8	82.3	36.7	24.1	9.4	19.3	36.8	126.5
Missouri	1,298.3	500.2	253.2	233.5	105.7	36.7	26.9	57.0		85.2
Montana	287.3	92.5	78.1	23.3	12.1	14.0	7.2	19.1	18.3	22.7
Nebraska	395.9	152.0	90.9	49.5	33.3	23.3	7.8	9.5		29.5
Nevada	226.3	76.8	49.3	18.4	6.8	8.2	9.2	25.4		32.2
New Hampshire	238.9	63.9	54.0	18.6	16.6	7.7	6.4	7.0	41.9	22.7
New Jersey	2,005.3	574.5	445.3	219.4	130.4	37.9	48.9	313.1		235.9
New Mexico	478.3	240.7	80.5	57.0	17.0	14.8	12.9	18.9		36.5
New York	9,028.2	3,045.0	888.6	1,878.0	790.8	118.7	193.6	583.6		1,530.0
North Carolina	1,522.3	768.8	277.9	119.5	106.8	42.0	34.2	52.3		150.8
North Dakota	260.1	93.3	52.5	26.6	12.2	11.2	5.3	10.7		48.4
Ohio	3,153.0	963.0	729.6	337.5	147.6	62.0	44.5	384.8	209.5	274.5
Oklahoma	982.9	353.5	190.8	224.6	52.7	27.3	19.2	31.0		83.8
Oregon	831.0	281.0	152.3	77.5	38.8	41.1	24.9	65.0	48.6	101.8
Pennsylvania	4,313.8	1,495.2	882.4	510.4	278.1	96.6	69.2	325.6	282.4	374.0
Rhode Island	411.6	123.2	65.1	73.5	32.2	8.2	13.1	44.7		51.7
South Carolina	780.8	361.0	112.3	52.7	59.8	19.1	13.7	30.0		132.2
South Dakota	225.5	81.2	67.8	24.4	9.2	12.3	4.4	4.4		21.8
Tennessee	1,113.0	467.7	253.8	117.9	69.3	32.8	19.9	43.8		107.9
Texas	2,870.1	1,356.4	571.6	376.6	166.7	60.9	43.2	118.6		176.0
Utah	455.4	226.4	85.5	40.6	18.8	12.8	9.2	20.5	16.4	25.3
Vermont	243.9	76.9	61.7	28.5	10.1	9.1	7.2	7.2	19.4	23.7
Virginia	1,484.9	606.0	330.9	64.6	127.2	42.8	34.3	30.9	123.8	124.4
Washington	1,710.3	691.1	275.3	195.3	71.1	55.7	34.0	138.8	91.2	157.8
West Virginia	739.4	266.3	181.7	74.2	36.8	26.2	14.2	50.5	33.1	56.5
Wisconsin	1,780.8	621.1	253.1	197.7	101.2	53.2	36.5	71.7		446.5
Wyoming	191.8	60.9	67.9	7.2	7.0	10.8	4.4	5.9	9.6	18.2

[1] Includes general control totaling $600,900,000.

[2] Comprises payments to beneficiaries (including withdrawal of retirement contributions) of employee retirement, unemployment compensation, workmen's compensation, and disability benefit social insurance programs.

[3] Principally police protection, correction, interest, employment security administration and intergovernmental payments to local governments not elsewhere classified.

Source: Department of Commerce, Bureau of the Census.

TOTAL LOCAL REVENUE BY SOURCE AND STATE—FISCAL YEAR 1967

[In millions of dollars]

State	Total	From own sources									Intergovernmental	
		Total own sources	General revenue						Utility and liquor stores [2]	Insurance trust	From States	From Federal
			Total general	Taxes [1]				Charges and miscellaneous				
				Total	Property	Sales and gross receipts	Individual income	Licenses and other				
Total	64,606	44,418	38,046	29,074	25,186	1,956	916	1,016	8,971	5,442	932	18,434	1,753
Alabama	786	477	368	194	100	58	2	34	173	107	3	284	26
Alaska	83	55	44	28	21	5		1	16	11	(3)	25	3
Arizona	559	380	296	225	195	26		5	71	80	4	159	20
Arkansas	345	209	179	109	102	2		5	70	30	(3)	123	13
California	9,397	6,448	5,509	4,300	3,811	384		105	1,209	739	201	2,779	170
Colorado	733	516	440	342	310	27		5	98	69	7	199	19
Connecticut	795	628	594	514	511			3	80	29	7	132	34
Delaware	152	80	69	37	35	(3)		2	32	11	(3)	68	4
Florida	1,839	1,372	1,140	746	631	77		39	393	218	14	413	54
Georgia	1,112	706	591	357	319	16		22	234	106	9	374	32
Hawaii	150	114	103	80	61	8		11	22	11		30	6
Idaho	178	122	111	77	75	(3)		2	35	11	(3)	52	4
Illinois	3,352	2,628	2,218	1,799	1,586	129		84	419	322	87	635	89
Indiana	1,435	1,014	893	700	697	(3)		3	193	120	1	400	20
Iowa	835	664	603	466	460	(3)		6	137	57	3	158	12
Kansas	757	549	476	362	352	4		6	114	71	2	188	19
Kentucky	605	380	330	208	159	1	39	9	121	48	2	193	32
Louisiana	849	469	400	268	177	66		25	131	63	6	358	22
Maine	188	143	135	121	120	(3)		1	14	7	(3)	39	7
Maryland	1,194	758	675	531	462	12	34	23	144	62	21	404	33
Massachusetts	2,002	1,430	1,223	1,051	1,039			12	173	156	51	518	53
Michigan	2,887	1,862	1,623	1,184	1,109	(3)	61	14	439	184	54	968	57
Minnesota	1,372	932	788	596	582	5		9	192	132	12	423	17
Mississippi	483	283	249	153	124	15		14	95	34	(3)	190	10
Missouri	1,172	895	777	584	484	30	39	30	193	107	12	248	29
Montana	192	155	148	120	114			6	28	6	(3)	33	4
Nebraska	604	520	337	253	237	2		14	84	179	3	73	11
Nevada	181	129	121	79	64	1		14	43	8		45	6
New Hampshire	151	131	126	111	109			1	16	4	(3)	15	5

TOTAL LOCAL REVENUE BY SOURCE AND STATE—FISCAL YEAR 1967—Continued
[In millions of dollars]

State	From own sources											Intergovernmental	
	Total	General revenue											
		Total own sources	Total general	Taxes[1]				Licenses and other	Charges and miscellaneous	Utility and liquor stores[2]	Insurance trust	From States	From Federal
				Total	Property	Sales and gross receipts	Individual income						
New Jersey	2,156	1,705	1,637	1,406	1,276	97		34	231	66	2	404	47
New Mexico	234	130	110	66	49	14		4	44	21	(3)	131	22
New York	9,794	6,287	5,359	4,367	3,311	658	329	68	992	625	302	3,289	218
North Carolina	1,191	655	448	289	281			8	159	206	1	505	31
North Dakota	177	130	122	92	89	(3)		3	30	8	(3)	39	7
Ohio	2,877	2,143	1,947	1,454	1,298	1	119	37	493	191	5	665	69
Oklahoma	592	390	331	228	207	17		4	103	56	2	182	20
Oregon	655	463	416	309	298	4		6	107	44	3	164	28
Pennsylvania	2,858	2,034	1,874	1,473	1,087	5	229	152	402	132	28	720	104
Rhode Island	209	153	141	123	122	(3)		2	17	10	3	44	11
South Carolina	440	240	192	115	107			8	78	47	(3)	188	13
South Dakota	192	163	143	121	115	(3)		6	22	20	(3)	25	5
Tennessee	1,103	760	476	306	240	49		17	169	277	8	308	35
Texas	2,718	1,961	1,626	1,135	1,065	25		45	491	320	15	687	70
Utah	284	179	156	124	112	9		3	32	23	(3)	95	10
Vermont	93	69	62	55	53			2	7	7	(3)	22	3
Virginia	992	640	558	436	311	76		48	123	75	7	305	47
Washington	1,204	802	553	333	282	33		17	220	239	10	371	31
West Virginia	308	181	171	119	106	2		11	52	10	(3)	116	10
Wisconsin	1,483	858	765	597	587			10	168	71	21	613	12
Wyoming	118	83	77	55	51	2		2	22	6	(3)	33	2
District of Columbia	488	341	314	275	93	96	64	21	40	8	19		146

[1] Excludes unemployment tax collections.
[2] Includes revenue of liquor stores as follows: Maryland $23,600,000; Minnesota $54,700,000; North Carolina $108,900,000; South Dakota $7,700,000.

Source: Department of Commerce, Bureau of the Census.

SELECTED FACTORS AFFECTING STATE AND LOCAL FINANCES

State	Population[1]		Personal income calendar 1969[2] (millions)	Retail sales[3] calendar 1969 (millions)	Assessed valuation of property 1966[4] (millions)	Motor vehicle registration[5] calendar 1969 (thousands)	Mileage in state and local systems[6] calendar 1968	Public elementary and secondary school enrollment fall 1969 (thousands)	Higher education enrollment, fall 1969[7]		Old age assistance recipients, December 1969	Patients in mental hospitals, Dec. 31, 1968[8]	Families receiving aid to dependent children, December 1969
	Total July 1, 1969 (thousands)	Percent urban in 1960							Total public and private (thousands)	Percent public			
Total	201,921	69.9	$742,961	$347,808	$484,057	105,404	3,684,085	45,619	7,512	72.3	2,054,000	409,606	1,830,000
Alabama	3,531	54.8	9,062	4,572	3,962	1,860	78,097	826	95	82.1	115,000	7,749	29,600
Alaska	282	37.9	1,272	467	1,300	131	6,850	77	7	85.7	1,600	164	2,400
Arizona	1,693	74.5	5,648	2,962	2,239	1,024	41,062	418	91	97.8	12,500	1,153	12,200
Arkansas	1,995	42.8	5,027	2,930	1,804	950	78,839	460	50	78.0	60,700	1,667	11,200
California	19,443	86.4	83,070	37,992	42,522	11,601	158,159	4,598	1,104	89.5	314,000	19,728	304,000
Colorado	2,100	73.7	7,492	3,724	4,232	1,374	81,517	538	103	85.4	38,300	1,829	18,000
Connecticut	3,000	78.3	13,610	5,580	13,881	1,677	18,116	646	106	53.8	8,000	6,655	21,700
Delaware	540	65.6	2,167	899	1,730	297	4,847	130	19	78.9	2,200	1,396	5,100
Flordia	6,354	73.9	21,777	12,499	25,629	3,895	85,889	1,408	202	78.2	70,400	9,796	52,500
Georgia	4,641	55.3	14,108	7,131	5,938	2,487	98,241	1,113	109	78.0	92,100	10,984	52,300
Hawaii	794	76.5	3,024	1,261	3,090	375	3,442	179	25	92.0	2,200	585	6,200
Idaho	718	47.5	2,051	1,228	894	477	54,758	180	27	77.8	3,500	633	4,200
Illinois	11,047	80.7	47,609	21,086	39,848	5,162	129,419	2,324	391	64.5	38,100	22,102	83,500
Indiana	5,118	62.4	18,891	9,283	9,493	2,975	90,950	1,224	175	69.1	17,600	9,994	17,800
Iowa	2,781	53.0	9,782	5,435	6,225	1,754	112,349	661	104	59.6	24,300	1,432	16,900
Kansas	2,321	61.0	8,197	3,789	4,953	1,515	133,405	519	93	82.8	14,200	2,240	13,900
Kentucky	3,232	44.5	9,210	4,488	16,320	1,713	69,909	704	94	75.5	65,200	4,156	33,700
Louisiana	3,745	63.3	10,413	5,349	3,729	1,750	52,733	854	115	83.5	120,000	5,132	47,100
Maine	978	51.3	2,972	1,588	3,048	496	21,311	240	28	67.9	10,700	2,805	9,500
Maryland	3,765	72.7	15,416	6,710	12,975	1,795	25,885	892	125	74.4	8,500	8,473	33,900
Massachusetts	5,467	83.6	22,623	10,171	14,501	2,426	27,805	1,147	269	32.3	50,500	15,700	58,900
Michigan	8,766	73.4	34,574	15,685	20,488	4,488	144,170	2,166	343	84.8	37,700	15,471	62,600
Minnesota	3,700	62.2	13,350	6,532	2,517	2,144	127,099	914	148	80.4	22,000	4,244	21,900
Mississippi	2,360	37.7	5,174	2,787	1,528	1,085	66,104	575	69	87.0	73,090	5,131	29,200
Missouri	4,651	66.6	16,086	8,158	9,548	2,313	114,596	1,077	165	69.1	92,800	7,645	34,900
Montana	694	50.2	2,168	1,211	824	478	76,437	175	26	88.5	3,700	1,376	3,600
Nebraska	1,449	54.3	5,278	2,779	4,333	929	103,464	331	61	73.8	8,100	2,116	7,600
Nevada	457	70.4	1,992	1,056	1,477	329	47,562	124	10	100.0	3,600	451	3,300
New Hampshire	717	58.3	2,491	1,310	2,384	377	14,669	152	27	51.9	4,300	2,158	2,200
New Jersey	7,148	88.6	30,580	12,746	28,429	3,490	31,522	1,455	170	61.8	15,600	17,071	68,200
New Mexico	994	65.9	2,876	1,489	1,440	611	66,450	276	38	92.1	9,300	710	13,400
New York	18,321	85.4	80,989	32,397	51,161	6,505	102,327	3,514	704	52.3	91,700	80,548	272,000
North Carolina	5,205	39.5	15,045	7,574	13,621	2,717	85,029	1,186	148	66.9	38,800	8,449	31,600
North Dakota	615	35.2	1,852	1,095	693	420	107,237	148	28	96.4	3,900	1,208	2,800
Ohio	10,740	73.4	40,587	18,247	33,936	5,875	108,360	2,424	337	70.9	58,600	20,740	66,800
Oklahoma	2,568	62.9	7,872	4,111	3,049	1,650	107,321	613	106	82.1	75,900	3,993	25,800
Oregon	2,032	62.2	7,244	3,751	3,454	1,335	90,810	479	96	86.5	7,500	2,219	20,100
Pennsylvania	11,803	71.6	43,243	19,556	17,336	5,760	113,911	2,318	372	54.6	46,800	31,839	103,000
Rhode Island	911	86.4	3,442	1,504	3,157	470	5,203	180	45	57.8	3,900	1,987	9,900
South Carolina	2,692	41.2	6,947	3,507	1,037	1,311	59,520	648	56	67.9	19,000	5,896	12,800
South Dakota	659	39.3	2,011	1,132	2,393	418	84,333	167	29	75.9	4,500	1,342	4,300
Tennessee	3,985	52.3	11,197	5,954	4,942	1,971	77,617	891	123	69.1	52,400	7,011	32,500
Texas	11,187	75.0	36,401	18,569	16,366	6,506	240,130	2,755	379	80.7	233,000	14,609	47,800
Utah	1,045	74.9	3,129	1,546	1,541	601	39,040	302	70	62.9	3,600	542	9,100
Vermont	439	38.5	1,434	817	640	215	14,208	100	18	50.0	4,500	1,467	3,100
Virginia	4,669	55.6	15,377	6,988	9,834	2,161	60,428	1,077	127	78.0	11,900	11,651	22,000
Washington	3,402	68.1	13,046	6,181	4,875	2,106	73,955	820	154	87.0	23,300	3,012	30,400
West Virginia	1,819	38.2	4,748	2,250	4,915	836	35,850	401	59	79.7	12,600	4,590	22,000
Wisconsin	4,233	63.8	15,437	7,326	15,123	2,075	101,729	980	172	80.8	18,500	11,709	21,200
Wyoming	320	56.8	1,103	572	1,168	238	40,338	87	14	100.0	1,700	509	1,400
District of Columbia	798	100.0	3,869	1,746	3,538	254	1,083	150	70	8.6	2,700	5,539	9,500

[1] Excludes Armed Forces overseas.
[2] Preliminary.
[3] Estimated by Sales Management, Inc.
[4] Assessed value subject to tax, after deduction of exemptions.
[5] Includes private, commercial, and public-owned vehicles (except military vehicles).
[6] Includes mileage in Federal parks, forests, and reservations that are not a part of the State highway system.
[7] Total includes 15,000 students in U.S. service academies not listed under States.
[8] Primarily resident patients in State and county mental hospitals.

Source: Department of Commerce; Department of Health, Education, and Welfare; and Sales Management, Inc.—Copyright 1970, Sales Management's Survey of Buying Power; further reproduction is forbidden.

Mr. TAFT. Mr. President, I am not going to belabor this debate. I think I have adequately shown, by the previous debate, that the approach by the Finance Committee was one that was really inequitable. I think if they had taken any other three factors and used them as multiplying factors, it would make any less logic than the particular factors which they chose when they brought these multiplier factors into effect.

Using the one-third population factor alone might make some sense. Using the one-third income factor might make sense. Using a one-third factor for the tax effort, which made some sense, might be a better approach.

The final point I want to make to the Senate and to the conferees who are going to be considering this bill is that none of the factors, insofar as fairness to the people of the United States and the States of the United States is concerned, really are as fair or will be as lasting or as satisfactory as a per capita distribution. That is the basis on which this amendment is proposed.

Mr. LONG. Mr. President, with regard to the suggestions the Senator from Ohio has made, let it be said that certainly a Senator representing any State can understand that, when a committee undertakes as best it can to work out a problem and chooses a formula that helps one State and hurts another, certainly any other Senato · has a right and would be expected to object to it and seek to change it on the floor. I salute and applaud the Senator from Ohio if he feels that Ohio did not do as well as he would have liked. He fought valiantly and diligently to change it to Ohio's advantage.

But we on the committee, Mr. President, have tried to think in terms of what would appeal to all 50 States of the Union; and, in fairness, I think it can be said that most Senators would vote for almost any change of the formula if it appeared that the change would do better by their States, and cause their States to receive more money than what was proposed by the Finance Committee bill.

Notwithstanding that, no one yet has found a formula that, if you simply take 50 States and look at their problems and apply a single standard, would benefit more States than does the Senate Finance Committee bill, which would indicate to me that we on the Finance Committee have been well aware of the fact that we must report to Senators from 50 States, and try to report a bill that would meet with the approval of Senators from 50 States.

Most of the changes that Senators have recommended would be to the disadvantage of two-thirds of the States, while they would be to the advantage of one-third of them. The advantage is not that disproportionate in regard to this amendment, but that tendency is still present. And may it be said to the credit of the Finance Committee, Mr. President, that even though the financial situation was such that it would probably have benefited four of the States and been to the disadvantage of 12 of those represented on that committee to put $1 billion in this bill and distribute that $1 billion on the basis of urbanized population, we nevertheless did that, because a convincing presentation for that distribution was made. And let it be stated for the record that though the urbanized States have disagreed with the formula and have tried and tried in vain to change it, the Treasury thought this was the best formula and we on the committee thought it was the best formula. We have made no effort to change the billion dollars in this bill or to change its formula from an urbanization basis. We recognized that you could well contend for an urbanized population formula in some contexts, so that the amendment that I offered when we were looking at the social services money provided the $600 million for social services was to be distributed among the States on an urbanized population basis. That was not to the advantage of Louisiana, nor to the advantage of the majority of the States represented on the Finance Committee, to do business that way because the States that have the greatest social service problems tend to be the urbanized States, and we proposed to distribute the money on that basis for their benefit.

There are Senators on the committee, and it might even embarrass them to have me say it, who voted, not one time but several times, to construct the formula that is before the Senate, and in doing so, voted contrary to what, at that point, would have been the selfish interests of their particular States. They did so, because, as a committee, we realized our responsibility to try to put together a formula that would be the best for all 50 States of the Union, all things considered.

I see in the Chamber, across the aisle from me, the distinguished Senator from Utah (Mr. BENNETT). When we were looking at the bill that had been sent to us by the House of Representatives, I at first simply suggested that we use the Hill-Burton approach, which has been approved time and again by the Senate, under which I had no doubt that the House bill would stand up.

That proposal failed to be agreed to by a tie vote when it was first suggested, because the leadership in opposition was taken by the Senator from Utah (Mr. BENNETT). Compared to the House bill, his State would have benefited, but taking the responsibility for the adminstration and for the Treasury, and realizing the President's interest in this matter, he fought for a formula that would take more things into consideration. It was he, after the Treasury had considered the committee's views and a great number of other things, who suggested the formula we have here.

I do not at all regret that in many respects this Senator as well as others have voted for aspects of this bill that would help other States more than the States we have the honor to represent. On the whole, this is a very good bill, and even for those who find that there have been some changes made compared to the House bill that are not to their advantage, I ask them to keep in mind that we still have to go to conference. The House bill, for example, with regard to the State of Ohio, is far more advantageous than the Senate bill. We will therefore have to seek to resolve those differences, and we will. Those are men of good will on the House side. We will work our differences out, and insofar as the Senator has in mind some consideration for urbanized States to a greater degree than the committee recommended, or that he wants more distributed on a population basis, I would suggest to him, if the formula is better on the House side, that he had a right to be complaining. So did most of the small States under the House bill, because the big city delegations pretty well had their way over there. On the Senate side, we had a chance to work out the distribution differently. But what will emerge from conference will be a composite of the construction of the House and the House point of view, where the big population States tend to dominate, and the attitude of the Senate, where the smaller States have far more influence under the great compromise that put this Union together.

So those who might feel that the House formula was somewhat more favorable can see and expect, by the time this bill emerges from the conference, that the Senate committee amendment undoubtedly will be modified to show the effect of the House philosophy as expressed in their bill.

With regard to this amendment, Mr. President, despite the Senator's best efforts—and this is his third try at a formula—he benefits 22 States, and 28 States do worse, which I think indicates that the committee did a pretty good job of trying to work out a bill that we thought the Senate would approve.

But, even more important than that, I think we ought to keep in mind the point of view of the administration, the President, the Secretary of the Treasury, the White House advisers, the Director of the Budget. These people have been working on this subject for a long time, and it was their judgment, after they saw what our handiwork was, that we had worked out a better proposal than the one they had made to Congress.

I hope the amendment will not be agreed to, because it is contrary to the philosophy of the bill and th philosophy of the administration.

Mr. TAFT. Mr. President, I am not going to continue the debate any further. I should like to point out a few things.

First, I am encouraged by the fact that the chairman of the Finance Committee indicates that he thinks the Hill-Burton distribution formula would be good. Although it is fairer than most, I still do not think it could be as fair, when we consider the very general nature of the bill. The name of this bill is the general revenue sharing bill as a per capita distribution. I do not think that one can devise a formula that will not work inequities other than one that is considered on a per capita basis.

I noted with interest that the distinguished chairman said that a number of the States represented on the committee would benefit. I am sure that was not the basis on which the decision was made to use the multiplier factor, but I am still

waiting to get an explanation as to why the multiplier factor works.

I have heard no explanation of the fact that the tax effort factor apparently leaves out quite a number of aspects of the problem. For example, a corporate franchise tax may comprise, in the case of some of the smaller States, particularly Delaware, a sizable amount of the State revenue. Yet, no credit is given, so far as I can see, for that particular factor insofar as the representation of the personal income divider according to the formula is concerned.

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

Mr. TAFT. I yield for a question.

Mr. LONG. We studied the suggestion made by the Senator in the committee. He suggested the formula where you distribute one-third of the money on a population basis, one-third of it on a relative per capita income basis, and one-third on relative tax effort. I think he proposed this formula, and the Senate had a chance to vote on it. It did not appeal to the Senate.

With respect to these factors—population and per capita income—so far as this Senator is concerned, his first reaction was to accept that for a formula. That was not the one agreed upon.

If you stop at that point, you take little account of what people are doing to try to help themselves. If you then multiply those two factors by the relative tax effort, it gives far more weight to the relative tax effort than if you simply put one-third on a tax effort basis and then put one-third on a population basis and one-third on an inverse relative income basis. Then if you take the committee formula, which we think fair, and apply it among the 50 States, what is impressive is not so much how it works out among the 50 States as within each one of them.

You see that in the poorer rural areas, they do better, a great deal better. You look to see what happens in the needy, distressed central city areas, such as New York or Los Angeles or San Francisco or Chicago or Detroit, and you will see that they do a great deal better. You look to see what happens in the relatively well-to-do, the relatively affluent, suburban areas, such as Forest Dale and Beverly Hills, and you will find that they get less. That is so for no better reason than that two factors come through with more effect—that is, they are well able to provide for themselves the services if need be, and their high income gives them a low tax effort.

Therefore, they have little need to tax themselves as heavily as the poorer communities must tax themselves. That comes through to cause those people in the wealthy suburbs to receive less than the people in the poorer central cities.

I have seen the committee formula challenged time and again—three or four times by the Senator from Ohio alone. Never yet have they tried to change that formula for application within their own States.

I have in my pocket a telegram from one of my parishes that has a relatively high per capita income and a low tax effort. The officials of that parish complain bitterly that, notwithstanding the fact that Louisiana does better under the Senate bill, their parish gets a million dollars less. They complain bitterly about that. I can understand why they feel that way.

The reason for it is that by taking into account relative income and the tax effort, and multiplying those factors rather than adding them very much, highlights their efforts. It places a tremendous incentive upon any people who are denied services, an advantage in putting taxes on themselves, if that is the problem, so that they can raise money for the needs of the communities of which they are a part.

It puts this Senator and every other Senator in a position to tell the officials of any country or any State, "Look, if you do not get much money out of revenue sharing, the principal reason is that you have a low tax effort. If you will make a greater tax effort, you will get a great deal more from revenue sharing." If they do not think enough of it to help raise more money among themselves, they will have to settle for the amount provided in the bill as reported by the Finance Committee and eventually agreed to by Congress.

Mr. President, this was not a printed amendment which the Senator offered, and in the beginning I did not have a chance to compute what the difference would be. While the debate has been going on, we have been able to compute the differences this proposal would create with regard to the 50 States. It shows that 28 States would do less well under the Senator's substitute than under the Finance Committee formula, and I ask unanimous consent to have this table printed at this point in the RECORD.

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

Comparison of distribution among States under Finance Committee bill and under Senator Taft's proposal

(in millions)

States, Proposal on Population Basis [1], and Finance Committee bill		
United States, total	$5,300.0	$5,300.0
Alabama	90.1	127.6
Alaska	8.0	5.5
Arizona	46.1	55.1
Arkansas	50.4	60.4
California	520.5	510.4
Colorado	57.8	60.0
Connecticut	79.0	57.5
Delaware	14.3	12.9
District of Columbia	19.6	14.1
Florida	177.0	160.3
Georgia	119.8	120.7
Hawaii	20.1	22.7
Idaho	18.6	21.8
Illinois	289.9	250.9
Indiana	135.7	114.6
Iowa	73.7	84.6
Kansas	58.8	58.0
Kentucky	83.7	95.9
Louisiana	94.9	124.8
Maine	26.0	34.2
Maryland	102.3	94.8
Massachusetts	148.4	143.5
Michigan	231.6	210.9
Minnesota	99.1	108.2
Mississippi	57.8	99.6
Missouri	121.9	108.5
Montana	18.0	22.0
Nebraska	38.7	47.1
Nevada	12.7	11.9
New Hampshire	19.1	16.7
New Jersey	187.1	142.6
New Mexico	26.5	36.5
New York	475.9	507.1
North Carolina	132.5	148.8
North Dakota	15.9	21.7
Ohio	277.7	185.4
Oklahoma	66.8	65.3
Oregon	54.6	61.8
Pennsylvania	307.4	290.2
Rhode Island	24.9	23.1
South Carolina	67.8	89.5
South Dakota	17.5	27.6
Tennessee	102.3	108.1
Texas	292.0	268.6
Utah	27.6	34.5
Vermont	11.7	16.3
Virginia	121.4	109.7
Washington	89.0	92.3
West Virginia	45.6	57.5
Wisconsin	115.0	147.1
Wyoming	8.5	10.7

[1] 28 States would receive less money under this proposal than under the committee bill.

Note: Details may not add to totals due to rounding.

Mr. TAFT. Mr. President, the Chairman has indicated that he thinks the formula is fair. I have indicated why I believe the multiplier factor is fair. He has indicated that some States which are richer are going to be hurt somewhat by the distribution.

I do not consider that the average income in my State, which is just about the norm of the United States, is at a level which would justify the differential that is involved on a per capita basis.

The amendment is a per capita amendment. The Senate might be interested to know what affect it will have on the State of Ohio in so far as the per capita amendment is concerned. The answer is that Ohio would get, per capita, $17.38 compared to the national average distribution, if we did it on a per capita basis, as this amendment, would do, of $26.09.

It may be that this is a very nice formula for some States but it is also inevitable, because of the fact that the tax effort factor is poorly drafted, that it does not include other considerations that will have to be considered if we are going to use the factor at all, and fairly.

It also multiplies the distortions. It does not add them in. It multiplies them in. For that reason, I feel that the formula is essentially unfair.

The distinguished chairman mentioned that the administration, somehow, approved the formula. As I have indicated earlier, and so far as I know I would be interested in this—and I am not questioning the Senator in any respect—the approval of the administration and specifically, I believe, the Under Secretary of the Treasury, his remarks insofar as the Senate formula is concerned, were for later distribution within each State.

I go along with the committee in that respect. This is an improvement in the distribution within the States to give a better allocation of the funds which are finally given to the States to use within their States.

I was one of those who complained very loudly, in speeches and elsewhere, with regard to the effect of the House formula as putting money spent where

it was not needed and not putting money where it was needed. That has nothing to do with it. It is a formula within the States. All of us now know, and I do not believe the administration would be so foolish as to get caught in the buzz saw in trying to determine what a revenue sharing bill should be, and dictating to the Senate or indicating in any way to the Senate how it should make its distribution as between the various States. If it is a thing that has been done, if it has, then I would like to be corrected and I should like to know from whom and how it was done.

Mr. President, at this point, I believe that I have said all I wish to say but I think I have a question from the distinguished Senator from Illinois (Mr. PERCY) and I will be glad to yield to him for a question.

Mr. PERCY. Mr. President, I thank my colleague. I should like to express my deep appreciation to the distinguished Senator from Ohio for the leadership he has shown in this area. By some his efforts are considered to be an exercise in futility. I mentioned earlier this morning that I felt my own effort was an exercise in futility at the time. I felt as though we were at the Republican Convention in Miami trying to get delegate allocation on a fairer basis.

But I have reached the point now where I must direct a question to the distinguished manager of the bill, the Senator from Louisiana (Mr. LONG), because I have had unbounded enthusiasm for this legislation, in principle, ever since I came to the Senate. My seatmate, the distinguished Senator from Tennessee (Mr. BAKER), put in a bill on revenue sharing as his maiden piece of legislation in March of 1967, and I became one of his earliest and most enthusiastic cosponsors.

I have really worked for this principle. But, 2 minutes ago, I sat down with a piece of paper to see how I could figure out what my responsibility is now to my State of Illinois with respect to the vote which I trust will come tonight on final passage of the pending bill.

I direct a question to my distinguished colleague from Utah (Mr. BENNETT) whose advice and counsel I have followed many times, with whom I worked intimately on the Committee on Banking and Currency, whose judgment I have great respect for, and who has a firm knowledge of what a Senator's responsibility is.

I want to ask both Senators LONG and BENNETT this question: How does the arithmetic work out? We started out with a bill from the House which led the people of our State and the Governor of our State and the fiscal officers of our State to believe that Illinois would get something in the area of $301 million in revenue sharing.

The bill now before us would cost $5.3 billion. We are not naive enough to wonder where this money is coming from. It will come from the people of America and some of those people live in the State of Illinois. Most of them pay taxes.

We have roughly figured that about 7 percent of the Federal tax load is borne by Illinois, so that 7 percent of that figure we were talking about comes to about $371 million. Under the House bill we in Illinois were going to give $371 million, and would get $301 million; so that we would lose $70 million. But, that is really not too bad, considering that is better than we do under most Federal programs.

So our enthusiasm was high that this was really a good revenue-sharing bill for the people of Illinois, who are paying for this in taxes under a progressive Federal income tax—a progressive basis that we could not get through the State Legislature of Illinois. We got through a flat rate, and it has caused havoc with anyone that voted for it ever since. A progressive tax is unconstitutional in Illinois, so that we could not do it.

Now when the Senate bill came along, I sent a report to the Governor and to the people of Illinois, in a meeting, stating that I was disappointed, that it brings in only $251 million to Illinois. That was what it looked as though it was going to be. But then we additionally get slapped in the face with the ceiling on social services. In principle, I support a ceiling. I think it is right that we have a ceiling, but I do not think we can have a ceiling that is almost down to the floor when we are talking about expenditures being committed now by the States, expenditures in hard-raised dollars in Illinois which these kind of social services justify. In fact, we need to spend these Federal dollars because I think it is the only way we will ever be able to help those on welfare, take care of malnourished people, orphans, people who cannot see, and all the other kinds of services that are so necessary.

But, when we consider that we got $181 million in social services in fiscal 1972 and will be, by this bill, cut back to $61 million, we take a loss of $120 million. Then when we consider the fact that the bill cuts us down to $250 million in revenue sharing funds, in addition to taking $120 million of social services funds from us, that means that in the final analysis we are receiving under this bill only $130 million, for which we are paying in Federal taxes $371 million. This bill is a net loss of $241 million to the people of Illinois.

How can I possibly justify voting for a bill that, in principle, I really believe in, but which is really unfair to my State. How can I go back to the people of Illinois and explain this to them?

I must say to my colleague from Illinois, Mr. STEVENSON, who now occupies the chair, that I have backed this legislation for many months. We both have debated this question. He, in principle, is against it. He said it was a fraud and a waste, that would not work out.

I must say that with this kind of arithmetic as I have worked it out that for the State of Illinois under this formulation, we are being cut so badly I do not know how to justify a vote for the bill, although I still favor it in principle.

It is not just the fact that that nongermane addition on social services has been added, which should have gone on a social security bill or some other kind of bill—not on this bill, which should be kept a revenue-sharing bill. But on the revenue-sharing section, I would simply ask the question: Is my arithmetic correct and, if my arithmetic is correct, how can I justify voting for the bill?

Mr. LONG. If the Senator will yield at that point, to permit me to respond——

Mr. PERCY. Here are the figures. I jotted them all down.

Mr. LONG. I heard enough of them to get the point. Let me respond to some of what the Senator said. He talks about a bill which came over with $301.8 million in it. That was not a bill the President recommended. He recommended a revenue-sharing proposal which would have allowed for Illinois $219.8 million.

The House proceeded to crank in an urbanization factor, and the big delegations from States such as New York, California, Illinois, and Pennsylvania had a great deal to do with that. And by the time they finished, they had put in an urbanization factor. They worked it out so that it came over here with $301 million for the State of Illinois. They were recognizing how the House was going to vote with their big delegations from New York, California, Illinois, and Pennsylvania which have a greater number of votes and can pretty well have their say.

Those of us in the Senate took a different position. By the time the bill got here from the House, Illinois' allocation had increased from $219.8 million up to $301.8 million.

If the Senator wants to look at what the President of the United States, Richard Nixon—who lived in California and served that State as a Senator, and who lived in New York when he ran for the office of President of the United States—recommended, it was less than the House provided for both of those States.

The Senate bill provided $251 million, if we put the $5.3 billion on the new formula, and it is substantially above the $219.8 the Senator is talking about.

Mr. PERCY. But the committee gave with one hand and took with the other.

Mr. LONG. Let us take it step by step, as the Senator did. Even without the additional $1 billion in place of social service grants the Senate committee formula is better for Illinois than the administration formula that Nixon recommended. He is a man who had been elected from two large metropolitan States. He lived in one as a Senator and he lived in the other when he ran for President.

So the formula we came out with would do for the State of Illinois $31 million better than the proposal of the President of the United States who thought about both of these big States and the problems of every State in the Union. He thought it would be appropriate.

So the State of Illinois did better under the Senate proposal than the administration's recommendation by $31 million.

We did not try to distribute the money based on who paid the taxes. We did not try to do it in that way. The President did not recommend it, and even the House committee did not recommend that.

The State of Illinois did better under the Senate Finance Committee formula than Illinois did under the formula recommended by the President of the United States and his Secretary of the Treasury.

The Senator asked about the social

services aspect. I believe that the Senator had better get his pencil out to figure this. If we take $7 billion, which it is anticipated is what it will cost for social services if we do not put the program under control, let us see what the Illinois share of the taxes will be. It will be a lot of money.

Mr. PERCY. Mr. President, will the Senator yield? I have made the point that I believe in a ceiling on social services. I have supported a ceiling. I supported the ceiling of $2.5 billion. That is the reason that I think a $7 billion figure would be utterly unreasonable.

Mr. LONG. If we did not put those ceilings on, it would surely be $7 billion, and not very far in the future, either. That's unless we put on a ceiling.

In Louisiana, we could get a great deal of money for this because we have, relatively speaking, more poor people than Illinois does. The result would be that it would cost the taxpayers a great deal of money, and by the time they pay the taxes to pay for the cost of this, we might find that it would be wise to ask Illinois to provide their own social services and have every other State provide theirs.

If the Senator will go back to the position taken by the former Senator Douglas, who was in the Senate and whom the Senator knew intimately—and both men had an admiration and respect for each other, and properly so—if we take the Federal expenses uniformly across this country, because Illinois is a relatively high-income State, it will pay more than it gets back.

That is how it would be. If I had my choice, I would put myself in the Senator's shoes gladly. I would wish that Louisiana was richer, even though we would get back less than we had paid under a Federal aid program if that was the case.

Mr. PERCY. Mr. President, I would like to make clear my position in supporting the amendment of Senator TAFT. I have supported every amendment to bring some equity into this bill. We have tried to effect some improvement, some change, some modification in the bill as it came from the Senate Finance Committee because the questions of all Senators who have spoken cannot be totally overlooked. We cannot all be out of our minds. And certainly when we get into conference with the House, we would find—I would swear to it and I would wager to it—that the conferees on the part of the Senate will have to accept some form of reform.

We should give credit to those States who have raised their own taxes. We must give some emphasis to the fact that those States that have imposed taxes have bitten the bullet and they are paying their share. The House will require that point of view when we go into conference, so that we do not run roughshod over States that have a major population. But there should be some yield and give at the Senate level now. That is why I am urging support of the amendment offered by the distinguished Senator from Ohio (Mr. TAFT).

Mr. LONG. Mr. President, just talking about the revenue-sharing aspect of it first, and leaving out the social services, if we take the $5.3 billion figure and talk about that, both the House and Senate bill would give the State of Illinois more than the administration recommendation. So, if you want to consider the administration recommendation, to begin with, it did not wait to see how the Senate would vote or how the House would vote. But it took account of the competent views of both Houses. The State of Illinois has the good fortune to be a winner no matter how it comes out. If we take the Senate figure, the State of Illinois wins. And if we take the House figure, the State of Illinois wins. In either case the State of Illinois is a big winner compared to the administration's recommendation.

Mr. TAFT. Mr. President, I would like to point out that is not the case with the State of Ohio. It would be $212 million for the State of Ohio compared to the $285 million.

Mr. LONG. Mr. President, let me take one Senator at a time. As far as the State of Illinois is concerned, they will win either way. It is just a question of how big they win.

Mr. PERCY. Mr. President, will the Senator yield on that point? I cannot accept that point. We cannot carry on a dialog if we proceed on that basis. We cannot separate revenue sharing and social services because they are one package here. In fact, I would say to the distinguished Senator that if we had a bill for revenue sharing and Illinois would receive $251 million and we would pay in taxes $318 million, I would still vote for the bill. I would still believe in it. I still say that is a bargain, even though we get back $68 million less than we pay in. As Federal programs go, it certainly is a rare bargain for Illinois although there are States that get back certainly $3 to $4 for every dollar they pay.

I have not argued in principle against the fact that we should pay heavier than poor States pay. The question is a question of degree.

The question is that this bill now is not revenue sharing. I would have to say to the State of Illinois that this is a fraud because this bill now includes social services. With all due respect, that is nongermane to this bill. And if the distinguished Senator would simply say, "Let's put that on a bill it really belongs on," in accordance with the principle that the Senator has espoused on this floor for days, I would say "Amen." Let us vote for revenue sharing and get rid of social services on this bill and handle it some other place. That is what we must take into consideration when we are looking at the two factors, because we give with one hand but take so much away with the other that we cannot separate them.

Mr. LONG. If there is any way to bring social services under control we will do it. If we can get a bill to bring social services under control we will do it on any bill we can. If the Senate can bring that fiasco under control, we will do it. The Committee on Finance recommended the program in the first place, but it has been badly abused in the way it has been administered. Maybe we can get it under control. Maybe we cannot get our amendment agreed to and if we cannot, I suppose the Senator from Illinois will be happy because Illinois was able to get in and get Federal funds. But we will try to bring the program under control.

Mr. PERCY. That is why I support placing a ceiling on it.

Mr. LONG. We do not know what the House will agree to, but we should try to get this thing under control.

I hope the Senator would not prejudge the result of the conference. I know he is not satisfied with the limitation we have placed in here. We know we may have to agree to do something far more liberal, but at least we are in a position of bargaining strength to begin with. The Senator did not vote to put us there, but he can be confident that if the House was unwilling to accept a ceiling of $2.5 billion, it will not agree to our ceiling without some House amendments.

Mr. PERCY. I thank my distinguished colleague. I would like to pause to give an opportunity to correct the RECORD in one respect, because what has been said is factually misleading on the income tax effort of the State of Illinois. The administration bill provides so little for Illinois in the figures that were calculated because Illinois at the time did not have an income tax. We have since then made that major step. We changed our constitution. We now have an income tax, and Illinois would get substantially more under the administration bill because we would get credit for doing what we should have done.

This is the whole principle I feel we are failing to adhere to now. We are giving this money with no strings attached, but I think we are also shutting our eyes completely to the fact that it is right and proper that we offer incentives to States that have a State income tax. Each of us knows in our States how many inequities there are in the property tax, and we know that the six States that do not have an income tax will have to have an income tax eventually. Therefore, those States that have taken this step should be given the incentive and encouragement to continue. They should be rewarded for financing their States in the right way and not the wrong way, which is to just keep jacking up the sales tax, which affects mostly the poor.

But in this bill we are not using the money to provide the incentive for States to move forward. I trust my colleague will accept the correction in the statement he made on the amount provided in the administration bill. We do not have the new arithmetic because it has not been computed, but I can assure the Senator we pay a very big income tax and Illinois' share under the administration bill would be substantially higher.

I come back to the original question. I appeal for advice and counsel of my colleagues. They have never refused to urge that Senators give support for a bill. Can either the chairman of the committee or the ranking Republican member in good conscience advise a Senator that in the interest of his State and the Nation, and I talk about the Nation because a lot of people live in the urban areas—can we justify a vote for this bill and support it when these facts and figures have been given? I feel in good conscience the peo-

ple of my State are not protected and cared for in this bill as they are in the House bill, and as they are in the administration bill. This bill as it now stands, and this is why I supported the amendments of the Senator from Ohio, does not respond to the needs of the populous areas of the country.

Mr. BENNETT. May I reply?

Mr. PERCY. I respectfully request that the Senator do so.

Mr. BENNETT. My first comment is that the present amendment of the Senator from Ohio eliminates any consideration of any tax effort.

Mr. PERCY. I would agree that others that have been offered are better than this one.

Mr. BENNETT. Very well.

Mr. PERCY. Obviously the distinguished Senator put forward the best amendments he could first, and so did the Senator from New York, and we have been tabled and beaten down to where we do not have too many amendments left.

Mr. BENNETT. I think the situation we find ourselves in illustrates the fact that the Senator from Ohio has been trying every way he can to find a formula to benefit the State of Ohio. His first two formulas took nearly one-fourth of the additional money he added to the bill and paid it to Ohio.

Mr. TAFT. The Committee on Finance took it away from the State of Ohio.

Mr. BENNETT. I was addressing the Senator from Illinois.

Mr. TAFT. I believe I have the floor.

Mr. BENNETT. If the Senator wishes me to, I will sit down.

Mr. TAFT. I am glad to yield.

Mr. BENNETT. The Senator from Illinois addressed a question. I learned a long time ago in school that when you figure percentages it depends on the base on which you figure.

The chairman pointed out that this whole matter started on a measure suggested by the administration. The House changed that base and the Representatives of the States who have been hurt or whose share has been reduced are going to make the best comparison they can. It is the most difficult business in the world to try to write a formula that will take into account the factors that are different in every State and under every circumstance. I am sure if every Senator in this body were free to sit down and write his own formula, he would do what the Senator from Ohio has done—he would write a formula to take care of his own State and then try to make a comparison with other formulas to show that x formula damaged him, and, therefore, that he must protect himself.

I do not think it is possible to write a formula that will satisfy every State in the Union.

We on the Committee on Finance, rightly or wrongly, felt as the chairman said, that the House formula, representing the dominance in the House of the big and rich States, was slanted in their direction. I do not represent any of those States; the Senator from Illinois does represent one of those States, so we may look at this matter from different points of view. We tried to represent the composition of the Senate and therefore tried to give more consideration to the two elements in addition to population, the relative income factor, and the tax effort factor. We have been criticized because we multiplied rather than added because by multiplying we increased the impact of these other two factors.

We could spend the next 2 weeks here trying to rewrite formulas according to the way a different formula would benefit a different State.

I will go back to the very beginning and answer the Senator's question. I will tell him a story. I had not been in the Senate very long, and in those days we quite often met until 2 or 3 o'clock in the morning. It was one of those nights. I was very tired and very confused, and I took the floor and addressed the Chair and said, "Mr. President, how do I vote on this amendment?" And he said, "The Senator from Utah will have to make up his own mind how he is going to vote on this amendment." I was trying to say, "What does a 'yea' vote mean and what does a 'nay' vote mean?" The Presiding Officer gave me the perfect answer: "The Senator from Utah will have to make up his own mind." The Senator from Illinois faces the same problem.

We never get a clear choice in this business of legislating. There are always factors that are beneficial on one side and damaging on the other side, and we have to find a balance and make our adjustments.

In this case I will admit that, as compared with the House bill, there are some factors in our formula that make it less attractive than the other. I can understand that the Senators from those States that have had the opportunity of taking advantage of the open-ended matching formula for social services had the right to believe that that would go on indefinitely and therefore they were free to depend on a continuing increase in the funds. We chose to do the best we could to cut that off. I know that the Senator's State will be damaged, in terms of its present program, by our provision, but I agree with the chairman. We are going to have to compromise this when we get to conference. If we started out with the Roth amendment, the compromise could have been only up and not down.

So I come back to the answer Senator McKellar gave me at 3 o'clock in the morning: The Senator, I am afraid, will have to make up his own mind.

Mr. PERCY. I certainly will, and on the basis of what I have heard, I am going to vote against the bill. I had not made up my mind when I came in the door of the Senate today. Based on what I have heard, I will have to say that the Senator from Ohio has been fighting for what he feels is in the best interest of the State of Ohio. That is his job, so long as it is consistent with what is right for America, because we all are, first and foremost, representatives of the United States, and then we fight for the interests of our States. But I would have to say that this bill is really a product of the system of the Senate as I have understood it these last 6 years. It is a product of the seniority system. It is a product of the system of committee assignments. The reason why the Senate moves so glacially slow is that we get a bill—in this case from the Senate Finance Committee—from a committee that has very, very little representation from the places where people in large numbers live, and certainly not from the big urban areas.

The members of the committee have done what we have been considering here on the floor. In committee they have fought for the interests of their States. I would say that the people of Louisiana are well served by this bill, and there is no question that the distinguished Senator from Louisiana would vote for it. That is true of New Mexico, whose Senator has the next ranking position on the Democratic side. That is true of Georgia, whose Senator has the next ranking position on the committee.

I would question whether the distinguished Senator from Indiana should vote for the bill, even though he is a member of the Finance Committee, and I have no idea how he voted in committee.

I would suppose the Senator from Arkansas would vote for it.

I would certainly feel the Senator from Connecticut, who was a lone voice in that committee—and what a lonely, lonely business it must be—would have a question about it. This is not a big State versus a small State argument. He is a distinguished Senator who was a Governor of his State and who had that responsibility. He was a Secretary of HEW and had that responsibility. He, in my judgment, has had a broader-based experience in both branches of government than any other Senator. He was a distinguished lawyer. In conscience, even though many times it may not have been only his State's interest involved, he has fought a lonely and hard battle.

Then the Senator from Oklahoma.

Then our distinguished and eloquent Senator from Virginia, who always has the best interests of his State of Virginia at heart.

Then the distinguished Senator from Wisconsin. I also say, in good conscience, I cannot see how he can possibly vote for the bill from his own committee.

On the Republican side, the distinguished Senator from Utah, whom I respect for fighting for the people of his State—and he loves that State, but really the problems in his State are different——

Mr. HANSEN. Mr. President, will the Senator yield at that point?

Mr. PERCY. I am happy to yield.

Mr. HANSEN. May I observe to my distinguished and cherished colleague from Illinois that if the Senator from Utah were to be motivated by selfish interests in doing the very best job he could for his own State, he would not vote with the committee. He would vote for the urbanization formula, because it just happens that in the State of Utah 80 percent of all the people in that State live within a five-city area. I thought that, in a very statesmanlike fashion, the Senator from Utah said, let us devise a formula as nearly fair as we can make it for all 50 States, and I think the record of the executive sessions will indicate that on more than one occasion there were those who spoke out, not in

a manner that would redound to the maximum benefit of their specific States, but, rather, in trying as best they could to express their convictions insofar as what best served America was concerned.

I thank the Senator for yielding.

Mr. PERCY. I am very pleased to have that commentary. I take second place to no one in my respect for the distinguished Senator from Utah, but I do point out that the problems of Utah are quite different from the problems of the very populous States.

Next, on the Republican side, the Senator from Nebraska.

Certainly Iowa has some of the problems, but not too many.

Then Idaho, Arizona, and Wyoming.

Then we get to the bottom of the list. The distinguished Senator from Michigan, the only Republican on that committee who comes from an industrialized northern State——

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. LONG. Who has the floor?

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. LONG. I make the point of order that the Senator can yield only for a question. Has the Senator yielded the floor or not?

Mr. PERCY. Mr. President, may I have 1 additional minute?

Mr. TAFT. I am glad to yield 1 minute to the Senator from Illinois.

Mr. LONG. Mr. President, I make a point of order. The Senator can yield only for a question. The Senate is anxious to come to a vote. It has been a long day. I make the point of order that the Senator can yield only for a question.

Mr. PERCY. Mr. President, I will rephrase the question, which has not been answered by the chairman of the committee. The ranking minority member of the committee did answer it. But I ask this question, then: In good conscience can this Senator vote for this bill? I repeat what I have said several times before in this colloquy. We are grateful to the Finance Committee for getting this bill on the floor so we can have this colloquy. We are not arguing the principle. The principle is right. But I do disagree with the formula that has been arrived at, and I ask the distinguished Senator, in good conscience, could I vote for this bill?

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

Mr. TAFT. Mr. President——

The PRESIDING OFFICER. The Senator from Ohio can yield only for a question.

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

Mr. TAFT. I will yield in a moment. I would like to correct a statement of fact by the Senator from Illinois. Under the utilization of the formula, the Senator's State would get $32 million as compared with $34 million. I do not know that it is important.

I yield now to the distinguished Senator from Louisiana.

Mr. LONG. Mr. President, I will claim the floor in my own right when I can obtain it.

Mr. TAFT. Does the Senator from Illinois have a further question?

Mr. PERCY. I have one further question that I would like to have answered at some point.

Mr. TAFT. I yield to the Senator.

Mr. PERCY. A good measure of fairness is per capita distribution of the new revenue sharing funds, and I wonder if there is a table available that shows the per capita distribution by the various States.

Mr. TAFT. I would advise the Senator that we do have available such a table on per capita distribution, which is the basis on which this amendment would operate.

Mr. PERCY. Mr. President, I conclude by saying that I feel I have offended my colleagues, and I am distressed and very sorry if I have, but I do feel very deeply about this matter, and regret deeply the necessity of voting against a bill that embodies a principle that, for 6 years, I have believed in very strongly. But I simply cannot justify a vote on the basis of the committee formulation, and I would hope in conference that more equity could be built into the bill for the populous States.

Mr. TAFT. Mr. President, I am ready to ask for the yeas and nays. I have no reason to protract the discussion. I think I got somewhat off the point, however, on the social services discussion. As to the differing points of view on per capita distribution, unfortunately, we do have a dilemma here in the Senate. I can appreciate the approach of both sides, in that I think it is important that the Senate act on this matter, but, on the other hand, to get mixed up in such a basic, long-range issue as determining the direction we are going to go on revenue sharing and the direction we shall take in that formula, I think, is unfortunate.

I feel that the figures in the committee report are misleading in this regard. Yet I recognize also the urgency. I think it is too bad it could not have come up in some other way.

I would also like to correct the Senator from Illinois in an observation he made in stating that he felt perhaps I had advanced the best amendments I thought could be offered at an earlier date. I assure him that, quite the contrary, it was my object, while I may have been right or wrong in that regard, to offer first an amendment which I felt had a better chance of drawing support, because there were more Senators whose States would perhaps have benefited more under other amendments than the amendment I am offering at this time.

But that does not detract one whit from my belief that the principle of this amendment is sound, and I think the statement made a few minutes ago by the Senator from Utah, the ranking Republican member of the committee, bears out exactly what I am saying about this amendment. He described, I thought very accurately, the tremendous difficulty in working out a formula and applying it in some way that works out fairly for all the States.

The committee amendment adopted several factors, and applied them in a way that makes no sense at all and tends to distort further any inequities. With reference to the application of the various factors, it just happens to have hit my State. It could have been the Senator's State or any other State. I am not saying that the factor of tax effort should not have been considered, or that another factor should not have been considered. I do think it did not work out properly in this bill. I think the relative efforts of the States involved are not included properly in the formula for tax effort application. I think it could be better.

We are going to have this argument, I assure Senators, time after time on this floor, if we adopt the committee amendment. The only way we are going to be able to stop the revenue-sharing distribution formula from becoming an issue every year on the floor of the Senate is to adopt some very basic and understandable principle, and I cannot think of any that is more accurate and equitable than a per capita distribution of $26.09 per person throughout the United States. That is where I think he will eventually end up, or the revenue-sharing principle will be lost and become meaningless.

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

The yeas and nays were ordered.

Mr. LONG. Mr. President, I ask unanimous consent that I may yield to the distinguished majority leader, without prejudicing my right to the floor.

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

THE INTERIM AGREEMENT ON OFFENSIVE WEAPONS—CLOTURE MOTION

Mr. MANSFIELD. Mr. President, I ask unanimous consent to file a cloture motion at this time.

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

Mr. MANSFIELD. I ask that the motion be read.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the pending joint resolution, S. J. Res. 241, the authorization of the President to approve an interim agreement between the United States and the Union of Soviet Socialist Republics.

1. Mike Mansfield
2. Hugh Scott
3. John O. Pastore
4. Robert C. Byrd
5. Norris Cotton
6. Philip A. Hart
7. Frank E. Moss
8. Lee Metcalf
9. Wallace Bennett
10. Robert Dole
11. Jennings Randolph
12. Clifford P. Case
13. Thomas F. Eagleton
14. Daniel Inouye
15. William Proxmire
16. Joseph M. Montoya
17. John Tower
18. Henry M. Jackson
19. Clinton Anderson

Mr. JAVITS. Mr. President, will the Senator yield for a question on that motion?

Mr. MANSFIELD. The Senator from Louisiana has the floor.

Mr. JAVITS. Just for 30 seconds.

Mr. LONG. Mr. President, I ask unanimous consent that, without prejudice to my right to the floor, I may yield to the Senator from New York for 1 minute.

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

Mr. JAVITS. Normally when a motion is filed, we qualify the amendments which have been printed, without going through the rigmarole.

Mr. LONG. The rule does that.

Mr. MANSFIELD. The rule takes care of it. Will the Senator yield to me further?

Mr. LONG. I ask unanimous consent that I may yield further to the majority leader for a unanimous-consent request, without losing my right to the floor.

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

Mr. MANSFIELD. I ask unanimous consent that the cloture motion may lie at the desk until the Senate completes its business tonight, for additional signatures.

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

Subsequently, the following Senators signed the cloture motion:

20. Robert P. Griffin
21. Marlow W. Cook

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 o'clock tomorrow morning.

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

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. STEVENSON). The Chair, on behalf of the Vice President, pursuant to Public Law 90–206, appoints the following as members of the Commission on Executive, Legislative, and Judicial Salaries: Mr. Joseph Meglen, of Montana, and Mr. Bernard G. Segal, of Pennsylvania.

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. LONG. Mr. President, I move that the pending amendment be laid on the table, and I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. STEVENSON). The question is on agreeing to the motion of the Senator from Louisiana (Mr. LONG) to lay the amendment of the Senator from Ohio (Mr. TAFT) on the table. 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 Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Alabama (Mr. SPARKMAN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Oklahoma (Mr. HARRIS), and the Senator from Wyoming (Mr. MCGEE) are necessarily absent.

I further announce that if present and voting, the Senator from Alabama (Mr. SPARKMAN), and the Senator from New Hampshire (Mr. MCINTYRE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the Senator from Iowa (Mr. MILLER), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Kansas (Mr. DOLE) is detained on official business at the White House.

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 "yea."

The result was announced—yeas 60, nays 28, as follows:

[No. 418 Leg.]

YEAS—60

Aiken	Eastland	Magnuson
Allen	Edwards	Mansfield
Anderson	Ervin	McClellan
Baker	Fannin	Metcalf
Bayh	Fong	Mondale
Beall	Gambrell	Montoya
Bennett	Goldwater	Moss
Bentsen	Gravel	Muskie
Bible	Gurney	Nelson
Brock	Hansen	Pearson
Buckley	Hatfield	Proxmire
Burdick	Hollings	Randolph
Byrd, Harry F., Jr.	Hruska	Smith
	Hughes	Spong
Byrd, Robert C.	Humphrey	Stafford
Cannon	Inouye	Stennis
Chiles	Jackson	Talmadge
Church	Javits	Tunney
Cook	Jordan, N.C.	Young
Curtis	Jordan, Idaho	
Dominick	Long	

NAYS—28

Bellmon	Hartke	Scott
Boggs	Mathias	Stevens
Brooke	Packwood	Stevenson
Case	Pastore	Symington
Cooper	Pell	Taft
Cotton	Percy	Tower
Cranston	Ribicoff	Weicker
Eagleton	Roth	Williams
Griffin	Saxbe	
Hart	Schweiker	

NOT VOTING—12

Allott	Kennedy	Miller
Dole	McGee	Mundt
Fulbright	McGovern	Sparkman
Harris	McIntyre	Thurmond

So Mr. LONG's motion to lay Mr. TAFT'S amendment on the table was agreed to.

Mr. MAGNUSON. Mr. President, I send to the desk an amendment on behalf of myself and Senators RIBICOFF, JACKSON, JAVITS, BROOKE, CASE, TUNNEY, and HUMPHREY, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill, add the following:

TITLE IV—MISCELLANEOUS PROVISIONS

AMENDMENT TO FEDERAL-STATE EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 1970

SEC. 401. Sec. 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning before July 1, 1973, and beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State "on" or "off" indicator beginning or ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof, and as if paragraph (1) of section 203(b) did not contain subparagraph (B) thereof."

Mr. MAGNUSON. Mr. President, this is sort of an emergency situation affecting about 19 States. It involves the whole question of unemployment. I hesitate to suggest that this amendment be put on this particular bill, but if I thought we could not get some consideration for the amendment on this bill, we might be able to do so on a separate bill later on. The Chairman of the Finance Committee, I would insist, and my sponsors would join me in insisting that we add the pending amendment to this bill.

I will explain it briefly.

The amendment, if enacted, would allow the States to repeal the so-called 120 percent on-off trigger. This 120 percent trigger arbitrarily and harshly discriminates against unemployed workers residing in a State with a persistently higher rate of unemployment. The provision originally, when adopted, possibly made some sense, because the problem of recession and unemployment did not last too long. The provision is that a State must have an unemployment rate which is at least 120 percent of the rate prevailing in that State in a corresponding period of the previous 2 years. It has the adverse effect of eliminating the States where the unemployment has leveled off and remained static for over a 2-year period. That includes my own State. It includes 19 States in the United States. It includes New York, for instance, and California—19 States where they have persistently held themselves at this same level. So it has not increased 120 percent. So there is no trigger. The States can do this themselves. The basic reason behind that authority for the States is that when they do it, then they have to make their contribution to the fund. But the way it is now, it has stayed that way in 19 States way above the amount anyone ever believed at the time the bill was enacted for a period of over 2 years.

In my particular State, we have had the rate of 70 percent, some have 10 to 12 to 13 percent, but the workers do not qualify for the Federal-State extended benefits because of this requirement. We are having a recession there that continues. Workers in these 19 States need the extended benefits. The program which calls for the 120 percent requirement happens to be unfair where there is persistent and long time unemployment that has not in some cases gone up or

down. I think the States should repeal it as quickly as possible, but we have to amend the law to be able to do that.

This amendment has not been considered by the Finance Committee but we have discussed it informally with its members and I would hope that the Senator from Louisiana (Mr. LONG), who has been a long-time friend of the unemployed worker, and the distinguished Senator from Wyoming (Mr. HANSEN), and other Senators here, would give us some assurance that before this session ends, we will be able either to have this attached to another bill from the committee which might show up on the calendar—I guess there is one on the calendar—or that we would have a hearing before the committee. I am joined by these sponsors from the 19 States that have this problem.

Now, Mr. President, the Senator from New York (Mr. JAVITS) wanted me to yield to him for a period of a minute or two on this matter.

Mr. JAVITS. Mr. President, I thank the Senator from Washington.

Mr. President, in 1970 we enacted the Federal-State Extended Unemployment Compensation Act, the provisions of which have been an invaluable source of support to thousands of jobless persons in the recent months of extended high unemployment. Under the act, extended benefits for 13 weeks have been paid to jobless persons in 37 States and continue to be paid in five of these States and in Puerto Rico. Through April 29, 1972, more than 700,000 workers had filed claims for temporary compensation and total benefits paid were over $227 million. According to a report of the Secretary of Labor—

> It is clear that this program has been of substantial benefit to three-quarters of a million persons who had substantial attachment to the labor force.

This amendment, offered by the distinguished Senator from Washington and myself, deals with the State "off-and-on" trigger mechanism, which determines eligibility for participation in this program. The program on a national basis ended several months ago. However, for sometime thereafter New York and many other States were eligible to participate in the program because the State unemployment rate was 120 percent of the rate prevailing in the State in the corresponding period of the previous 2 years, and the State unemployment rate was above the trigger rate of 4 percent. But recently, despite the fact that the insured unemployment rate in many States is above the 4-percent level, these States have become ineligible to participate in the program due to the 120 percent "off" trigger.

It is clear that the 120 percent "off" trigger is disqualifying States at a time when the need of their unemployed workers is still great and urgent. To the present, some 27 States have been triggered out of the program through the operation of the 120 percent provisions at times when their unemployment rate was greater than 4 percent. In 10 of these States—California, Washington, Alaska, Connecticut, Maine, Massachusetts, Michigan, New York, Oregon and Rhode Island—this "off" trigger has had a particularly harsh consequence, for their unemployment rates continue to be significantly higher than the national average.

In my own State of New York, some 90,000 individuals, or 18 percent of the total unemployed work force in New York, have had their benefits terminated. In some areas of my State, particularly Elmira, Buffalo and Utica, and on Long Island, unemployment has reached 8 and 9 percent. Approximately 4,500 persons exhaust their regular unemployment insurance benefits each week in New York State, and will not be able to draw further benefits unless legislative action is taken.

This amendment would remove the 120 percent "off-and-on" trigger so that the only test which would have to be met by the States to qualify for an extended benefit period is an insured unemployment rate in excess of 4 percent. Insured unemployment is, of course, always lower than total unemployment; a 4 percent insured unemployment rate translates into a total unemployment rate of 5.5 percent or higher. In addition, the amendment would eliminate the 13-week waiting period before a State which meets the eligibility criteria, can apply for reinstatement into the program.

Mr. President, I have been an ardent supporter of the President's wage stabilization program and I think it has done much to cool off the inflationary fires which were overheating our economy in recent years. But it seems to me that just as we have acted vigorously to control inflation, we must also act vigorously to deal with the equally serious problem of excessive unemployment. The least we can do, in that respect, is to act now to reinstitute the 13-week benefits program provided for under the 1970 act in States where unemployment is high, even if the unemployment rate is not higher than it was a year ago. I cannot see any justification for providing 13 weeks of extended benefits to a State which has an insured unemployment rate of 4.1 percent if its rate during the previous year was 3.2 percent and denying such extended benefits to workers in a State where insured unemployment is higher than 4.1 percent, but not 20 percent greater than it was a year ago.

The purpose of the extended benefits program is to provide some extra assistance to the long-term unemployed during periods when it is hard to find a job because of generally high unemployment, and it should make no difference in the application of the program whether the unemployment rate last year was lower, higher, or the same than it is today. Similarly, if perchance the insured unemployment rate in a State drops below 4 percent for a period of time and then rises again above that figure, the State should not be precluded from regaining its eligibility to participate in the program. I stress the latter point because I am informed by officials in the New York State Labor Department that it is possible that the insured unemployment rate in New York will drop below 4 percent this fall and rise to over 4 percent again this winter.

The amendment before us deals with these problems by eliminating the 120 percent "off-and-on" trigger from the 1970 act. It would permit States, such as New York, which have lost their eligibility to participate in the program to regain their eligibility through appropriate action by the State legislature in accordance with the Federal law, as amended.

Mr. President, in the interest of long-term unemployed workers in New York and throughout the Nation, I hope the Senate will support this amendment.

Mr. President, I ask unanimous consent that an article entitled "New Jobless Aid for 90,000 Urged," written by Edward C. Burks, and published in the New York Times of August 1, 1972, be printed in the RECORD.

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

NEW JOBLESS AID FOR 90,000 URGED—STATE LABOR LEADER ASSAILS ENDING OF EXTENDED BENEFITS

(By Edward C. Burks)

Raymond R. Corbett, president of the New York State A.F.L.-C.I.O., called yesterday for emergency measures to aid 90,000 state residents whose extended unemployment insurance benefits had just been cut off.

He referred to the mandatory termination of two programs which gave 26 extra weeks of extended unemployment benefits to the state's jobless.

Because the basic maximum is 26 weeks of assistance, the two programs had given benefits to unemployed workers for up to 52 weeks.

Mr. Corbett said that "it doesn't make sense" to have a rule terminating the programs simply because the unemployment situation was not worse than it was in 1971 and 1970. However, such a rule was written into the legislation setting up the two temporary programs.

One of the programs was financed on a 50–50 state and Federal basis, and the other—the program providing for benefits after 39 weeks of unemployment—was wholly financed by the Federal Government. He called for action by Congress, and if necessary, by the Legislature, contending that otherwise the 90,000 would be forced onto welfare rolls.

WORKING WITH JAVITS

Industrial Commissioner Louis L. Levine, head of the State Labor Department, said of the termination of the programs: "We had no choice. We sympathize with the A.F.L.-C.I.O. It's a rough situation but one we had little control over."

He added, however: "We've been working intensely with Senator [Jacob K.] Javits and the Federal Labor Department to try to get Congress to move to provide extensions."

Mr. Javits is a member of the Senate Labor Committee.

Mr. Corbett contended that "persons able and willing to work should be entitled to unemployment insurance benefits." Especially in a period of "extremely extended unemployment such as we are still experiencing," it should be possible to extend the aid, he said.

The 90,000 New Yorkers affected constitute 18 per cent of the state's total number of unemployed workers.

CRITERIA CITED

The extra benefits financed jointly by the state and Federal Government terminated on July 23 because the state unemployment situation no longer met the criteria of the program. The criteria are that the state's unemployment average must not only exceed

4 per cent (which it did) but that the jobless rate would also have to be 20 per cent higher than for the comparable period of 1970 and 1971.

Mr. Corbett noted that in some areas of the state—Elmira, Buffalo and Utica—the jobless rate in June was 8 and 9 per cent and he said that the law should be amended to cover these extreme cases.

The second program—the one financed wholly by the Federal Government—was terminated because the state's over-all unemployment average was not high enough to qualify under the Federal formula. Thirteen weeks must intervene before the state can apply again for this aid, and only then if it meets this criteria.

Mr. Corbett feels that kind of rule is "like the doctor stopping treatment and telling the patient he'd look in on him three months later to see if he's gotten much worse."

Mr. JAVITS. Mr. President, I join the Senator from Washington (Mr. MAGNUSON) in expressing my appreciation to the Senators.

The article that I have had printed in the RECORD shows that the AFL–CIO in our State is very deeply concerned about this problem and has made a very strong representation about it.

I assure the chairman of the committee that I will personally write a letter, and I am sure that the junior Senator from New York (Mr. BUCKLEY) will join me in that effort, to every New York member. The Senator has told us so eloquently how many members there are. We will urge their full cooperation in the letter and ask that it be transmitted to the House Ways and Means Committee.

Mr. MAGNUSON. Mr. President, I think that in the original act of the Finance Committee, they did not anticipate at that time that some of these things would go on over a 2-year period. If someone had serious unemployment and it went up to 120 percent, it would trigger it. However, what has happened in these 19 States is that it just persisted more than it did in other States. I am happy to say that it has not gone up in some States. However, it has not gone down.

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

Mr. MAGNUSON. I yield.

Mr. LONG. Mr. President, as the Senator knows, the amendment could be offered on a revenue bill that has already reached here. But the Ways and Means Committee has already acted favorably on this matter.

So we will get a chance to act on the matter on another bill. I might say that I feel like a sort of substitute Senator from the State of Washington.

Mr. MAGNUSON. We are glad to have the Senator from Louisiana. We need him there.

Mr. LONG. Mr. President, I have worked on this unemployment insurance problem. I am well aware of what the Senator is talking about. I want to assure him that I will cooperate, and I assure him that we will find a bill to which we can accept the amendment and go to conference. And in conference, if it is possible to prevail upon the House to do anything about this, we will do so. And I think that the House Ways and Means Committee is willing to cooperate in this matter. And if that is the case, it is possible to get the House to agree to do something. I am confident that we can get it done. However, I do not want to do it on this bill. And I will oppose it as strongly as I know how on this bill because we are trying to keep off amendments that are nongermane. Once we get in that area we would be in trouble. If we put a rider on something, it is like putting a rider on a horse. If we put too much weight on the horse, the poor horse will collapse and the rider will never go anywhere.

If we could take a relatively noncontroversial bill and add the amendment on a measure of that sort, we can then try to get the House Ways and Means Committee to accept it in conference, and then I am confident that the House will go along with it.

Mr. MAGNUSON. The House members said that they are agreeable. I understand there is a bill on the calendar on which we might do this.

Mr. LONG. We have a bill on the calendar to which it could be attached. And if there is too much objection, we could find another one. We could find a proper vehicle to get the amendment before the House.

Mr. MAGNUSON. The Finance Committee could find anything if they wished to do so. I see the Senator from Utah nodding his head. I appreciate his support and the support of the other Senators also.

We have been talking all day about the cost of welfare. I can tell the Senate that the people we are talking about are out of work and have exhausted their benefits. If this condition continues, the only place they can go is on welfare. That is a humiliating thing. And we are getting more and more people on welfare. They have given up. They cannot find jobs.

The cost of welfare, as far as the Senator from New Hampshire (Mr. COTTON) and I can ascertain, runs about $4,000 a year when we add it all up.

This is a much better way, and the people want to work. We are hopeful that the economy will come back and that people will be employed again.

I am sure that the Senator from New York and all my cosponsors join in thanking both the Senator from Louisiana and the Senator from Utah, as well as all other Members of the Senate, for their consideration of this matter.

Mr. RIBICOFF. Mr. President, in 1970 Congress enacted the extended unemployment compensation program. Its intent was to provide an additional 13 weeks of benefits to workers who had exhausted their regular 26 weeks of benefits.

The program was designed to trigger into effect in each State when that State's unemployment insurance rate was at least 4 percent and the average of this rate for the prior 2 years had been equal to or greater than 120 percent.

Such a formula assured that if States' rates were increasing, as they were in August of 1970 when the program was enacted, then the program would become operative.

The program was a success. During the period from the beginning of the program in October of 1970 to January 1972, a total of 22 States paid extended benefits. In 1971 about 66 percent of the Nation's insured unemployment, and 51 percent of total covered employment, were in these States.

Today the unemployment rate has leveled off at a high level. As a result the average unemployment rates are not increasing by 120 percent over the past 2 years and States are triggering out of the program.

Today only three States—Hawaii, Pennsylvania, and Vermont—and the Commonwealth of Puerto Rico remain in the program because they are the only ones whose rates are increasing by more than 120 percent.

Mr. President, it is clear that with unemployment continuing at a high rate, it is crucial to unemployed workers that the extended benefits program be revived. They do not know about the 120-percent trigger mechanism which is depriving them of assistance. They only know that they are without jobs. In Connecticut, for example, 129,000 people remained jobless in July of 1972. That is an unemployment rate of 9.1 percent.

On June 14 of this year, the Senator from Washington (Mr. MAGNUSON), I, and other Senators introduced S. 3705 to allow the States to waive the 120-percent trigger. While a companion measure, S. 3704, was passed to extend the emergency compensation program, no action was taken on S. 3705. An identical bill has been ordered reported out of the Ways and Means Committee. I am hopeful that the Committee on Finance will expedite action on this measure which will provide aid to hundreds of thousands of unemployed Americans.

Mr. MAGNUSON. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER (Mr. GAMBRELL). The amendment is withdrawn.

The bill is open to further amendment.

AMENDMENT NO. 1460

Mr. TUNNEY. Mr. President, I call up amendment No. 1460.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill, add the following new title:

TITLE IV—DISREGARD OF SOCIAL SECURITY BENEFITS IN DETERMINING NEED FOR PUBLIC ASSISTANCE

SEC. 401. DISREGARD OF SOCIAL SECURITY BENEFITS IN DETERMINING NEED FOR PUBLIC ASSISTANCE.

In addition to the requirements imposed by law as a condition of approval of a State plan to provide aid to individuals under title I, X, XIV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that, in the case of any individual found eligible (as a result of the requirement imposed by this section or otherwise) for aid for any month after August 1972 who also receives in such month a monthly insurance benefit under title II of such Act, the sum of the aid received by him for such month, plus the monthly insurance benefit received by him in such month, shall not be less than the sum of the aid which would have been received by him for such month under the State plan as in effect for August 1972, plus either—

(1) the monthly insurance benefit which

was or would have been received by him for August 1972 plus $15; or

(2) the monthly insurance benefit to which he would be entitled for the month of September 1972, whichever is less (whether this requirement is satisfied by disregarding a portion of his monthly insurance benefit or otherwise).

Mr. TUNNEY. Mr. President, my amendment is designed to give financial assistance to a minority whose needs cannot be denied. I refer to over 1,250,000 elderly people who depend on both social security and public assistance payments for their income. These people have few resources. They receive a very low income. They have little or no capacity to absorb the impact of inflation.

These are people of our Nation who have been crying for assistance to make ends meet, and they should be given some counterbalance to the inroads made on their little income by the ever-paring knife of inflation.

Unless some measure is adopted to give these people a pass through, they will not benefit from the recent 20-percent increase in social security payments passed by Congress.

Mr. President, it seems to me that the Senate should consider the needs of these people as a special class. They should not be lumped in with other welfare-type amendments that conceivably could be offered to the bill.

In the Nation as a whole there are approximately 1,277,000 people receiving both social security as well as old age assistance. In California alone there are approximately 229,000.

My amendment would add an extra title to the revenue sharing bill, imposing an additional requirement in States as a condition for approval of a State plan to provide aid to individuals under titles I, X, XIV, or XVI of the Social Security Act.

This requirement is that once the 20-percent increase is effective, an individual who receives both social security and old age assistance payments must receive a total from the two sources of at least an extra $15 per month or an amount equal to the full amount of his personal social security increase, whichever is the lesser.

States would be permitted to pass on this extra amount to them, either by increasing the extra amount of income disregarded, or by increasing the standard of need, or payment of assistance to aged, whether they are social security beneficiaries or not.

I think the need for this legislation is urgent, and I know I speak for my distinguished senior colleague, Senator CRANTSON, when I say that the large number of social security recipients who also receive public assistance in California demand some consideration. When it was published in California that I would be offering this amendment, my office received many, many letters from senior citizens, in effect praying that the amendment would be accepted by the Senate.

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

Mr. TUNNEY. I yield.

Mr. CASE. Mr President, I wish to commend the Senator from California and join him in supporting this amendment. I think it is an important and useful thing he is attempting to do.

We have discussed this matter beforehand, and I would like to seek to broaden the amendment offered by the Senator from California to insure that the disregard of the 20-percent social security benefits increase will apply to recipients of medicaid and also to participants in the food stamp program.

Thousands of medicaid recipients and food stamp program participants will be cut out of the medicaid programs and food stamp programs altogether.

In my own State hundreds may be forced to leave nursing homes—and in other States which allow medicaid coverage under a special category known as "medically needy" the cost of remaining in the medicaid program will increase substantially for the individual, perhaps prohibitively.

Medicaid provides a number of vital services to older persons receiving minimal social security benefits—services ranging from the purchase of necessary drugs, eyeglasses, hearing aids, home care, nursing home care, and partial doctors' fees.

Congress had no intention, in passing the 20-percent social security increase, of forcing older citizens out of nursing homes or in reducing real benefits they may receive. But this will be the result unless this timely action is taken, for the 20-percent increase already is in effect.

We are not speaking about new expenditures—since older citizens are already receiving this aid.

In my view this action ranks differently from the fuller consideration of the other social security amendments that are to be proposed by the Senate Finance Committee and the Senator from Louisiana later in this session, since the purpose of my amendment is to remedy an oversight in the passage of Public Law 92–336.

Mr. TUNNEY. Mr. President, I discussed this matter with the Senator. I think his amendment to my amendment is most appropriate and should be accepted by the Senate.

Mr. CASE. Mr. President, I send to the desk an amendment to the Senator's amendment. I ask that the amendment be stated so that the Senator from California can decide if he will accept it.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 3, after line 5, add the following:

"Section 5 of the Food Stamp Act of 1964, Part B, at the end of the second sentence, after 'criteria of eligibility,' 'that those currently eligible shall continue to receive Food Stamps disregarding the increase in social security benefits in P.L. 92–336, and this shall equally apply to persons participating in the commodity distribution program.'"

Mr. TUNNEY. Mr. President, I ask unanimous consent that my amendment be modified to include the language sent to the desk by the Senator from New Jersey.

The PRESIDING OFFICER. The Senator has the right to modify his amendment. On his request the amendment is so modified.

The amendment, as modified, is as follows:

TITLE IV—DISREGARD OF SOCIAL SECURITY BENEFITS IN DETERMINING NEED FOR PUBLIC ASSISTANCE

SEC. 401. DISREGARD OF SOCIAL SECURITY BENEFITS IN DETERMINING NEED FOR PUBLIC ASSISTANCE.

In addition to the requirements imposed by law as a condition of approval of a State plan to provide aid to individuals under title I, X, XIV, XVI, XIX of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that, in the case of any individual found eligible (as a result of the requirement imposed by this section or otherwise) for aid for any month after August 1972 who also receives in such month a monthly insurance benefit under title II of such Act, the sum of the aid received by him for such month, plus the monthly insurance benefit received by him in such month, shall not be less than the sum of the aid which would have been received by him for such month under the State plan as in effect for August 1972, plus either—

(1) the monthly insurance benefit which was or would have been received by him for August 1972 plus $15; or

(2) the monthly insurance benefit to which he would be entitled for the month of September 1972,

whichever is less (whether this requirement is satisfied by disregarding a portion of his monthly insurance benefit or otherwise).

Section 5 of the Food Stamp Act of 1964, Part B, at the end of the second sentence, after "criteria of eligibility", "that those currently eligible shall continue to receive Food Stamps disregarding the increase in social security benefits in P.L. 92–336, and this shall equally apply to persons participating in the commodity distribution program."

Mr. CASE. I thank the Senator. I appreciate what the Senator has done.

I would like to have my name included as a cosponsor of the amendment as amended, if the Senator is willing to do that.

Mr. TUNNEY. I certainly do.

Mr. CASE. Mr. President, I ask that I may be added as a cosponsor.

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

Mr. JAVITS. Mr. President, if the Senator will yield, I, too, would appreciate being added as a cosponsor, and I ask unanimous consent that my name may be added as a cosponsor of the amendment.

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

Mr. JAVITS. Mr. President, I wish to set forth a few facts which I have concerning the city of New York to indicate what is happening if this amendment is not agreed to.

Under the present plan, in New York City old age assistance will be eliminated for at least 10,000 elderly persons whose income will be brought above the level of eligibility. For additional thousands there will, in fact, be no increase in income since old age assistance payments will be deducted by the amount of the social security increase. Fifteen thousand elderly will be totally removed from medicaid coverage and an additional 20,000 senior citizens who now enjoy full coverage will have to pay for drugs, home care, eyeglasses, hearing aids, as well as for partial doctors' fees. For loss of medicaid increases we average out of pocket costs for the citizen of $300 a

year. The elderly person whose major source of income is social security and whose savings are minimal simply cannot absorb that cost. This is true even though in New York City more than 600,000 senior citizens ride the subways and buses at reduced fares, and even though we have recently enacted a senior citizens rent increase exemption program.

I hope this reform for older people about whom we are recognizing the need in this amendment will be agreed to.

Mr. PASTORE. Mr. President, I ask unanimous consent that my name may be added as a cosponsor of the amendment.

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

Mr. PASTORE. Mr. President, I do not know how the manager of the bill feels. Maybe this should be treated like the so-called Magnuson amendment. But this problem confronts some of our elderly in Rhode Island. I think it needs to be rectified. Whether this is the proper time, on this bill, I am not prepared to say. I hope it can be taken to conference. But if the manager of the bill feels this is not the opportune time I hope we can get some assurance from him that this will be added to the so-called finance bill that is here from the Committee on Finance, as will be done in the case of the Magnuson amendment.

Mr. LONG. Mr. President, I understand the very noble intentions of the Senator from California and his cosponsors with regard to this matter. But this amendment, with all of its merits, would cost about $500 million to begin with. And everything in this amendment would be a part of H.R. 1 when it is reported by the Committee on Finance. About the only thing that is preventing us from reporting this bill now is waiting to see what the House-Senate conference is going to do about the minimum wage because the workfare program in our bill should be geared to the Federal minimum wage.

We in the Committee on Finance recommended a $50 disregard of any income for the aged, blind, and disabled. This amendment provides for a $15 disregard, and limits the disregard only to social security payments. So we have a far more liberal provision in the Committee on Finance bill.

Now we may want to look again at what we have done to see if for the same amount of money an alternate approach could be worked out that would provide a special benefit under social security, let us say for everyone over 72, and take many people off of public welfare completely.

So one of the advantages of raising social security could be to take people off of welfare, and instead of providing a disregard of income, we might want to provide enough social security income for everybody beyond a certain age so that they would all come off of the welfare rolls. That should be considered as another approach to this problem.

I have many times been an author of amendments such as the pending one myself in my earlier years in this body. But we should keep in mind that some States are taking a different approach to meet the same problem. For example, in Louisiana, when this 20-percent social security increase passed, the Louisiana Department of Welfare simply raised the eligibility standards so that every aged welfare recipient in the State, no matter whether he is getting social security income or not, would have a higher entitlement. By doing that they allow all persons on the welfare rolls to have more income, whether they are receiving social security or not. So that Louisiana can well argue that the approach in the amendment fails to take into account what the State has done for all aged welfare recipients simply by raising the eligibility standards.

The Senator has raised a problem. He has raised an issue. We ought to deal with it and we ought to provide an answer by the beginning of October, because that is when the social security increase will first be received.

I can agree with all that, and I am perfectly willing to help work it out so that the Senate gives its answer and seeks to get the House to concur with it, so that this problem is considered and acted upon, certainly as liberally as the Senator would like to do, and perhaps more liberally.

For instance, the Finance Committee is recommending a $50 disregard. The Senator is recommending a $15 disregard. One way or the other, we ought to provide the answer to that. But that is something the Senate is going to want to consider, and is going to want to consider in greater depth than we can do at the present time.

The question raised by the Senator from New Jersey is very important. We had that question before the Finance Committee. The only reason we have not voted on it is that the revenue-sharing bill is on the floor, and we cannot be in two places at the same time.

We are well aware of the problems that occur when social security payments are increased. Many people will thereby lose their entitlement to medicaid benefits, which, for a person receiving a very small welfare check, are even more meaningful than the welfare cash benefits. So these people are very concerned about losing their entitlement.

The Senator has well raised a point that should be considered carefully, and we ought to do it promptly, but it should not be done on this particular bill. We have a bill we are going to report out of committee as soon as we can get the revenue bill behind us, H.R. 1, which had, at last count, about $12 billion of benefits for the needy, the aged, and those under social security, as well as medicare and medicaid benefits. The item in the amendment is properly a part of that bill.

I do not think there is any reason at all why we ought to fail to pass the relatively noncontroversial parts of that bill, of which there are perhaps 600 pages, I may inform Senators, which, in my judgment, could be passed in 10 days, or even a week, by the Senate. There is no reason why we should fail to have it go to the President's desk just because we get involved and enmeshed in a controversial argument over aspects of the family assistance plan. We ought to vote it up and down and see what conclusion we reach. If we cannot reach a conclusion on the workfare or welfare aspects of it, then we ought to take out the part of it that really does not strike sparks when it comes here, simply pass that part of the bill, lay it on the President's desk, make that the law, and continue with the controversy from now until Christmas or from now until New Year's with respect to the controversial aspects of the bill.

There is no reason at all why items of a noncontroversial nature should fail to be agreed to in the Senate simply because we are going to have a heated debate on other aspects of H.R. 1.

I would hope we would not be asked to accept this amendment on the pending bill. We are perfectly content to vote on the matter at the appropriate time. We have our own recommendations, which go beyond this amendment in some respects, and we will certainly recommend at least as much as the Senators are requesting.

I would hope that they would permit us to pass this bill, and then get on with H.R. 1, and if H.R. 1 should bog down so that by October 1 it looked as though we were going to have to do something to meet this type of situation which has developed, we would then take certain parts of H.R. 1, do whatever the Senate wanted to do about those items, and pass them either as a condensed version of H.R. 1 or take part of them and put them on some other bill, such as the debt limit bill, and get it to the President's desk so that we can get at least that much done.

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

Mr. LONG. I yield.

Mr. CASE. I know the Senator from California appreciates the Senator from Louisiana's consideration of this subject and his understanding of it. It is a problem which applies to the elements that the Senator from California raises, and in a very serious way.

The Senator said it is the first of October when this problem is going to hit. That is what we are concerned about. If we can get an assurance from the Senator that if we run into such a block on the welfare bill, or if we are not going to be able to get action on this problem in time through the vehicle of the welfare bill, and also get the assurance of the ranking minority member of the committee that we will get cooperation in meeting the problem in some other quick way, I would assume that would satisfy the needs of the situation perhaps best of all.

Mr. LONG. I am happy to assure the Senator from New Jersey. As far as I am concerned, the two items that we have in the amendment here can be put on some other bill and be moved expeditiously in the event we bog down on the provisions of H.R. 1, which would do at least this much, and perhaps a lot more.

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

Mr. LONG. I yield.

Mr. TUNNEY. I really appreciate the comments made by the chairman of the committee. I think it goes a long way to alleviate my fear that we might get bogged down on H.R. 1 and may never

have the opportunity to see H.R. 1 passed containing a provision for pass-through.

If we can have an understanding—and from what the Senator has said, it is, I think, crystal-clear that we do have—that the Senator would be willing to have my proposal attached to some other Finance Committee bill, assuming H.R. 1 or a portion of it cannot get through the Senate, I do not think the Senator from California has any problem with that at all.

The only thing I would like to ask the distinguished Senator is this: In the event H.R. 1 passes as drafted by the Senate Finance Committee, will there be a pass-through with increases to aged, blind or disabled social security recipients who are also receiving public assistance?

Mr. LONG. The way our bill is drafted at this moment, the provision on this subject provides for a $50 disregard. So if a person were receiving, let us say, a public welfare check for $100, he would disregard the first $50 of his social security income. What the Senator is proposing here would disregard the first $15 of social security income. In other words, the provision that we have agreed to in the committee, Senator, just in terms of dollars for the aged recipient, actually does three times as much as the Senator's proposal.

So when we get down to what the committee agreed to, and which we agreed to some months ago, with regard to the aged, we are actually going far beyond what the Senator is recommending in this proposal, but the committee approach would have the advantage of treating other income on the same basis. In other words, any income would be treated in the same way, and we therefore would not be subject to the charge that we had discriminated against certain types of income of aged people compared with other types of income.

Mr. TUNNEY. I, unfortunately, am not familiar with H.R. 1 as written by the Senate committee. I have not had a chance to study it. But in California the standard for need is $206. Would H.R. 1, as drafted by the Finance Committee, provide an increase of at least a portion of the 20-percent increase in the social security benefits passed by Congress recently?

Mr. LONG. That $50 of course would apply to California like everybody else, and if California wanted to, they could go ahead and raise the benefits; they certainly could do so.

Mr. TUNNEY. But would it be mandatory?

Mr. LONG. Under the committee approach, a State would be required to guarantee aged persons a monthly income of at least $130, and the State would be required to disregard any income up to $50, and that would assure the person receiving social security a monthly income of at least $180. We would then provide States a substantial increase in Federal matching money.

The way it works out, I believe California would receive more savings than any other State of the Union with the possible exception of the State of New York. So, when we study it, on balance, we would find that the Finance Committee proposal is far more liberal than what the Senator from California is offering at this time. It may be that after he studies the two, he may want to tailor it to California's needs. I am not sure I would not go along with an amendment if he offered it. But, the point is, we definitely want to provide one way or the other an answer to this problem of what to do about these aged people who receive an increase in social security and who would be no better off if a State failed to raise their entitlement to public welfare?

In other words, if a State winds up not increasing what a person is entitled to receive on the public welfare program by more than $15, it would not meet the problem the Senator has in mind. If they failed to increase it, then the State Treasury would be the beneficiary instead of the individual, and the Senator does not want that to happen. Neither do I. We would like to work it out so that the aged people are the beneficiaries. But the matter gets complicated because the way one State would handle it is at variance with another. When we have that proposal before the Senate, our experts on social security, and the administration social security experts, can help us to work out something that will do every bit as well for the aged, and probably a lot better.

Mr. TUNNEY. Would the distinguished chairman be willing to support the concept of a mandatory passthrough? The thing that concerns me is that in some States, as H.R. 1 is written—I am relying on secondhand knowledge—if we give the State the option to pass increases on or to recoup savings offered by H.R. 1, I feel that any legislation which did not guarantee the passthrough of a portion of the social security increase to citizens of States such as California and New York would not be legislation that I could support. I may be wrong about my impression of what H.R. 1 does, but it is my impression that there is no guarantee that the pass through must take place, and that it does give the State the option to recoup the savings offered, and not pass anything through.

Mr. LONG. Well, of course, when we have our bill out here, the Senator can look at it and see how it would tend to work out. And if it should work out as the Senator fears, then I would suggest that he offer an amendment to do what he wishes to achieve. Now, I know if I occupied a similar position, I would want to take a look at what this bill would do for California.

My impression is that the State of California, will save some $400 million under the committee version of H.R. 1. The State of California can, of course, use these savings or some portion of them to increase welfare benefits.

I think if I were a Senator from California, when that occurred, I might want to ask the Governor and the welfare administrator what they propose to do with this saving, and whether they could assure me that was going to be spent for the benefit of the aged rather than as a windfall against their budget. Those are some of the questions that must be answered when this matter comes before us, but I do not have any doubt that what the Senator wants to do can be achieved. That is the reason for requiring the passthrough.

Mr. TUNNEY. Mr. President, the reason I am engaging in this colloquy, I am sure the Senator from Louisiana is sympathetic to the basic thrust of the amendment, but could the Senator offer satisfaction to the Senator from California that he would accept the basic principles of a mandatory passthrough if I offer such an amendment to H.R. 1?

Mr. LONG. I am not in a position to assure the Senator at this point that I can agree to his proposed amendment, for a simple reason. When we get it before us and we look at the proposed increases, it might well be that we might want to see that we insist that every State should pay a higher level of welfare payments, and if you are going to have a higher level of payment and you get your level high enough, then you would not want to disregard any sources of income for public welfare purposes. It is only when you cannot raise the level to get it to a high enough point that you start thinking in terms of a disregard of this or some other source of income.

We, on the Finance Committee, decided to disregard $50 of social security income. But we also decided to disregard $50 of any income. It does not make any difference whether it is social security, railroad retirement, or some private pension.

It tends to be discriminatory to say that you would disregard social security, but you would not disregard a private pension, for example. But, we understand the problem and we understand what the Senator is trying to achieve, and we are trying to help him work it out.

I point out that it is a little more complicated than would appear here because we have to think of what happens in 50 States and, of course, the Senator thinks about the problem that highlights itself in the State with which he is most familiar, the great State of California.

Mr. TUNNEY. That is true. On the other hand, we have almost 300,000 senior citizens who would be affected by any proposal and, fortunately, for these senior citizens the standard of living is higher, and they need to have more money. The mean subsistance allowance has been determined by the State to be $206.

My problem is that I am concerned as to whether or not, when I offer such an amendment to pass through a portion of the 20-percent increase in social security that the Congress agreed to just a short time ago, the distinguished chairman of the Finance Committee will say, "Well, we can't accept that." Originally, from the Senator's first statement, I had the feeling that there should be no problem whatsoever, because he indicated that he would be prepared to accept such an amendment, but from some of his later remarks, I have been concerned as to whether or not he would accept such a pass through.

Mr. LONG. I cannot say, without seeing this amendment in the context of the language to which it is to be offered, that

I would agree in advance to that amendment. I can tell the Senator that the principle he is seeking is a disregard of a certain amount of income, and we in the committee have recommended a disregard that exceeds his by 3 to 1.

But, again, that amendment ought to be offered and tailored to the best legislative answer we can propose; and if we cannot propose one that adequately satisfies what the Senator is trying to do here, then he ought to offer his amendment.

We will face this problem, but we would like the Senator to join us in looking at what to do about it and tailor his amendment to our proposal, rather than doing it the other way around.

Mr. TUNNEY. One of the problems with H.R. 1, as I understand it, is that the $50 that the Senator refers to would not increase the total amount of money that would be received by an aged person in California. It is my understanding that he would receive exactly the same after H.R. 1 was passed as he received before—no increase as a result of the social security increase.

Mr. LONG. That would depend on what the State of California wanted to do with more than $400 million that I believe would be made available under the committee welfare bill. If the State wanted to use that money for the benefit of the aged people, it could provide a great increase.

Mr. TUNNEY. That is the point. I do not think we should be giving $400 million under H.R. 1 to the State of California unless it is specified that California use some of those savings to pass through all or part of the 20 percent social security increase to aged persons who are receiving social security and public assistance.

Mr. LONG. Why do we not take up that part of it when we get the welfare proposal before us? If we cannot get the proposal before us in time, why does the Senator not join in working out something that we can put on some other measure that would take care of this matter until we do provide a final answer to it?

In any event, we would be happy to work with the Senator to meet this problem. We tried to recognize States that have responded to the problem in a somewhat different manner, however, because they have tried to solve it in a different fashion, such as by raising the overall entitlement to all welfare recipients. For example, if a State had simply raised their entitlement to welfare payments by $15 per capita, then for anybody who got a $15 increase in social security benefits there would be no problem, because the entitlement to welfare payments would go up by an equal amount.

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

Mr. LONG. I yield.

Mr. ANDERSON. This situation has existed too long. I think we should find some way to solve it.

Mr. RIBICOFF. If the Senator from Louisiana will yield, I do not want to seem to be interfering with his colloquy, but what strikes me is that what he is discussing is the basic problems of H.R. 1, which are so diverse and so controversial that it is impossible to settle in this colloquy what will transpire when H.R. 1 comes up; because the objective sought by the distinguished Senator from California will be subject to great controversy as to whether there will be a maintenance of effort that the States must become involved in or whether we will assume the costs if the State keeps its maintenance of effort. The discussion goes to the basic philosophy that is involved in the big controversy, some of the big controversy, of H.R. 1.

So I say to the distinguished Senator from California that I do not see how it is possible to settle this argument on the revenue sharing bill; because, whereas I differ from the distinguished chairman, it is possible for him to give the Senator from California a definitive answer tonight on a measure that we still have not reported, H.R. 1; and controversial measures involving the aged were subject to discussion when we had to cut off the discussion in the Finance Committee because the chairman and members of the committee were required to be on the floor for the revenue sharing bill.

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

Mr. TUNNEY. I yield.

Mr. BENNETT. I have the same feeling as the Senator from Connecticut. We are far afield. I understood that the Senator from California, who is offering this amendment, was interested in discussing it and that probably he would offer it to another bill. If he cannot make up his mind whether he is going to offer it to another bill, I will move to table it.

Mr. TUNNEY. That is not the point. I say to the distinguished Senator from Utah that I think it is important to discuss exactly what H.R. 1 would do insofar as it would take care of this problem. I think we have discussed it, and one of the things we have brought out is that it really would not do anything with respect to pass-through, because it would give a State such as California the opportunity to exercise its own options to do whatever it wishes.

That does not mean, however, that I have not been satisfied with the statements of the distinguished chairman of the committee, to the effect that he believes that the approach of passing through some of the benefits of social security increases to senior citizens is a good one. I heard him say that he thought that if H.R. 1 got bogged down, he very well might accept it to another Finance Committee bill.

Mr. RIBICOFF. If the Senator will yield, irrespective of our differences in philosophy as to what should happen in H.R. 1 in many phases of welfare, if there is one phase that every member of the Finance Committee is agreed upon, irrespective of his general philosophy, it is that there definitely should be a pass-through and that the States should not take away from our aged recipients the increases in social security. I think every member of the committee is agreed as to that principle.

The $15 amount is going to depend upon what the final bill is that the committee reports.

Mr. LONG. I think we can all agree that it was our intention that the social security increase should be a real increase and should not wind up doing some people more harm than good, which is potentially a problem as of this moment.

I assure the Senator that I will help him work this matter out, and I think we can do it before October 1.

Mr. TUNNEY. On that basis, I withdraw my amendment.

Mr. LONG. I thank the Senator.

The PRESIDING OFFICER. The amendment is withdrawn. The bill is open to further amendment.

AMENDMENT NO. 1509

Mr. INOUYE. Mr. President, I call up my amendment No. 1509.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

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

The PRESIDING OFFICER. Without objection, it is so ordered; without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 38, line 3, strike "$2,650,000,000" and insert "$2,652,390,000".

On page 38, line 5, strike "$5,450,000,000" and insert "$5,454,780,000".

On page 38, line 7, strike "$5,750,000,000" and insert "$5,754,780,000".

On page 38, line 9, strike "$6,050,000,000" and insert "$6,054,780,000".

On page 38, line 11, strike "$6,350,000,000" and insert "$6,354,780,000".

On page 38, line 13, strike "$3,325,000,000" and insert "$3,327,390,000".

On page 41, between lines 15 and 16, insert the following:

"(e) ADJUSTMENT OF ALLOCATION FOR CERTAIN STATES.—The amount allocated under subsection (b) for any entitlement period to any State in which civilian employees of the United States Government receive an allowance under section 5941 of title 5, United States Code, shall be increased by a percentage equal to the percentage of basic pay paid to such employees as an allowance under that section."

Mr. INOUYE. Mr. President, this is a simple amendment which can be very easily incorporated into the revenue sharing bill now before the Senate.

Briefly, my amendment recognizes the firmly established economic fact that living costs are substantially higher in the noncontiguous areas than elsewhere in our Nation. Certain inevitable economic consequences accompany the above disparities in the cost of living. Just as the cost of living is far higher, so the cost of government is also far higher there. The same basic economic forces affect individuals and governments alike. Both State residents and State and local governments exist within the same economic context.

In all due fairness, the Revenue Sharing Act should recognize the above economic facts. Such recognition would not be new. Indeed, there is strong precedent for it, dating back to at least 1948. Section 5941 of title 5 of the United States Code recognizes the substantially higher living costs encountered by U.S. Government civilian employees stationed outside the continental United States and in Alaska. Accordingly, section 5941 pro-

vides a cost-of-living allowance for such individuals.

The allowance under section 5941 alters with changing economic conditions and is established only in accordance with strict regulations prescribed by the President. Nothing has happened in the past 24 years which would justify halting this practice.

Let me speak candidly. If enacted, my amendment would in practice apply to only two States, the same two States that section 5941 of title 5 applies to—Hawaii and Alaska. I am sure that Senators are aware of the fact that Honolulu ranks second only to Anchorage as the most expensive metropolitan area of our Nation in which to live. I am also sure that Senators are aware of the geographical isolation of these two States, and the additional costs which this factor inevitably imposes upon State and local governments in Hawaii and Alaska. As these circumstances suggest, the above States have by no means escaped the fiscal crisis of State and local governments.

In short, the basic principle of the Revenue Sharing Act is to help resolve the State and local fiscal crisis by authorizing U.S. Government payments to the various States. Likewise, the basic principle of section 5941 of title 5 is to resolve the cost of living disparity in its most acute form by adjusting the rate of U.S. Government payments to individuals in those particular States. The revenue-sharing bill's principle concerns U.S. Government payments; section 5941's principle concerns the rate of such payments to Federal employees. My amendment simply combines these two accepted principles in order to assure a fair rate of payments to Hawaii and Alaska under this bill.

I would also like to emphasize to my colleagues that recognition of the cost of living analogy will not cost other States anything. Since the current cost-of-living allowance is 15 percent in the case of Hawaii, and 25 percent for Alaska above the basic pay, I have drafted an amendment which would increase Hawaii's and Alaska's "primary," not "supplementary," grants by that amount. In hard figures, the proposed amendment adds $4.78 million to the $6.3 billion, an increase of less than 1 percent of the bill's current total. Is less than one-tenth of 1 percent too extravagant to assure fairness in an otherwise sound bill? I think not. In greater detail, my amendment would merely add $3.405 million per year to Hawaii, and $1.375 million per year to Alaska under the "primary" grants allocated by the bill. Furthermore, I drafted the amendment in such a way that the percentage increase payable to these two States will fluctuate with the cost of living as determined under section 5941 of title 5, which embodies a 25 percent ceiling on such payments.

In conclusion, Mr. President, I can only say that I appreciate the time and patience of my colleagues in this Chamber. I hope they will consider my amendment favorably.

I have been advised by the chairman of the committee that this matter has been cleared by all parties and that he will be pleased to take the amendment to conference.

May I say that this amendment is cosponsored by my colleague (Mr. FONG) and by the two distinguished Senators from Alaska (Mr. STEVENS and Mr. GRAVEL).

Mr. GRAVEL. Mr. President, basically this amendment attempts to get more primary revenue sharing money for Alaska and Hawaii by tying it to the fact that the Federal Government already recognizes a cost of living difference in a statutory way for both these States. In other words, other high-cost State might well be deserving too, but Alaska and Hawaii are the only two which are noncontiguous and formally acknowledged to have substantial price level differences.

I am offering this amendment with Senator INOUYE in order that the revenue sharing bill reflect the great differences in the cost of State and local governments in Alaska and Hawaii.

I am aware that a bill such as this cannot be overly refined to accommodate small distinctions from region to region even though we could all agree they are there. I do believe that the cost of doing business is so different for State and local governments for the noncontiguous States that some accommodation should be made to this fact.

In Anchorage, the most expensive metropolitan area of our Nation in which to live, where the cost differentials are the lowest for the State, family budget costs are 36 percent higher than the United States urban average. Compared to Seattle total housing costs are 77 percent higher in Anchorage and 90 percent higher than the national average for single family dwellings. Total housing costs in Fairbanks, the State's second largest city, are 43 percent higher than Seattle. In Anchorage mortgage payments are 80 percent higher than the national average. Utilities cost three times as much as elsewhere and taxes are 50 percent higher than the national average in housing.

Construction costs for Alaska cities are very substantially different as can be seen by comparison with Seattle. Anchorage is 70 percent higher; Juneau, 80 percent; Fairbanks, 90 percent; Kodiak, 100 percent; and Nome, 130 percent higher. Construction materials cost 43 percent more than the U.S. average and labor in the building construction trade is 26 percent more.

My point, Mr. President, is that these are not small marginal differences but instead quantum changes from the rest of the United States and that these higher costs are borne not just in the private sector but importantly in the State and local government sector when it purchases goods and services and this sector makes up over one-third of the Alaska economy.

The effect of our amendment would be to add $1.375 million to Alaska's share—a small sum but an important principle of reflecting the regional cost differences acknowledged elsewhere in the Government statutes. I urge its acceptance.

Mr. INOUYE. Mr. President, I would like to introduce an amendment to the Revenue Sharing Act. It is a simple amendment which can be very easily incorporated into the revenue sharing bill now before us.

Briefly, my amendment recognizes the firmly established economic fact that living costs are substantially higher in the noncontiguous areas than elsewhere in our Nation. Certain inevitable economic consequences accompany the above disparities in the cost of living. Just as the cost of living is far higher, so the cost of government is also far higher there. The same basic economic forces affect individuals and governments alike. Both State residents and State and local governments exist within the same economic context.

In all due fairness, the Revenue Sharing Act should recognize the above economic facts. Such recognition would not be new. Indeed, there is strong precedent for it, dating back to at least 1948. Section 5941 of title 5 of the United States Code recognizes the substantially higher living costs encountered by U.S. Government civilian employees stationed outside the continental United States and in Alaska. Accordingly, section 5941 provides a cost-of-living allowance for such individuals.

The allowance under section 5941 alters with changing economic conditions and is established only in accordance with strict regulations prescribed by the President. Nothing has happened in the past 24 years which would justify halting the practice.

Let me speak candidly, my friends. If enacted, my amendments would in practice, apply to only two States: The same two States that section 5491 of title 5 applies to—Hawaii and Alaska. I am sure that you are all aware of the fact that Honolulu ranks second only to Anchorage as the most expensive metropolitan area of our Nation in which to live. I am also sure that you are all aware of the geographical isolation of these two States, and the additional costs which this factor, inevitably, imposes upon State and local governments in Hawaii and Alaska. As these circumstances suggest, the above States have by no means escaped the fiscal crisis of State and local governments.

In short, the basic principle of the Revenue Sharing Act is to help resolve the State and local fiscal crisis by authorizing U.S. Government payments to the various States. Likewise, the basic principle of section 5941 of title 5 is to resolve the cost-of-living disparity in its most acute form by adjusting the rate of U.S. Government payments to individuals in those particular States. The revenue sharing bill's principle concerns U.S. Government payments; section 5941's principle concerns the rate of such payments to Federal employees. My amendment simply combines these two accepted principles in order to assure a fair rate of payments to Hawaii and Alaska under this bill.

I would also like to emphasize to my colleagues that recognition of the cost of living analogy will not cost other States anything. Since the current cost of living allowance is 15 percent in the case of Hawaii and 25 percent for Alaska above the basic pay I have drafted an amendment which would increase Hawaii's and Alaska's "primary", not "supplementary", grants by that amount. In hard figures, the proposed amendment adds

$4.78 million to the $6.3 billion bill, an increase of less than 0.1 percent of the bill's current total. Is less than one-tenth of 1 percent too extravagant to assure fairness in an otherwise sound bill? I think not. In greater detail, my amendment would merely add $3.405 million per year to Hawaii, and $1.375 million per year to Alaska under the "primary" grants allocated by the bill. Furthermore, I drafted the amendment in such a way that the percentage increase payable to these two States will fluctuate with the cost of living as determined under section 5941 of title 5, which embodies a 25-percent ceiling on such payments.

In conclusion, Mr. President, I can only say that I appreciate the time and patience of my colleagues in this Chamber. I hope they will consider my amendment favorably.

Mr. LONG. Mr. President, as I responded the other night to the Senator from Alaska, I know that they have problems and it is difficult to deal with those problems. It occurred to me and to the other members of the committee that, if we could, we would try to take into consideration what the Senator suggests in the way of dealing with their problems. So far as I am concerned, I am happy to take the amendment to conference.

The PRESIDING OFFICER (Mr. GAMBRELL). The question is on agreeing to the amendment of the Senator from Hawaii (Mr. INOUYE).

The amendment was agreed to.

AMENDMENTS NOS. 1452, 1453, 1454, 1455, 1456, 1458, 1481, AND 1491

Mr. HARTKE. Mr. President, I call up my amendments Nos. 1452, 1453, 1454, 1455, 1456, 1458, 1481, and 1491 and ask unanimous consent to dispense with their reading but ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendments will be printed in the RECORD as requested; and, without objection, the amendments will be considered en bloc.

The texts of the amendments are as follows:

AMENDMENT NO. 1452

TITLE IV—SOCIAL SECURITY ACT AMENDMENTS

EARNINGS LIMITATION

SEC. 401. (a)(1) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$140" and inserting in lieu thereof "$200 or the exempt amount as determined under paragraph (8)".

(2) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$140" and inserting in lieu thereof "$200 or the exempt amount as determined under subsection (f)(8)".

(3) Paragraph (3) of section 203(f) of such Act is amended to read as follows:

"(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of $200 or the exempt amount as determined under paragraph (8), multiplied by the number of months in such year. The excess earnings as derived under the preceding sentence, if not a multiple of $1, shall be reduced to the next lower multiple of $1."

(b) The amendments made by this section shall apply with respect to taxable years ending after December 1971.

AMENDMENT NO. 1453

On page 112, after line 15, insert the following:

TITLE IV—SOCIAL SECURITY ACT AMENDMENTS

ELIMINATION OF EARNINGS LIMITATION

SEC. 401. (a) Section 203(f) of the Social Security Act is amended to strike those provisions which refer to a reduction in benefits on account of work.

(b) The amendments made by his section shall apply with respect to taxable years ending after December 1971.

AMENDMENT NO. 1454

On page 112, after line 15, insert the following:

TITLE IV—SOCIAL SECURITY ACT AMENDMENTS

DISABILITY INSURANCE PROVISIONS FOR BLIND PERSONS

SEC. 401. (a) Section 214(a) of the Social Security Act is amended by inserting "or" at the end of paragraph (3) and adding the following new paragraph (4)—

"(4) in the case of an individual who has died and who was entitled to a benefit under section 223 for the month before the month in which he died, 6 quarters of coverage;".

(b) Section 215(b)(1) of such Act is amended by striking out "shall be the quotient" and inserting in lieu thereof "shall (except as provided in paragraph (5)) be the quotient".

(c) Section 215(b) of such Act is further amended by adding at the end thereof the following new paragraph:

"(5) In the case of an individual who is blind (within the meaning of 'blindness' as defined in section 216(i)(1)(B)), such individual's average monthly wage shall be the quotient obtained by dividing (i) the total of his wages paid in, and self-employment income credited to, all of the calendar quarters which are quarters of coverage (as defined in section 213) and that fall within the period after 1950 and prior to the year specified in clause (i) or clause (ii) of paragraph 2(C), by (ii) the number of months in such quarters, except that any such individual who is fully insured (without regard to section 214(a)(4)) shall have his average monthly wage computed under this subsection without regard to this paragraph, if such computation results in a larger primary insurance amount."

(d) Paragraph (3) of section 216(i) of such Act is amended to read as follows:

"(3) The requirements referred to in clauses (i) and (ii) of paragraph (2)(C) are satisfied by an individual with respect to any quarter only if—

"(A) he would have been a fully insured individual (as defined in section 214) had he attained age 62 (if a woman) or age 65 (if a man) and filed application for benefits under section 202(a) on the first day of such quarter, and (i) he had not less than 20 quarters of coverage during the 40-quarter period which ends with such quarter, or (ii) if such quarter ends before he attains (or would attain) age 31 not less than one-half (and not less than 6) of the quarters during the period ending with such quarter and beginning after he attained the age of 21 were quarters of coverage, or (if the number of quarters in such period is less than 12) not less than 6 of the quarters in the 12-quarter period ending with such quarter were quarters of coverage; or

"(B) he is blind (within the meaning of 'blindness' as defined in section 216(i)(1)(B)) and has not less than 6 quarters of coverage in the period which ends with such quarter;

except that the provisions of that part of subparagraph (A) of this paragraph which precedes clause (i) shall not apply in the case of an individual with respect to whom a period of disability would, but for such provisions, begin before 1951. For purposes of clauses (i) and (ii) of subparagraph (A) of this paragraph, when the number of quarters in any period is an odd number, such number shall be reduced by one, and a quarter shall not be counted as part of any period if any part of such quarter was included in a prior period of disability unless such quarter was a quarter of coverage."

(e) The first sentence of section 222(b)(1) of such Act is amended by inserting "(other than such an individual whose disability is blindness, as defined in section 216(i)(1)(B))" after "an individual entitled to disability insurance benefits".

(f) Section 223(a)(1) of such Act is amended—

(1) by striking out the comma at the end of subparagraph (B) and inserting in lieu thereof "or whose disability is blindness (as defined in section 216(i)(1)(B)),";

(2) by striking out "the month in which he attains age 65" and inserting in lieu thereof "in the case of any individual other than an individual whose disability is blindness (as defined in section 216(i)(1)(B)), the month in which he attains age 65"; and

(3) by deleting the last sentence thereof.

(g) Paragraph (1) of section 223(c) of such Act is amended to read as follows:

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully insured individual (as defined in section 214) had he attained age 62 (if a woman) or age 65 (if a man) and filed application for benefits under section 202(a) on the first day of such month, and (i) he had not less than 20 quarters of coverage during the 40-quarter period which ends with the quarter in which such month occurred, or (ii) if such month ends before the quarter in which he attains (or would attain) age 31, not less than one-half (and not less than 6) of the quarters during the period ending with the quarter in which such month occurred and beginning after he attained the age of 21 were quarters of coverage, or (if the number of quarters in such period is less than 12) not less than 6 of the quarters in the 12-quarter period ending with such quarter were quarters of coverage, or

"(B) he is blind (within the meaning of 'blindness' as defined in section 216(i)(1)(B)) and has not less than 6 quarters of coverage in the period which ends with the quarter in which such month occurs.

"For purposes of clauses (i) and (ii) of subparagraph (A) of this paragraph, when the number of quarters in any period is an odd number, such number shall be reduced by one, and a quarter shall not be counted as part of any period if any part of such quarter was included in a period of disability unless such quarter was a quarter of coverage."

(h) Section 223(d)(1)(B) of such Act is amended to read as follows:

"(B) blindness (as defined in section 216(i)(1)(B))."

(i) The second sentence of section 223(d)(4) of such Act is amended by inserting "(other than an individual whose disability is blindness, as defined in section 216(i)(1)(B))" immediately after "individual".

AMENDMENT NO. 1455

TITLE IV—SOCIAL SECURITY ACT AMENDMENTS

PRESERVATION OF RIGHTS TO CHILD'S INSURANCE BENEFITS OF INDIVIDUAL SERVING IN THE ARMED FORCES

SEC. 401. (a) Section 202(d)(7) of the Social Security Act is amended by adding after subparagraph (D) thereof (as added by section 115(a) of this Act) the following new subparagraph:

"(E) In determining, for purposes of this subsection, the age of any child who has

been discharged or released from active duty as a member of the armed forces (as defined in section 101(4) of title 10, United States Code) after having performed such active duty for a period of not less than 30 consecutive days nor more than three years which commenced prior to the date such child attained age 22, such child's age shall be deemed to be his actual age minus the number of days in such period.

AMENDMENT No. 1456

TITLE IV—SOCIAL SECURITY ACT AMENDMENTS

REDUCTION FROM 6 TO 3 MONTHS OF WAITING PERIOD FOR DISABILITY BENEFITS

SEC. 401. (a) Section 223(c)(2) of the Social Security Act is amended—

(1) by striking out "six" and inserting in lieu thereof "three", and

(2) by striking out "eighteenth" each place it appears and inserting in lieu thereof "fifteenth".

(b) Section 202(e)(6) of such Act is amended—

(1) by striking out "six" and inserting in lieu thereof "three", and

(2) by striking out "eighteenth" and inserting in lieu thereof "fifteenth", and

(3) by striking out "sixth" and inserting in lieu thereof "third".

(c) Section 202(f)(7) of such Act is amended—

(1) by striking out "six" and inserting in lieu thereof "three",

(2) by striking out "eighteenth" and inserting in lieu thereof "fifteenth", and

(3) by striking out "sixth" and inserting in lieu thereof "third".

(d) Section 216(i)(2)(A) of such Act is amended by striking out "6" and inserting in lieu thereof "three".

(e) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, applications for widow's and widower's insurance benefits based on disability under section 202 of such Act, and applications for disability determinations under section 216(i) of such Act, filed—

(1) in or after the month in which this Act is enacted, or

(2) before the month in which this Act is enacted if—

(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month, or

(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by this section for any month before January 1972.

AMENDMENT No. 1458

On page 112, after line 15, insert the following:

TITLE IV—SOCIAL SECURITY ACT AMENDMENTS

COVERAGE UNDER MEDICARE OF DENTAL CARE, EYE CARE, DENTURES, EYEGLASSES, AND HEARING AIDS

SEC. 401. (a) Section 1861(r)(2) of the Social Security Act is amended by striking out "but only with respect to (A) surgery related to the jaw or any structure contiguous to the jaw or (B) the reduction of any fracture of the jaw or any facial bone".

(b) Section 1861(s)(8) of such Act is amended (1) by inserting "(A)" immediately after "(8)", and (2) by striking out "(other than dental)", and (3) by adding thereunder the following new subparagraph:

"(B) dentures, eyeglasses, hearing aids, and other prosthetic devices relating to the oral cavity, jaw, eyes, or ears, including replacement thereof; and".

(c)(1) Section 1862(a)(7) of such Act is amended to read as follows:

"(7) where such expenses are for routine physical checkups, or immunizations;".

(2) Section 1862(a) of such Act is further amended (A) by inserting "or" at the end of paragraph (11) thereof, (B) by striking out paragraph (12) thereof, and (C) by redesignating paragraph (13) thereof as paragraph (12).

(d) The amendments made by the preceding provisions of this section shall apply with respect to services furnished after the month which follows the month in which this Act is enacted.

(e)(1) Section 1861(r) of the Social Security Act is amended (A) by striking out "or" at the end of clause (2), and (B) by inserting immediately before the period at the end thereof the following: ", or (4) a doctor of optometry, but only for purposes of sections 1861(s)(1) and 1861(s)(2)(A) and only with respect to functions which he is legally authorized to perform as such by the State in which he performs them".

(2) Section 1862(a) of such Act (as amended by subsection (c) of this section) is further amended (A) by striking out the period at the end of paragraph (12) (as redesignated by paragraph (2) of such subsection (c)) and inserting in lieu of such period "; or", and (B) by adding after such paragraph (12) the following new paragraph:

"(13) where such expenses constitute charges with respect to the referral of an individual to a physician (as defined in section 1861(r)(1)) by a doctor of optometry arising out of a procedure in connection with the diagnosis or detection of eye diseases."

AMENDMENT No. 1481

On page 112, after line 15, insert the following:

TITLE IV—SOCIAL SECURITY ACT AMENDMENTS

COVERAGE OF PSYCHOLOGISTS' SERVICES

SEC. 401. (a) Section 1861(r) of the Social Security Act is amended (1) by striking out "or (4)" and inserting in lieu thereof "(4)" and (2) by inserting before the period at the end thereof the following: ", or (5) a psychologist holding a doctoral degree, licensed or certified as such by a State, but only for purposes of section 1861 (s) (1) and section 1861 (s) (2) (A) and only with respect to functions which he is legally authorized to perform as such by the State in which he performs them."

(b) The amendment made by subsection (a) shall apply only with respect to services performed on or after the date of the enactment of this Act.

AMENDMENT No. 1491

TITLE IV—SOCIAL SECURITY ACT AMENDMENTS

COVERAGE OF DRUGS UNDER MEDICARE

SEC. 401. (a) Section 226(c)(1) of the Social Security Act is amended by striking out "and post-hospital home health services" and inserting in lieu thereof "post-hospital home health services, and eligible drugs".

(b) Section 1811 of the Social Security Act is amended by inserting "and eligible drugs" after "related post-hospital services".

(c) Section 1812(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and "; and

(3) by adding after paragraph (3) the following new paragraph:

"(4) eligible drugs.".

(d) Section 1813(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) The reasonable allowance, as defined in section 1823, for eligible drugs furnished an individual pursuant to any one prescription (or each renewal thereof) and purchased by such individual at any one time shall be reduced by an amount equal to the applicable prescription copayment obligation which shall be $1."

(e)(1) Section 1814(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (6);

(B) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (7) the following new paragraph:

"(8) with respect to drugs or biologicals furnished pursuant to and requiring (except for insulin) a physician's prescription, such drugs or biologicals are eligible drugs as defined in section 1861(t) and the participating pharmacy (as defined in section 1861(dd)) has such prescription in its possession, or some other record (in the case of insulin) that is satisfactory to the Secretary."

(2) Section 1814(b) of such Act is amended—

(A) by inserting "(1)" after "(b)",

(B) by inserting "(other than a pharmacy)" immediately after "provider of services", and

(C) by adding at the end thereof the following new paragraph:

"(2) The amount paid to any participating pharmacy which is a provider of services with respect to eligible drugs for which payment may be made under this part shall, subject to the provisions of section 1813, be the reasonable allowance (as defined in section 1823) with respect to such drugs."

(f) Section 1814 of the Social Security Act (as amended by section 227(b)(2) and 228(a) of this Act) is further amended by adding at the end thereof the following new subsection:

"Limitation on Payment for Eligible Drugs

"(j) Payment may be made under this part for eligible drugs only when such drugs are dispensed by a participating pharmacy except that payment under this part may be made for drugs dispensed by a physician where the Secretary determines, in accordance with regulation, that such eligible drugs were required in an emergency or that there were no pharmaceutical services available from providers of services in the community, in which case the physician (under regulations prescribed by the Secretary) shall be regarded as a provider of services for purposes of this part with respect to the dispensing of such eligible drugs."

(g) Part A of title XVIII of the Social Security Act is further amended by adding after section 1819 (as added by section 214 of this Act) the following new sections:

"MEDICARE FORMULARY COMMITTEE

"SEC. 1820. (a)(1) There is hereby established, within the Department of Health, Education, and Welfare, a Medicare Formulary Committee (hereinafter referred to as the 'Committee'), a majority of whose members shall be physicians and which shall consist of the Commissioner of Food and Drugs and of four individuals (not otherwise in the employ of the Federal Government) who do not have a direct or indirect interest in the composition of the Formulary established under this section and who are of recognized professional standing and distinction in the fields of medicine, pharmacology, or pharmacy, to be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

The Chairman of the Committee shall be elected, from the appointed members thereof, by majority vote of the members of the Committee.

"(2) Each appointed member of the Committee shall hold office for a term of five years except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, one at the end of each of the first five years. A member shall not be eligible to serve continuously for more than two terms.

"(b) Appointed members of the Committee, while attending meetings or conferences thereof or otherwise serving on business of the Committee, shall be entitled to receive compensation at rates fixed by the Secretary (but not in excess of the daily rate paid under GS–18 of the General Schedule under section 5332 of title 5, United States Code), including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(c)(1) The Committee is authorized, with the approval of the Secretary, to engage or contract for such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Committee such secretarial, clerical, and other assistance as the Formulary Committee may require to carry out its functions.

"(2) The Secretary shall furnish to the Committee such office space, materials, and equipment as may be necessary for the Formulary Committee to carry out its functions.

"MEDICARE FORMULARY

"SEC. 1821. (a)(1) The Committee shall compile, publish, and make available a Medicare Formulary (hereinafter in this title referred to as the 'Formulary').

"(2) The Committee shall periodically revise the Formulary and the listing of drugs so as to maintain currency in the contents thereof.

"(b)(1) The Formulary shall contain an alphabetically arranged listing, by established name, of those drug entities within the following therapeutic categories:

"Adrenocorticoids
"Anti-anginals
"Anti-arrhythmics
"Anti-coagulants
"Anti-hypertensives
"Anti-neoplastics
"Anti-rheumatics
"Bronchodilators
"Cardiotonics
"Diuretics
"Gout suppressants
"Hypoglycemics
"Miotics
"Thyroid hormones
"Tuberculostatics

which the Committee decides are necessary for individuals using such drugs. The Committee shall exclude from the Formulary any drug entities (or dosage forms and strengths thereof) which the Committee decides are not necessary for proper patient care, taking into account other drug entities (or dosage forms and strengths thereof) which are included in the Formulary.

"(2) Such listing shall include the specific dosage forms and strengths of each drug entity (included in the Formulary in accordance with paragraph (1)) which the Committee decides are necessary for individuals using such drugs.

"(3) Such listing shall include the prices at which the products in the same dosage form and strength) of such drug entities are generally sold by the suppliers thereof and the limit applicable to such prices under section 1823(b)(1) for purposes of determining the reasonable allowance.

"(4) The Committee may also include in the Formulary, either as a separate part (or parts) thereof or as a supplement (or supplements) thereto, any or all of the following information:

"(A) A supplemental list or lists, arranged by diagnostic, prophylactic, therapeutic, or other classifications, of the drug entities (and dosage forms and strengths thereof) included in the listing referred to in paragraph (1).

"(B) The proprietary names under which products of a drug entity listed in the Formulary by established name (and dosage form and strength) is sold and the names of each supplier thereof.

"(C) Any other information with respect to eligible drug entities which in the judgment of the Committee would be useful in carrying out the purposes of this part.

"(c) In considering whether a particular drug entity (or strength or dosage form thereof) shall be included in or excluded from the Formulary, the Committee is authorized to obtain (upon request therefor) any record pertaining to the characteristics of such drug entity which is available to any other department, agency, or instrumentality of the Federal Government, and to request suppliers or manufacturers of drugs and other knowledgeable person or organizations to make available to the Committee information relating to such drug If any such record or information (or any information contained in such record) is of a confidential nature, the Committee shall respect the confidentiality of such record or information and shall limit its usage thereof to the proper exercise of its authority.

"(d) (1) The Committee shall establish such procedures as it determines to be necessary in its evaluation of the appropriateness of the inclusion in or exclusion from the Formulary, of any drug entity (or dosage form or strength thereof). For purposes of inclusion in or exclusion from the Formulary the principal factors in the determination of the Committee shall be:

"(A) the factor of clinical equivalence in the case of the same dosage forms in the same strengths of the same drug entity, and

"(B) the factor of relative therapeutic value in the case of similar or dissimilar drug entities in the same therapeutic category.

"(2) The Committee, prior to making a final decision to remove from listing in the Formulary any drug entity (or dosage forms or strengths thereof) which is included therein, shall afford a reasonable opportunity for a formal or informal hearing on the matter to any person engaged in manufacturing, preparing, compounding, or processing such drug entity who shows reasonable ground for such a hearing.

"(3) Any person engaged in the manufacture, preparation, compounding, or processing of any drug entity (or dosage forms or strengths thereof) not included in the Formulary which such person believes to possess the requisite qualities to entitle such drug to be included in the Formulary pursuant to subsection (b), may petition for inclusion of such drug and, if such petition is denied by the Formulary Committee, shall, upon request therefor, showing reasonable grounds for a hearing, be afforded a formal or informal hearing on the matter in accordance with rules and procedures established by such Committee.

"LIMITATIONS ON MEDICARE PAYMENT FOR CHARGES OF PROVIDERS OF SERVICES

"SEC. 1822. (a) Any provider of services as defined in section 1861(u), whose services are otherwise reimbursable, under any program under this Act in which there is Federal financial participation on the basis of 'reasonable cost', shall not be entitled to a professional fee or dispensing charge or reasonable billing allowance as determined pursuant to this part.

"(b) A fee, charge, or billing allowance shall not be payable under this section with respect to any drug entity that (as determined in accordance with regulations) is furnished as an incident to a physician's professional service, and is of a kind commonly furnished in physicians' offices and commonly either rendered without charge or included in the physicians' bills.

"REASONABLE ALLOWANCE FOR ELIGIBLE DRUGS

"SEC. 1823. (a) For purposes of this part, the term 'reasonable allowance' when used in reference to an eligible drug (as defined in subsection (h) of this section) means the following:

"(1) When used with respect to a prescription legend drug entity, in a given dosage form and strength, such term means the lesser of—

"(A) an amount equal to the customary charge at which the participating pharmacy sells or offers such drug entity, in a given dosage form and strength, to the general public, or

"(B) the price determined by the Secretary, in accordance with subsection (b) of this section, plus the professional fee or dispensary charges determined in accordance with subsection (c) of this section.

"(2) When used with respect to insulin such term means the charge not in excess of the reasonable customary price, at which the participating pharmacy offers or sells the product to the general public, plus a reasonable billing allowance.

"(b)(1) For purposes of establishing the reasonable allowance in accordance with subsection (a) the price shall be (A) in the case of a drug entity (in any given dosage form and strength) available from and sold by only one supplier, the price at which such drug entity is generally sold (to establishments dispensing drugs), and (B) in any case in which a drug entity (in any given dosage form and strength) is available and sold by more than one supplier, only each of the lower prices at which the products of such drug entity are generally sold (and such lower prices shall consist of only those prices of different suppliers sufficient to assure actual and adequate availability of the drug entity, in a given dosage form and strength, at such prices in a region).

"(2) If a particular drug entity (in a given dosage form and strength) in the Formulary is available from more than one supplier, and the product of such drug entity as available from one supplier possesses demonstrated distinct therapeutic advantages over other products of such drug entity as determined by the Committee on the basis of its scientific and professional appraisal of information available to it, including information and other evidence furnished to it by the supplier of such drug entity, then the reasonable allowance for such supplier's drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(3) If the prescriber, in his handwritten order, has specifically designated a particular product of a drug entity (and dosage form and strength) included in the Formulary by its established name together with the name of the supplier of the final dosage form thereof, the reasonable allowance for such drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(c)(1) For the purpose of establishing the reasonable allowance (in accordance with subsection (a)) a participating pharmacy shall, in the form and manner prescribed by the Secretary, file with the Secretary, at such time as he shall specify, a statement of its professional fee or other dispensing charges.

"(2) A participating pharmacy, which has agreed with the Secretary to serve as a pro-

vider of services under this part, shall, except for subsection (a)(1)(A), be reimbursed, in addition to any price provided for in subsection (b), the amount of the fee or charges filed in paragraph (1), except that no fee or charges shall exceed the highest fee or charges filed by 75 per centum of participating pharmacies (with such pharmacies classified on the basis of (A) lesser dollar volume of prescriptions and (B) all others) in a census region which were customarily charged to the general public as of June 1, 1972. Such prevailing professional fees or dispensing charges may be modified by the Secretary in accordance with criteria and types of data comparable to those applicable to recognition of increases in reasonable charges for services under section 1842.

"(3) A participating pharmacy shall agree to certify that, whenever such pharmacy is required to submit its usual professional fee or dispensing charge for a prescription, such charge does not exceed its customary charge."

(h) Section 1861(t) of the Social Security Act is amended—

(1) by inserting ", or as are approved by the Formulary Committee" after "for use in such hospital"; and

(2) by adding at the end thereof the following new sentence: "The term 'eligible drug' means a drug or biological which (A) can be self-administered, (B) requires a physician's prescription (except for insulin), (C) is prescribed when the individual requiring such drug is not an inpatient in a hospital or extended care facility, during a period of covered care, (D) is included by strength and dosage forms among the drugs and biologicals approved by the Formulary Committee, (E) is dispensed (except as provided by section 1814 (j)), by a pharmacist from a participating pharmacy, and (F) is dispensed in quantities consistent with proper medical practice and reasonable professional discretion."

(i) Section 1861(u) of the Social Security Act (as amended by section 227(d)(1) of this Act) is further amended by striking out "or home health agency" and inserting in lieu thereof "home health agency, or pharmacy".

(j) Section 1861 of the Social Security Act is further amended by adding at the end thereof the following new subsection:

"Participating Pharmacy

"(dd) The term 'participating pharmacy' means a pharmacy, or other establishment (including the outpatient department of a hosptial) providing pharmaceutical services, (1) which is licensed as such under the laws of the State where such State requires such licensure or which is otherwise lawfully providing pharmaceutical services in which such drug is provided or otherwise dispensed in accordance with this title, (2) which has agreed with the Secretary to act as a provider of services in accordance with the requirements of this section, and which complies with such other requirements as may be established by the Secretary in regulations to assure the proper, economical, and efficient administration of this title, (3) which has agreed to submit, at such frequency and in such form as may be prescribed in regulations, bills for amounts payable under this title for eligible drugs furnished under part A of this title, and (4) which has agreed not to charge beneficiaries under this title any amounts in excess of those allowable under this title with respect to eligible drugs except as is provided under section 1813(a)(4), and except for so much of the charge for a prescription (in the case of a drug product prescribed by a physician, of a drug entity in a strength and dosage form included in the Formulary where the price at which such product is sold by the supplier thereof exceeds the reasonable allowance) as is in excess of the reasonable allowance established for such drug entity in accordance with section 1823."

(k)(1) The first sentence of section 1866(a)(2)(A) of the Social Security Act is amended by striking out "and (ii)" and inserting in lieu thereof the following: "(ii) the amount of any copayment obligation and excess above the reasonable allowance consistent with section 1861(dd)(4) and (iii)".

(2) The second sentence of section 1866(a)(2)(A) of such Act is amended by striking out "clause (ii)" and inserting in lieu thereof "clause (iii)".

(l) The amendments made by this section shall apply with respect to eligible drugs furnished on and after the first day of July 1973.

Mr. HARTKE. Mr. President, the subject matter of these amendments deals with social security amendments.

The first one deals with raising the limitation from the present $1,680 to $2,400 with a $1 increase thereafter.

The next amendment would in effect vitiate amendment No. 1452, that is it would eliminate the earnings limitation entirely.

The next amendment would make disability insurance provisions available to blind persons regardless of their capacity to work or whether they are working at the time of coverage.

The next amendment would permit students to receive child insurance benefits under the Social Security Act after reaching the age of 22 for a period equal to the amount of time spent on active military duty, but in no case past the age of 25.

The next amendment would reduce from 6 to 3 months the waiting period for disability insurance benefits.

The next amendment would extend medical care to include dental services, dentures, eye glasses, hearing aids, and physical examinations for those aids.

The next amendment would reimburse psychologists as independent practitioners.

The last amendment would provide for certain drugs dealing with chronic diseases under medicare.

Mr. President, my understanding, was that the chairman of the committee probably would not want to see any of these amendments attached under any circumstances to the pending bill. I have repeatedly expressed my deep concern as to whether there will be any meaningful welfare reform this year. I have indicated previously that I hope, somewhere along the line, we can consider the welfare reform measure heretofore presented by the distinguished Senator from Connecticut (Mr. RIBICOFF), of which I am a cosponsor. I am not certain what will happen on that. If the bill is reported on September 29 with adjournment sine die on September 30, then I am very fearful that the benefits which would accrue to these deserving individuals would be denied to them. Not for the reason that they are not meritorious, not for the reason that the House is not in favor of most of these amendments, or that the committee or the Senate would be opposed to them, but because they are tied to a measure which cannot carry its own weight—and that is the welfare reform measure.

Everyone knows that social security, that wonderful old workhorse for the aged, is being asked to carry the whole of the weight, to try to bring some kind of sense, some kind of understanding to the welfare mess.

As I have said before, something must be done, because we have a bill 1,000 pages long, reports totaling 1,500 pages, and hearings totaling seven to eight volumes with 3,000 pages.

Mr. President, let me say facetiously that we could take the printing costs and distribute them among the welfare recipients. That would in itself, help the welfare load.

Mr. LONG. Mr. President, all that is keeping us from working in the welfare area is that we are trying to get this bill, H.R. 14370, behind us. It was not my idea to have a 900-page welfare bill. I must confess, in the previous Congress, the Senator from Louisiana was one of those who favored adding welfare amendments onto the social security bill. Then we finally passed the bill, as the Senator recalls, including everything we could get the Senate to agree on, the House refused even to talk to us about it. It was the idea of the House that they would wrap evertyhing up in one big package and then send it to us the next year. It wound up, as the Senator knows, taking in an enormous amount of hearings, effort, and time. We finally managed to pull together the Finance Committee's suggestions to where we have this all together in one package.

The Senator knows as well as I do that if we could take title I of H.R. 1, which relates to social security cash benefits, we could pass that through the Senate in less than a week—perhaps in less than 4 days.

Then take title II, medicare and medicaid amendments, we could take care of that in a week.

On title III, aid to the disabled and the blind, there is more controversy there. That may take 2 weeks, maybe longer, but we could get that wrapped up in 2 weeks, give or take a few days.

On title IV, that might take from now to Christmas. It might take from now until the next session starts, because that gets us into the family assistance plan, the committee substitute for the family assistance plan, and the Ribicoff substitute for both. So that gets us into a very controversial area.

Let us get as much of it done as we can, and then let us get the next part done, and then the next part. If we had gone about it in that way, we would be on title IV now, perhaps, rather than starting in on title I. But the House insisted on sending us this whole thing wrapped up in one big package.

I am against adjourning until we have worked on this bill and voted on it up or down, one way or the other, or we have finally concluded that we cannot bring it to a vote but have voted on what we can bring to a vote.

But anyway, once this is behind us, we are ready to go to work on H.R. 1 and work on just the kinds of amendments the Senator has here which are being considered en bloc now. Most of them are meritorious amendments and most of them I have voted for in committee, as the Senator knows.

Mr. HARTKE. I understand. I am appreciative of that. The chairman has displayed great strength in carrying this

tremendous load. He is to be admired by every Member of this body. He has done a tremendously good job taking on that responsibility and making sure that we have something before us.

As I count the days, the chairman has given us 4 weeks before we start in on the family assistance plan. If my calculations are correct, we would go from September 12 to October 12. And that counts for no business coming in between for the interim agreement, which will become the next order of business. Nor does it take account of all the appropriations bills we have still to consider.

I wonder if the chairman really has any inkling whatsoever, in view of the coming election coming this year. And the time restrictions which have been indicated, that there is really any hope that the elderly can have their social security payments this year.

Mr. LONG. Yes, I think so. It might be getting on in the year. I think it might be October before we can act finally on the welfare benefits that we would like to provide for the aged. I do not see why we cannot provide benefits for them in time for them to have them starting in January. That depends on how fast the administrative machinery in all the States can operate.

Mr. HARTKE. Mr. President, is it not the intention of the chairman of the committee to ask for a division of this measure into four separate parts in the event it appears that the controversy would carry us through the rest of the year.

Mr. LONG. Mr. President, if it is within my power, I will do everything I can to see that we pass everything in the bill that I agree with, which, as it stands now, is all 900-odd pages of it. If we cannot bring that about, I would try to press for the passage of as much as I can persuade the Senate to agree with.

I would hope at this time that the House would be willing to consider what we send them.

Part of the amendment of the Senator from Indiana is involved in this. There must be 400 pages of H.R. 1 that we sent to the House 2 years ago, but they would not even talk to us about the bill then. One way or the other, we will provide an answer to all of these questions.

Mr. HARTKE. Mr. President, my understanding is that in the event it appears that the activities in regard to the family assistance portion of the welfare bill became submerged into legislative hopelessness, the chairman would not resist any attempt that would be made to retain the separate social security amendments I have introduced and to provide for separate passage of these amendments.

Mr. LONG. Mr. President, I am not in favor of yielding on the good provisions of H.R. 1. However, I might not be able to make my view prevail with regard to some segments of it.

I would think that we ought to pass all of those parts of it that the Senate can agree upon; and all those parts that the Senate cannot agree upon, I think we would have to leave behind and pass the parts that we can pass.

There are so many good things in that bill, including some of the things that the Senator from Indiana has at the desk, that I think it would be a travesty for the Senate to adjourn without acting on them. And I think it was a travesty when the House adjourned and declined even to talk to us about some of the things in H.R. 1 at that time.

We tried to get them to talk about those provisions. I do not think that it was any idea of the Senator from Indiana or of myself for the House to adjourn without talking to us. I went over and looked up the chairman and the ranking minority member of the House Committee on Ways and Means. I even called the President and urged him to have them talk to us about the good things in the bill we passed 2 years ago.

And last year they initiated H.R. 1, including many provisions which had passed the Senate 2 years ago.

I look forward to working with the Senator to put this provision and a lot of these other provisions into law, certainly all that the committee have worked on.

I expect to work with the Senator from Indiana to make these provisions law between now and adjournment sine die. I will work to bring it about.

Mr. HARTKE. Mr. President, with those assurances, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

AMENDMENT NO. 1511

Mr. HARTKE. Mr. President, I call up amendment No. 1511 and ask unanimous consent that the reading of the amendment be dispensed with because I do not intend to have a rollcall vote.

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

The amendment is as follows:

On page 112, line 15, insert the following new title:

TITLE IV—TO AMEND THE INTERNAL REVENUE CODE OF 1954 TO STEM THE OUTFLOW OF UNITED STATES CAPITAL, JOBS, TECHNOLOGY, AND PRODUCTION, AND FOR OTHER PURPOSES

SEC. 401. AMENDMENT OF EXISTING LAW.

Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 402. TAXATION OF EARNINGS AND PROFITS OF CONTROLLED FOREIGN CORPORATIONS.

(a) IN GENERAL.—Part III of subchapter N of chapter 1 (relating to income from sources without the United States) is amended by inserting after subpart H thereof the following:

"SUBPART I—CONTROLLED FOREIGN CORPORATIONS

"Sec. 991. Amounts included in gross income of United States shareholders.
"Sec. 992. Definitions.
"Sec. 993. Rules for determining stock ownership.
"Sec. 994. Exclusion from gross income of previously taxed earnings and profits.
"Sec. 995. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 996. Records and accounts of United States shareholders.

"SEC. 991. AMOUNTS INCLUDED IN GROSS INCOME OF UNITED STATES SHAREHOLDERS.

"(a) AMOUNTS INCLUDED.—

"(1) IN GENERAL.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation who owns (within the meaning of section 993(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporation ends, its pro-rata share of the corporation's earnings and profits for such year.

"(2) PRO RATA SHARE OF EARNINGS AND PROFITS.—A United States shareholder's pro rata share referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 993(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

"(B) an amount (i) which bears the same ratio to the earnings and profits of such corporation for the taxable year, as (ii) the part of such year described in subparagraph (A)(ii) during which such shareholder did not own (within the meaning of section 993(a)) such stock bears to the entire year.

"(b) EARNINGS AND PROFITS.—For purposes of this subpart, under regulations prescribed by the Secretary or his delegate, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312(m)(3), shall be determined according to rules substantially similar to those applicable to domestic corporations,

"(2) shall be appropriately adjusted for deficits in earnings and profits of such corporation for any prior taxable year beginning after December 31, 1971,

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

"(c) COORDINATION WITH ELECTION OF A FOREIGN INVESTMENT COMPANY TO DISTRIBUTE INCOME.—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247(c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) COORDINATION WITH FOREIGN PERSONAL HOLDING COMPANY PROVISIONS.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(b) (relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be

reduced by the amount included in gross income by such shareholder under section 551(b).

"SEC. 992. DEFINITIONS.

"(a) UNITED STATES SHAREHOLDER DEFINED.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a domestic corporation which owns (within the meaning of section 993(a)), or is considered as owning by applying the rules of ownership of section 993(b), 10 percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

"(b) CONTROLLED FOREIGN CORPORATION DEFINED.—For purposes of this subject, the term 'controlled foreign corporation' means any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 993 (a)), or is considered as owned by applying the rules of ownership of section 993(b), by United States shareholders on any day during the taxable year of such foreign corporation.

"SEC. 993. RULES FOR DETERMINING STOCK OWNERSHIP.

"(a) DIRECT AND INDIRECT OWNERSHIP.—

"(1) GENERAL RULE.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) STOCK OWNERSHIP THROUGH FOREIGN ENTITIES.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation or foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(b) CONSTRUCTIVE OWNERSHIP.—For purposes of section 992, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any domestic corporation as a United States shareholder within the meaning of section 992(a), or to treat a foreign corporation as a controlled foreign corporation under section 992(b), except that—

"(1) In applying subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all of the stock entitled to vote.

"(2) In applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C).

"SEC. 994. EXCLUSION FROM GROSS INCOME OF PREVIOUSLY TAXED EARNINGS AND PROFITS.

"(a) EXCLUSION FROM GROSS INCOME.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 991(a) shall not, when such amounts are distributed directly, or indirectly through a chain of ownership described under section 993(a), to—

"(1) such shareholder (or any domestic corporation which acquires from any person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary or his delegate may by regulations prescribe), or

"(2) a trust (other than a foreign trust) of which such shareholder is a beneficiary, be again included in the gross income of such United States shareholder (or of such domestic corporation or of such trust).

"(b) EXCLUSION FROM GROSS INCOME OF CERTAIN FOREIGN SUBSIDIARIES.—For purposes of section 991(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 991(a), shall not, when distributed through a chain of ownership described under section 993(a), be also included in the gross income of another controlled foreign corporation in such chain for purposes of the application of section 991(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary or his delegate may prescribe by regulations).

"(c) ALLOCATION OF DISTRIBUTIONS.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earnings and profits attributable to amounts included in gross income under section 991(a), and

"(2) then to other earnings and profits.

"(d) DISTRIBUTIONS EXCLUDED FROM GROSS INCOME NOT TO BE TREATED AS DIVIDENDS.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"SEC. 995. ADJUSTMENTS TO BASIS OF STOCK IN CONTROLLED FOREIGN CORPORATIONS AND OF OTHER PROPERTY.

"(a) INCREASE IN BASIS.—Under regulations prescribed by the Secretary or his delegate, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 993(a)(2) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in its gross income under section 991(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) REDUCTION IN BASIS.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary or his delegate, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 994(a) shall be reduced by the amount so excluded.

"(2) AMOUNT IN EXCESS OF BASIS.—To the extent that an amount excluded from gross income under section 994(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"SEC. 996. RECORDS AND ACCOUNTS OF UNITED STATES SHAREHOLDERS.

"(a) RECORDS AND ACCOUNTS TO BE MAINTAINED.—The Secretary or his delegate may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) TWO OR MORE PERSONS REQUIRED TO MAINTAIN OR FURNISH THE SAME RECORDS AND ACCOUNTS WITH RESPECT TO THE SAME FOREIGN CORPORATION.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary or his delegate may by regulations provide that the maintenance or furnishing of such records and accounts by only one such person shall satisfy the requirements of subsection (a) for such other persons."

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 864(c)(4)(D) is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958(b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote."

(2) Section 951 is amended by adding at the end thereof the following:

"(e) TAXABLE YEARS ENDING AFTER DECEMBER 31, 1971.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1)(A)(ii) of such subsection) with respect to a taxable year of a controlled foreign corporation ending after December 31, 1971."

(3) Section 1016(a)(20) is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 995".

(4) Section 1246(a)(2)(B) is amended by inserting "or 991" after "section 951" and by inserting "or 994" after "section 959".

(5) Section 1248 is amended—

(A) by striking out subsection (b);

(B) by revising subsection (d)(1) to read as follows:

"(1) AMOUNTS INCLUDED IN GROSS INCOME UNDER SECTION 951 OR 991.—Earnings and profits of the foreign corporation attributable to any amount previously included in the gross income of such person under section 951 or 991, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in an exclusion of an amount from gross income under section 959 or 994.";

(C) by striking out in subsection (d)(3) "section 902(d)" and inserting in lieu thereof "subsection (h)", and by adding at the end of such subsection "No amount shall be excluded from the earnings and profits of a foreign corporation under this paragraph with respect to any United States person which is a domestic corporation for any taxable year of such foreign corporation ending after December 31, 1971."; and

(D) by adding at the end thereof the following:

"(h) LESS DEVELOPED COUNTRY CORPORATION DEFINED.—For purposes of this section, the term 'less developed country corporation' means—

"(1) a foreign corporation which, for its taxable year, is a less developed country corporation within the meaning of section 955(c)(1) or (2), and

"(2) a foreign corporation which owns 10 percent or more of the total combined voting power of all classes of stock entitled to vote of a foreign corporation which is a less developed country corporation within the meaning of section 955(c)(1), and—

"(A) 80 percent or more of the gross income of which for its taxable year meets the requirement of section 955(c)(1)(A); and

"(B) 80 percent or more in value of the assets of which on each day of such year consists of property described in section 955(c)(1)(B)."

(c) EFFECTIVE DATES.—

(1) Except as provided in paragraph (2),

the amendments made by this section shall apply with respect to taxable years of foreign corporations ending after December 31, 1971, and to taxable years of United States shareholders within which or with which such taxable years of such foreign corporations end.

(2) The amendments made by subsection (b)(4) shall apply with respect to sales or exchanges occurring in taxable years beginning after December 31, 1971.

SEC. 403. REPEAL OF FOREIGN TAX CREDIT ALLOWED CORPORATIONS.

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of the United States) is amended—

(1) by revising subsection (a) to read as follows:

"(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer other than a corporation, who chooses to have the benefits of this subpart, the tax imposed by this chapter shall, subject to the applicable limitation of section 904, be credited with the amounts provided in the applicable paragraph of subsection (b). Such choice for any taxable year 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 such taxable year. The credit shall not be allowed against the tax imposed by section 56 (relating to minimum tax for tax preferences).";

(2) by revising subsection (b)(1) to read as follows:

"(1) CITIZENS.—In the case of a citizen of the United States, the amount of any income, war profits, and excess profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States; and";

(3) by revising subsection (b)(4) to read as follows:

"(4) NONRESIDENT ALIEN INDIVIDUALS.—In the case of any nonresident alien individual not described in section 876, the amount determined pursuant to section 906; and"; and

(4) by striking out subsections (d) and (e).

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 78 is repealed.

(2) Section 535(b)(1) is amended by striking out "and income, war profits, and excess profits taxes of foreign countries and possessions of the United States (to the extent not allowable as a deduction under section 275(a)(4)), accrued during the taxable year or deemed to be paid by a domestic corporation under section 902(a)(1) or 960(a)(1)(C) for the taxable year," and by inserting in lieu thereof "accrued during the taxable year,".

(3) Section 545(b)(1) is amended by striking out "and income, war profits, and excess profits taxes of foreign countries and possessions of the United States (to the extent not allowable as a deduction under section 275(a)(4)), accrued during the taxable year or deemed to be paid by a domestic corporation under section 902(a)(1) or 960(a)(1)(C) for the taxable year," and by inserting in lieu thereof "accrued during the taxable year,".

(4) Section 841 is repealed.

(5) Section 882(c) is amended by striking out paragraph (3).

(6) Section 884 is amended by striking out paragraph (4).

(7) Section 902 is repealed.

(8) Section 906 is amended—

(A) by striking out "and foreign corporations" in the heading thereof;

(B) by striking out in subsection (a) "or a foreign corporation" and "(or deemed, under section 902, paid or accrued during the taxable year)";

(C) by striking out in subsection (b)(3) "or 881 (relating to income of foreign corporations not connected with United States business)"; and

(D) by striking out subsection (b)(4).

(9) Section 904(g) is repealed.

(10) Section 960 is repealed.

(11) Section 1503 is amended to read as follows:

"SEC. 1503. COMPUTATION AND PAYMENT OF TAX.

"In any case in which a consolidated return is made or is required to be made, the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under section 1502 prescribed before the last day prescribed by law for the filing of such return."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1971.

SEC. 404. DEPRECIATION OF FOREIGN ASSETS

(a) EARNINGS AND PROFITS OF FOREIGN CORPORATIONS.—Section 312(m) (relating to effect of depreciation on earnings and profits) is amended by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) FOREIGN CORPORATIONS.—In applying paragraph (1) or (2) for purposes of computing the earnings and profits of a foreign corporation, the amount of depreciation which would be allowable for the taxable year with respect to any property shall be determined on the basis of the useful life of such property in the hands of such foreign corporation."

(b) DEPRECIATION ON PROPERTY LOCATED OUTSIDE THE UNITED STATES.—Section 167 (relating to depreciation) is amended by redesignating subsection (m) as subsection (n) and by inserting immediately after subsection (l) the following:

"(m) DEPRECIATION ON PROPERTY LOCATED OUTSIDE THE UNITED STATES.—In the case of any property which either is located outside the United States or is used predominantly outside the United States (other than property described in section 48(a)(B)(i), (ii), (iii), (iv), (v), or (vi)), subsection (b) shall not apply and the term 'reasonable allowance' as used in subsection (a) shall be an allowance computed under the straight line method on the basis of the useful life of the property in the hands of the taxpayer."

(c) EFFECTIVE DATES.—The amendments made by this section shall apply with respect to taxable years beginning after June 30, 1972.

SEC. 405. TRANSFERS OF PATENTS, ETC., TO FOREIGN CORPORATIONS

(a) RECOGNITION OF GAIN.—Section 367 (relating to foreign corporations) is amended by adding at the end thereof the following:

"(e) TRANSFERS OF PATENTS, ETC., TO FOREIGN CORPORATIONS.—Notwithstanding any other provision of this subtitle, any gain realized on a transfer of a patent, an invention, model, or design (whether or not patented), a copyright, a secret formula or process, or any other similar property right to any foreign corporation in an exchange to which this section is applicable shall be recognized."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to transfers of property made after the date of enactment of this Act.

SEC. 406. EXCLUSION FOR EARNED INCOME FROM SOURCES WITHOUT THE UNITED STATES.

(a) LIMITATION OF EXCLUSION.—Section 911(c) (relating to special rules) is amended by adding at the end thereof the following:

"(8) CERTAIN COMPENSATION NOT EXCLUDABLE.—No amount received for services performed—

"(A) for a domestic corporation or a domestic partnership, or

"(B) for a controlled foreign corporation (within the meaning of section 992(b)), may be excluded under subsection (a)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to amounts received for services performed after the date of enactment of this Act.

SEC. 407. SUBMISSION OF REPORT ON INTERNATIONAL TAX COMPLIANCE.

Not later than December 31, 1972, the Treasury Department shall submit to the Congress a report on the administration of the income tax imposed by the Internal Revenue Code of 1954 as it applies to business activities carried on outside the United States by United States corporations, whether directly or through foreign entities. Such report shall include, but not be limited to, a discussion and analysis of the enforcement and compliance problems encountered by the Treasury Department in such administration.

Mr. HARTKE. Mr. President, this deals with an attempt to raise money by closing some big tax loopholes that cost the American Taxpayers about $4 billion a year. It deals simply with the question of multinational corporations. And the amendment is in four parts. One would provide for the same type of tax treatment for a corporation in a foreign country as is presently given to any corporation in the United States. That is, we would provide that in the future an American foreign corporation would not have an advantage taxwise. The American corporation abroad currently receives a tax credit for foreign taxes paid in lieu of a tax deduction for taxes paid to one of the several States. In other words, if a corporation is in Indiana, it receives a tax deduction for any taxes paid to the State government.

Mr. President, if that corporation chooses to move to France, they would receive not a tax deduction, but a tax credit which is worth twice as much to those corporations as it would be in the United States which, in effect, is subsidizing the corporations that run away from the United States. That is highly despicable and, I think, completely indefensible, and it is a tax loophole.

The second provision of the amendment would deal with the paying of taxes by an American corporation working outside of the United States. The amendment would require the American based corporate to pay taxes on foreign income when it is earned. If a corporation builds a plant in Taiwan, it only pays taxes when they are repatriated. This encourages American capital to run away from the United States and forces other corporations to carry the tax load. It also costs thousands and thousands of American jobs.

A third provision deals with a complete inequity in the law which says that if one stays in the United States and works for an American corporation, they will pay income tax. However, if one has the pleasure of working for a multinational corporation and living on the French Riviera for 18 months or more others pay no Federal income tax whatever.

All I am saying is that if an American is in that position he should pay the same taxes as an American at home ought to pay. He should be on the same basis as the taxpayers at home.

The fourth provision requires the closing of another outrageous loophole. It requires American corporations doing

business overseas to go to a straight line method of depreciation.

I would like to have a little clarification on this matter. I have talked with the chairman about these provisions. I know that the committee has been very busy. As I have said before, the diligence of the chairman could never be challenged with regard to the work he does on this committee. I would like to have some assurance that early next year there will be no prohibition against having hearings on this overall question: Will we continue to permit American business to leave the United States or invest their capital overseas to the detriment of our workers, to the detriment of our economy, to the detriment of our domestic budget, and to the detriment of our international balance-of-payments account.

Mr. LONG. Mr. President, we will certainly be looking at all of this amendment in our consideration of tax reform next year or whenever the House gets the bill to us. It might be possible for us to hold hearings and start to explore the various aspects of the Senator's proposal prior to the time the House sends the bill to us.

I can assure the Senator that if we have not considered this matter prior to the time the House sends us its tax reform suggestions, we will certainly consider his proposals in connection with the House bill. And of course, the Senator has some very fine outstanding Americans who are strongly in support of each of these amendments. I would certainly plan to invite them, if I am chairman of the committee, to appear before the committee and testify for the Senator's amendments. As the Senator knows, there will also be adverse testimony. People will be opposed to it as well. It is a big order. It is deserving of consideration by the committee and the Senate. As the Senator knows, there would appear to be $3 billion of revenue involved and those who pay would object to paying it. They will present arguments against it. However, it is relevant to the subject of tax reform, and it is important in our balance of payments.

So I would suggest to the Senator that he bring this matter before the committee next year and before the Senate in due course. We will be looking at it.

Mr. HARTKE. I thank the chairman. I intend to withdraw the amendment but I do not want to leave any indication whatever that I would feel restrained from introducing this amendment or any part of it on the public debt extension bill, which I understand will be before us before the adjournment of Congress. I may not, but I want to put the Senate on notice that when that bill comes through, with such drastic speed that everyone will want to get out of its way, I may want an opportunity to reduce the tremendous debt being piled up in this country.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. CHILES. Mr. President, I have been a proponent of the concept of revenue sharing since I first heard of it, I suppose because my orientation was at the State government level. That has something to do with the position I have taken on revenue sharing. Having started in the State legislature in about 1959 at a time when the State governments were not responsive to the people and did not represent the people but represented special interests, and other factors, and seeing the change that took place in the State governments after the one-man, one-vote decision, I soon became of the firm opinion that there were so many matters in our Government that could be handled at the State and local level because they are close to the people and more responsive to the people, and the National Government is so far removed, and further proof of the pudding being that all attempts made at the national level to solve these problems have not worked, that I have been for revenue sharing.

We have an oversimplified system, and we find it is overweighted by bureaucracy, so that the dollars never get to where they are intended to go, and people never have a feeling of government being responsive to them. So I felt revenue sharing was commonsense. I thought we were also going to share responsibility and we were not going to just pass dollars down to the State and local governments, but also pass some of the responsibility down along with that. I thought that we were really going to get rid of some of the grant programs, and some of the ridiculous taxes we have, and pass some of the money and responsibility down to State and local governments.

I never really viewed revenue sharing being a bailout for hard-pressed county and State governments, but really that they would be able to do what we are now trying to do and to do it better, and that they would be closer to the people in their exercise of carrying it out, and it would be more economical in the expenditure of tax dollars.

I note the arguments that were always used by the chairman of the Ways and Means Committee in the House, that we up here who tax people and raise the money must be responsible for how it is spent. That is a fine argument. I cannot argue at all with the logic, but since 1930 we cannot point to how Congress has been responsible on how it would oversee the spending of the people's money. We would get the money through taxes, pass it on to the agencies, and we were not careful to see how that money was spent. So I felt that passing this money on to the Governors or mayors would be better because they would be more responsive to the people who would be watching them.

The more I look at this bill the more I realize I do not think we are passing down tax dollars, because we do not have any more tax dollars to pass down. We are overspending now at the rate of over $30 billion a year. We have $30 billion a year in deficit spending, so we are passing down part of the printing press we are running up here, to State and local governments.

The one thing that has been good about State governments is that in most of our State constitutions it is provided that they cannot enter into deficit spending. And now we are sharing our tax dollars. We are sharing the printing press and the ability to spend because we are sending down to local governments the ability that only the Federal Government has had in the deficit spending field, and at the same time we are not doing away with grant-in-aid programs. We are not saying to the cities what I thought we were really talking about in the concept of revenue sharing as I understood it. We are saying to State and local governments: "There are some things you can do best for your people. We recognize that. So we are going to give you the money back to do the things you can best do."

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. CHILES. I will yield in just a moment.

I thought we were going to say to the State governments, "There are some things you can do best for your people so we are going to give you the authority and responsibility we have taken away from you over the years, or which the States have allowed to erode away to the Federal Government, and we are going to give you that responsibility. Then, for the Federal Government in Washington there are truly some problems that can only be solved at that level so we are going to tackle that."

If we approach it in that way we would find we would truly be able to speak to national problems and not try to solve a plan to provide how one little town is going to have its sewer system or fire protection or police protection.

But now, the way I view it, with what we are coming up with here, I do not see that we are doing that. We are passing money through, not just to one level of government, the State governments, but we are passing it through to the local government. I thought we would have responsibility and look to the States for accountability. I thought that was how the States would account for the spending. I do not know how we are going to account for it on this basis. It looks as if we are coming up with a plan that is good in an election year and gives something to everybody. But I do not see how we are addressing ourselves to the problems. I thought the purpose of revenue sharing was to carry out governmental functions in the most efficient way. I now see that this bill is not going to do that.

For that reason, while I have so many times said I was for revenue sharing, I find myself not being able to vote for this bill because I do not think it is doing other than as I have said: passing on to the State and local governments our ability to spend and to have deficit spending. That is against what we should be doing in regard to providing for responsive government.

Mr. LONG. Mr. President, there are at the desk a number of technical, clarifying and conforming amendments which are necessary for that purpose. I ask unanimous consent for the consideration of those amendments and for their consideration en bloc.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc, and, without objection,

the amendments will be agreed to en bloc.

The amendments considered and agreed to en bloc are as follows:

On page 35, line 24, after the period insert the following: "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."

On page 43, line 16, before "taxes" insert "adjusted".

On page 44, line 21, strike out "104(a)" and insert "104(b)".

On page 46, line 21, before "government" insert "county".

On page 46, line 22, after "county" insert "area".

On page 48, line 6, strike out "by" and insert "under".

On page 49, line 1, after "or" insert "under".

On page 60, line 16, strike out "statisfaction" and insert "satisfaction".

On page 97, line 23, strike out "(d)" and insert "(e)".

On page 100, beginning with "to services" on line 10, strike out all before the period on line 16, and insert in lieu thereof the following: "to expenditures incurred, during the period commencing July 1, 1972 and ending December 31, 1972, for the provision of services (other than child care services (as defined in subsection (b)(3)), family planning services, and services provided pursuant to section 402(a)(19)(G) of such Act) under any of its plans approved under titles I, X, XIV, or XVI, or part A of title IV, of the Social Security Act".

On page 100, line 24, insert "(as so defined)" immediately after "population".

On page 101, line 14, strike out "social".

On page 101, line 18, strike out "Social services" and insert in lieu thereof "Services".

On page 102, line 19, insert "(a)" immediately after "Sec. 302.".

On page 103, line 22, strike out "as defined in section 406(d)" and insert in lieu thereof "as defined in section 406(d))".

On page 104, line 9, strike out "approved;" and insert in lieu thereof "approved; and".

On page 104, line 12, strike out "child welfare" and insert in lieu thereof "child-welfare".

On page 104, line 22, strike out all after "with" and insert in lieu thereof "children';".

On page 106, between lines 3 and 4, insert the following:

(b) The heading to title IV of the Social Security Act is amended by striking out "AND SERVICES."

On page 106, line 4, strike out "(b)" and insert in lieu thereof "(c)".

On page 112, line 6, strike out "for" and insert in lieu thereof "'for".

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

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

The bill was read the third time.

Mr. LONG. Mr. President, there are a number of Senators who would like to speak on this measure. I would think if we could obtain an agreement to limit debate to 2 hours, to be equally divided between the proponents and the opponents, we could accommodate those who desire to speak on this subject.

So I ask unanimous consent that there be a limitation of 2 hours, to be equally divided between the manager of the bill and the minority leader or his designee.

The PRESIDING OFFICER. Is there objection?

Mr. BROCK. Mr. President, reserving the right to object, I wonder if it is really necessary to get unanimous consent to limit it to 2 hours?

Mr. LONG. Perhaps not, but I think that is as much as we need to take, and I think that would accommodate those Senators who would like to speak on this subject.

Mr. BROCK. Is there really a need for unanimous consent?

Mr. LONG. Then, Mr. President, I ask unanimous consent that the Senate proceed to vote on the final passage of the bill at no later than 9 o'clock tonight.

Mr. JAVITS. Not later than, but we hope and pray before that time, because many of us have been hung up here. Could we make it 8:30, so those who need to can catch a 9 o'clock plane?

Mr. LONG. I am aware of requests for speeches by Senators that would take 50 minutes.

Mr. JAVITS. That is less than 1 hour.

Mr. LONG. There may be a Senator who wants to speak who has not informed me. I think chances are good that we will be done in an hour, but I really think one hour and a half would accommodate all Senators. Knowing of at least 1 hour to be used by speeches, I think we had better protect them on the outside limit, hoping we can abbreviate it, as we often do.

Mr. BROCK. If the Senator will yield further, I shall not object, but I would like to say that many of us have been accommodating, and a great number of us have been staying here and trying to achieve this result.

Mr. LONG. Mr. President, I am more sympathetic than the Senator realizes.

Mr. BROCK. I am fully aware of the Senator's participation.

Mr. LONG. I am sure that Senators who wish to speak on the subject will keep that in mind, but in view of the fact that there are a number of Senators who want to speak, I would think this is moving in the direction we all want.

Mr. President, I ask unanimous consent that the vote occur not later than 9 o'clock tonight, and that rule XII be waived.

The PRESIDING OFFICER. Is there objection? Without objection, rule XII will be waived, and, in accordance with the agreement, the vote will be taken not later than 9 o'clock.

Mr. LONG. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

Mr. HARRY F. BYRD, JR. Mr. President——

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I had assured the Senator that he could have as much time as he required. He indicated he might use as much as 40 minutes.

Mr. HARRY F. BYRD, JR. Mr. President, I do not need that much time, but if the Senator will yield me 15 minutes, I will yield back such time as I do not use.

Mr. LONG. Mr. President, I yield 15 minutes to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, first on the procedural aspects, I would express my admiration for the patience and the ability with which the senior Senator from Louisiana, the Chairman of the Committee on Finance, has handled this very difficult piece of legislation. He has been on the floor now constantly for more than a week. He has a fine grasp of the details, and he has done, I feel, a magnificent job.

I want to say the same in regard to the ranking minority member of the Committee on Finance, the distinguished Senator from Utah. I find inspiration from his business experience and the deep grasp of the Nation's finances on the part of the distinguished ranking Republican member of the committee.

To get to the merits of the legislation, this legislation has much appeal. One is very tempted to vote for it. Virtually every mayor in the Nation wants this legislation. Every one of the 50 Governors want it. So it has great appeal.

The distinguished Senator from Florida (Mr. CHILES) mentioned earlier that this legislation has something for everybody. I want to put one amendment to the statement that he made—something for everybody except the taxpayers.

There is no way that the taxpayers can benefit from this legislation.

Written into it, both in the House proposal and in the Senate Finance Committee proposal, is that the more the States tax their citizens, the more funds they will get from the Federal Government. That in turn will mean more taxes at the Federal level. So there is no way the taxpayers can benefit from this so-called revenue-sharing bill.

This proposal gives to the localities, the 39,000 localities throughout the Nation, and the 50 States, an average of $6 billion per year.

Just imagine now, when we pass this legislation, and, over a 5-year period, give directly to 39,000 different localities throughout the Nation, these funds—and those funds will be incorporated into the operating budgets of the localities. To me it is obvious that once we embark on such a program, we can never change it. It will increase and multiply.

From inception, this legislation as passed by the House of Representatives seeks to coerce the States.

The Senate Finance Committee changed that to some extent, but when the bill passes the Senate tonight, as it will, then it must go to a committee of conference, and no one knows just what will come out of that conference.

But we do know that when the House of Representatives passed the bill, it attempted to dictate to the States what sort of tax system they should have. The House proposal did not adversely affect my State of Virginia. Virginia has a progressive income tax.

I want to say that, as far as the senior Senator from Virginia is concerned, I favor a progressive income tax. I think it is the fairest tax of all.

I do not like the rates to which it has gone in the United States under the Federal tax system, though I think the principle of a progressive income tax is a fair principle.

But I do not like the Federal Government and the Congress of the United

States attempting to dictate to the 50 States of this Union what type of tax system they should have, even though, in this particular case, it does not adversely affect the State which I have the responsibility to represent. I submit that as time goes on, there will be more and more coercive aspects put into the so-called revenue-sharing legislation.

The second reason that I have grave doubts about this proposal is the division of accountability. We in Congress will levy the taxes, and yet we will turn the money over to 39,000 different localities and to 50 State governments to spend. I think inevitably that means that it will take away the incentive for localities and States to handle the tax funds in a careful way, knowing that they are not responsible for raising the taxes that provide the money.

Another aspect of this matter is that under the House proposal, 40 percent of the total would be distributed to five States: New York, California, Michigan, Illinois, and Pennsylvania. Under the Senate proposal, 35 percent would be distributed to those five States.

Many of those States, if not all of them, are States which have handled their own funds in a wasteful and extravagant way, have piled new programs on top of new programs, and have gotten their own States in grave financial difficulties. They now are calling upon the Federal Government to bail them out.

But the No. 1 reason, Mr. President, that I cannot support this legislation tonight is the fact that the Federal Government has no revenue to share.

The Federal Government has no revenue to share.

What are the facts? For fiscal year 1971, the Federal funds deficit of the Federal Government was $30 billion. For fiscal year 1972, the Federal funds deficit was $29 billion. For the current fiscal year, the deficit is estimated by the Office of Management and Budget to be $38 billion. In my judgment it will be more than $40 billion.

So, the Federal Government has no revenue to share.

In a 3-year period, fiscal year 1971, fiscal year 1972, and fiscal year 1973, the accumulated Federal funds deficit will near or exceed $100 billion.

In just that 3-year period, 20 percent of the total national debt will have been incurred.

So I say again, the Federal Government has no revenue to share, and so far as my State of Virginia is concerned, I do not want the Virginia taxpayers to share any more of this Federal deficit than we already have been called upon to share.

There is $30 billion involved in this legislation tonight, an average of $6 billion a year for 5 years. The interest on that will be approximately $4 billion.

When we speak of interest, in the current budget the interest charges are $22.7 billion.

That is a sum that is rather difficult for me to grasp, so I will put it in another way, which I can understand better: Out of every personal and corporate income tax dollar paid into the Federal Treasury, 17 cents goes to pay the interest on the national debt. This bill tonight will greatly add to the interest charges.

This is a new program, Mr. President. It is being piled on top of all of the other programs that we have got.

If this were to take the place of some of the other programs, I would greatly prefer this program, because it has greater flexibility than many of the other programs. But it will not take the place of any other program. It will be piled on top of everything else that the Federal Government is spending.

Incidentally, we have heard a great deal about the financial conditions of the States and of the localities, and many are in difficult circumstances. I recognize that. I would like to try to be helpful.

But when 12 Governors came before the Senate Committee on Finance at one time to testify for this legislation, I made the statement that, in my judgment, no State in the Union is in as bad a financial condition as is the Federal Government. I said:

> If any Governor here has evidence that any State is in worse shape financially than is the Federal government, I wish he would speak up and make it a part of the record.

None so spoke.

If we have got so much money, if the Federal Treasury is overflowing with money, and we want to do away with $6 billion a year for 5 years, then the junior Senator from New York presented a proposal last week which appeals to me a great deal more, provided that we have so much money that we want to give away $6 billion.

His proposal was this: In this revenue-sharing legislation which we will vote on tonight, the dollar figures amount to 7 percent of the personal income tax collections. The proposal of the Senator from New York (Mr. BUCKLEY) was to permit the taxpayers to take a 7-percent reduction on their income taxes, unless the State legislature said that the State itself needed the funds, in which case the Federal Government would collect the funds and send them back to the State, rather than permitting a reduction on the part of the individual taxpayer.

The PRESIDING OFFICER (Mr. JORDAN of North Carolina). The Senator's 15 minutes have expired.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield me 3 additional minutes?

Mr. HANSEN. I yield 3 additional minutes to the Senator.

Mr. HARRY F. BYRD, JR. So if we are going to take Federal funds and disburse them, if we are in a position to do so, I think it is better to send those funds back from whence they came—namely, to the individual citizens, the individual taxpayers, throughout our Nation.

But the fact is that we do not have funds to disburse. This is another program piled on top of all the other spending programs, and it will mean even more deficit spending.

I note that the White House issued a statement the other day to the effect that in the new administration there would be no request for an increase in taxes. The Senator from Virginia will take that at face value. I will say tonight that I shall feel no obligation to vote to place additional taxes on the American people.

If you are not going to have more taxes and if you are not going to have more inflation, then you will have to cut spending. Yet, this bill goes the opposite way. It is piling a new spending program on top of all the other spending programs.

I regret to vote against the bill. It has appeal. Its concept is desirable. But in view of the financial condition with which our country is faced today, I think it is irresponsible to pile another spending program on top of all we already have, on top of these huge deficits that the Nation has been running for several years now.

Mr. President, I shall vote against this measure. I regret to do so, but I feel that I have no alternative.

I ask unanimous consent to have printed in the RECORD a table I have prepared showing Government receipts, Government outlays, surplus or deficit—there are very few surpluses—and debt interest during the 20-year period 1954 through 1973.

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

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT, 1954-73 INCLUSIVE

[Billions of dollars]

	Receipts	Outlays	Surplus (+) or deficit (−)	Debt interest
1954	62.8	65.9	−3.1	6.4
1955	58.1	62.3	−4.2	6.4
1956	65.4	63.8	+1.6	6.8
1957	68.8	67.1	+1.7	7.2
1958	66.6	69.7	−3.1	7.6
1959	65.8	77.0	−11.2	7.6
1960	75.7	74.9	+.8	9.2
1961	75.2	79.3	−4.1	9.0
1962	79.7	86.6	−6.9	9.1
1963	83.6	90.1	−6.5	9.9
1964	87.2	95.8	−8.6	10.7
1965	90.9	94.8	−3.9	11.4
1966	101.4	106.5	−5.1	12.0
1967	111.8	126.8	−15.0	13.4
1968	114.7	143.1	−28.4	14.6
1969	143.3	148.8	−5.5	16.6
1970	143.2	156.3	−13.1	19.3
1971	133.7	163.7	−30.0	20.8
1972	148.8	177.7	−28.9	21.2
1973 [1]	152.6	190.4	−37.8	22.7
20-year total	1,929.3	2,140.6	211.3	241.9

[1] Estimated figures.

Source: Office of Management and Budget and Treasury Department.

Mr. STENNIS. Mr. President, will the Senator yield me 7 minutes?

Mr. HANSEN. I yield 7 minutes to the Senator.

Mr. STENNIS. I thank the Senator.

Mr. President, when the idea of sharing revenue was first proposed, it was unthinkable to me that we would try to share revenue we do not have. When it was first proposed, the idea was to reduce other programs enough to take care of the amount involved. But that has long since been abandoned.

Mr. President, this bill marks a permanent departure in the road that our republic has followed for almost 200 years. This is milestone legislation. In time it will be a millstone around the necks of both Federal and local government. If the Senate takes this course there will be no turning back. We will have made a commitment that will endure as long as our form of government survives.

We are being asked to share the Federal revenue. What is the revenue that

is to be shared? The implication is that there is enough revenue so that this part is surplus and can be shared without taking it from other Federal programs already being carried out for the benefit of the people. But there is no surplus. There is only a deficit.

The original proposal for sharing Federal revenue with the States, as submitted to Congress by the administration, was called special revenue sharing. Under that proposal the Federal Government would discontinue certain programs, take the money previously spent on those programs, and pass it on to the States as a block grant. The States could then decide whether they wished to use the money to continue the previous programs, or devote it to such other purposes as they felt might better suit their needs. In other words, it was a device to move some fiscal decisionmaking from the Federal level to the State level, a concept that has merit.

The bill that passed the House, however, and the bill that is presented to the Senate, is not a substitution of block grants for specific programs. It adds block grants on top of existing programs, using money the Nation does not have. It will be paid by deficit financing, thus creating deeper and more crucial fiscal problems.

The 3-year period that will end with the current fiscal year will see a deficit of more than $100 billion. This will be over a fifth of the total national debt that we have accumulated since we became a nation—and this has happened in only 3 years. On top of this deficit, the bill before the Senate would add another $30 billion over a 5-year period, on which the interest costs will be almost $4 billion more, if figured for the life of the program.

The bill provides that 7 percent of receipts from individual income taxes is to be set aside in a trust fund, for revenue sharing.

Incidentally, another basic feature that this bill destroys in a large way is the right of Congress to continue to pass on these appropriations, these large sums of money, every year. This bill, by its own terms, appropriates $29.5 billion today, when the signature is affixed, that is committed over a 5-year period, and that 5 years is beyond the term of the next President of the United States. It is beyond the term of every present Member of the Senate. It is beyond the term, of course, of the Members of the House of Representatives. It is beyond the term of every Governor in the United States, every mayor of every city, town, and village. I do not know of any who have more than a 4-year term.

Mr. President, this bill is a breakdown in our responsibility to pass on the welfare of the Nation, the fiscal affairs of the Nation. We have an annual report from the President of the United States on the state of the Union. What are we going to say here about the state of the Union when 5 years in advance, we appropriate $29.5 billion on top of the $100 billion deficit that we have run in the last 3 years?

I have to take my part of the blame for that deficit, but I voted against a great many provisions in those bills that ran up those amounts. Although I do not like to do it, I have never failed to vote for tax measures which I thought were anywhere near fair but, more important than that, whenever it seemed that it was required for the security of this Nation.

That is the most serious matter about this bill. We can overcome other points here. But unless we do something to stop the wheels running downhill concerning the fiscal affairs of this Nation, if we do not do something within a reasonable time, then I really have fear of our being able to have representative government that will be able to bring about a remedy.

Since there is no surplus revenue to share, this 7-percent set-aside will simply increase the deficit by that amount. That being the case I think it is difficult to refute the premise that the bill should also contain a 7-percent increase in income taxes. Who will introduce a bill to increase the peoples' taxes? It will not happen. Yet it is absolutely necessary that the deficit in our national finances not be increased in this fashion.

The proposal that is before us is fiscally irresponsible from the outset, and it will become worse very quickly, as time passes. Does anyone believe that once these block grants have been started, they can be stopped, or decreased in size, or even held at the original level? Certainly not. They will grow, inevitably and perpetually.

Even if block grants were a good thing for local and State governments in the long run, and even if the proposal were fiscally responsible, there are many questions to be raised. Why is $5.3 billion the particular size of the grant that should be sliced up for revenue sharing the first year? There appears to have been no rational system of relating that figure to the present amounts of other existing Federal grant programs, which are made for specific purposes, and which are disproportionately distributed in some cases.

Tremendous sums are already being provided as Federal aid to States and local governments, under existing programs. The total for fiscal year 1971, according to the Department of Treasury, was $29.8 billion. These are grants for specified purposes, for which there are anticipated benefits to be attained.

How can Congress weigh the benefits to be received from block grants for unspecified purposes? Congress will not know what the benefits are to be, yet it is the duty of Congress to evaluate benefits before allocating money to meet the many demands upon the Treasury. Would Congress give money to a Federal department, with no restrictions, to spend as it chose? I think not. It would be an irresponsible act, and it probably would be an unconstitutional delegation of the responsibilities of Congress. Let us remember that this bill is both an authorization and an appropriation, for a period of 5 years, and it bypasses completely the annual examining duties of the Senate Appropriations Committee.

It should be pointed out that there is nothing in this bill to give the people any hope of a lessening of their tax burdens. On the contrary, the formula used to distribute Federal funds is such that if a State or local government were to economize, and reduce its local taxes, the Federal contribution would be decreased. Under the formula, the way a State or local government would obtain greater dividends from the Federal Government would be to increase its own taxes. Of course, all of this money comes out of the pocket of the American citizen, and there is no real comfort in this bill for the taxpayer.

Mr. President, the first essential step for this Nation to take is to get the Federal finances in order. Prosperity without fiscal responsibility is not possible. It is absolutely essential that Federal outlays be brought in line with Federal income. Then there will be ways to see that total governmental income is properly divided between National, State, and local governments.

With this background of facts, and the passage of such bills as this and others calling for greatly increased spending, we are approaching a fiscal crisis.

President Nixon and members of his administration have made many hard decisions over the last 4 years, for which I commended him at the time and have strongly supported his position in many instances.

Now I respectfully say to the Chief Executive that I think he should tell the American people:

> Of course, we cannot go on year after year spending far more each year than we have. Of course, we cannot continue to add new programs and extend old ones, all on deficit spending. Of course, we must buckle up our belts and do on a little less if we are to preserve our fiscal system and our free and open economy. Of course, we are going to have to increase taxes some just to avoid going further in the red, and thus bringing to the brink of disaster our financial structure, both public and private, throughout the Nation.

The people already know these things, anyway. The common sense of the common man tells him they are true. They are entitled to have them pointed out by those at the top in authority.

Mr. President, I hope it was a mistake, the report that came out of the White House that we would be able to have all these things for the next 4 years and not be called upon to have to increase taxes. I just do not believe that the President approved that statement because, in my humble judgment, it is contrary to the facts. We should meet those facts now. No one likes to vote to increase taxes. I certainly do not. But I know, as surely as night follows day, with all the bills on all the programs that are being passed and this commitment of $29½ billion for 5 years on top of a $100 billion deficit we have accumulated for 3 years, I say that, as surely as night follows day, we will either have to raise taxes to find the money somewhere or the country will go into default and we will become a bankrupt nation—which, of course, we cannot afford to be.

So, even though I would like to join and vote for the bill, I think it is contrary to the idea that it will help in the long run any town, any village, any county, any State, or any other agency of the Government. As a matter of fact, in the long run it will hurt them. In my humble

judgment, it hurts the Congress of the United States to abdicate its responsibility in voting these appropriations.

Mr. FULBRIGHT. Mr. President, it is my intention to vote for the revenue sharing bill now before the Senate, but I will do so with reservations. The concept of sharing revenue which we do not have is at best dubious. Our Government had a $30 billion deficit for fiscal year 1971; $28 billion in 1972; and faces a projected 1973 deficit of up to $40 billion. With the exception of World War II, these are the heaviest deficits in the Nation's history. I have continually worked toward reducing unnecessary spending, particularly for military and related programs, for which we are being asked to authorize $120 billion for fiscal 1973. However, those of us dedicated to this purpose have had very limited success. I believe that until we do succeed in trimming these exorbitant expenditures we will not really be able to provide the funds needed for productive growth and resolution of our serious domestic problems.

Notwithstanding my reservations about the wisdom of this bill, it has been evident to me for some time that it is destined to pass the Senate overwhelmingly and, further, that it will become law during this session. Accordingly I have devoted my efforts in the Senate, and particularly in the Senate Finance Committee, to insuring that the smaller, more rural States receive an adequate share of the funds, which they failed to receive under the House-passed version.

In my view, the Finance Committee has arrived at a constructive and equitable formula which will go a long way toward helping to resolve the financial problems which have confronted States and localities. I hope that by giving them the freedom to spend these tax funds as local citizens desire, we will be making Government more responsive to the true needs of the people.

Mr. MONDALE. Mr. President, I am pleased to support adoption of H.R. 14370, the State and Local Financial Assistance Act of 1972. This bill will provide substantial financial assistance from the broad Federal tax base to ease the growing pressure of State and local taxation, including the regressive and overworked property tax.

In my own State of Minnesota, the Senate bill will provide over $108 million for use by the State and local governments.

I wish to express my deep regret, however, at the Senate's failure to adopt a reasonable solution to the social services issue.

The pending bill would replace the existing program of social services with an additional $1.6 billion in revenue sharing, allocated among the States on the basis of urbanized population.

Some States are taking unfair advantage this year of the open-ended provisions of the present social services law. 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.

But the pending bill would work severe hardship on States which have made constructive use of the Federal program—and which 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 pending bill Minnesota would receive roughly $25 million this year for the same purposes. Hennepin County, for example, may suffer a net loss from revenue sharing if the $1.6 billion ceiling is retained.

Efforts—which I have supported—to increase this ceiling to an appropriate level have failed.

There will now be a conference committee to resolve differences between the bill adopted by the House—which, among other differences, imposed no limit on social services—and the bill about to be adopted by the Senate.

I have listened to the distinguished manager of the bill, the Senator from Louisiana (Mr. LONG). He has said that there will be a compromise in conference on social services—that the ceiling will be raised. I urge the Senator from Louisiana and all of the Senate conferees to carefully consider the plight of those States which have made responsible, constructive, and moderate use of the social services program—and which stand to lose so much under the Senate-adopted ceiling.

Mr. HANSEN. Mr. President, I would like to take this opportunity to make a few comments regarding H.R. 14370, the revenue sharing bill now before the Senate.

This piece of legislation will be a landmark decision and of great benefit to our State and local governments. Therefore, I urge all Members of the Senate to expeditiously deal with this legislation with a conscious effort directed toward what will be best, in the long run, for the country.

The Senate Finance Committee has worked many days and considered many alternatives and amendments to this bill. The end result of the committee's work is, I think, an equitable means of giving back to the States revenue collected at the national level with the minimum of strings attached. I commend my Senate colleagues for continuing this same line of thought so far as various floor amendments have been considered.

We all know the plight of our State and local governments.

The figures regarding the revenues collected at the State and local level as compared with their necessary expenditures have been stated many times on this floor.

The fact is that these governmental units need help.

They have gone about as far as they can in increasing their own revenue collection measures. The Federal Government has, simultaneously, been increasing its tax efforts in accordance with the rising costs of services at the national level. It is no wonder that citizens in all of our States are rebelling at the thought of higher taxes on any level. They simply do not feel that they personally are benefiting from the services provided by these tax increases.

This brings me to the basic idea incorporated in revenue sharing—to turn back to the States a portion of the tax revenue collected at the national level—so as to afford these governmental units with an adequate means of operating in the best interests of their citizens. State and local governments best know what programs need to be instituted.

The Federal Government heretofore has awarded grants to the separate States for specific projects and programs.

This legislation would be more sound if the funds to be shared were transferred from grants-in-aid and block grants now going from the Federal Government to the States.

These so-called matching funds have not been in the best interests of our local governments. They have merely encouraged States to look for projects which will result in the most Federal aid rather than the projects most needed by and within the State. It resulted in the most projects being completed for the least amount of State funds, but it did not result in the most pressing, critical problems being solved first. The time has now come to let the States themselves determine their own priorities and use their revenue-sharing funds as they best see fit.

The Senate Finance Committee, after reviewing many formulas for allocating the revenue to the States, has arrived at, what I think, is the fairest formula for all States. According to this formula, funds will be distributed to the States on the basis of State population, State and local tax effort, and the inverse per capita income of each State.

Under this formula, each State's share is determined by its population multiplied by its tax effort and further multiplied by its inverse per capita income.

Unlike the House bill, the committee formula does not favor any particular type of tax system for the States such as personal income taxes, but does recognizes that general tax effort is a factor which should be considered in any distribution formula for revenue-sharing funds. States who help themselves by levying taxes will thereby receive a greater share of funds than States which do not. However, the Federal Government will not be dictating to the States that they must levy State income taxes in orders to adequately participate in revenue sharing.

This is a very important consideration.

Some concern has also been voiced regarding the committee's elimination of the urbanized population variable which was an integral part of the House formula. We, too, are concerned with the problems of urban areas and therefore want to make certain that revenue-sharing funds do go to those areas which need them most.

For that reason we deleted the urbanized population variable from the House formula and used instead the other three variables which I have already mentioned. The amount of tax effort and the inverse per capita income figures should send revenue-sharing

funds to the poorer urbanized areas where funds are needed and tax collection bases are very low. This formula will likewise help the poorer rural areas of many of our States which face many problems also.

The committee, however, took an even more direct aim at the problems of urbanized areas by the distribution of a $1 billion supplemental grant to the States on the basis of their urbanized population. The effect of this action was to distribute this $1 billion in a manner which appreciably benefits the more urban and industrialized States.

The committee's bill also gives each State considerable flexibility in revising the formula for distributing the funds to its local governments. For the first 12 months of the program the funds must be distributed to the local governments on the basis of the standard formula; namely, population weighted by both tax effort and relative income.

After the first 12 months of the program, however, each State may continue to have the funds distributed to its local governments on the basis of the standard formula, or it may by law choose to have the distribution made on the basis of two alternative factors.

These alternative factors are population weighted by relative income and population weighted by tax effort. The State may use any combination of the two factors it desires. This is in accord with the principle we have tried to follow in this bill, of leaving with the State and local governments the maximum discretionary powers.

The committee's formula, therefore, will be of greatest benefit to all States. It is consistent throughout and will provide the governmental units with a convenient and easy means of determining the amount of funds they can expect to receive each year. In the interest of all States, this formula should not be changed.

I am sure all of us recognize the problems involved in trying to arrive at an equitable means of "sharing" revenue on the State and local level. Basically, we must be in agreement as to the express purpose of revenue sharing and very cognizant of its importance to every State. We personally represent numerous governmental units which desperately need help. The time to act is now. Revenue sharing is vital to the States we represent. Likewise, the financial soundness of our State and local governments is essential to our Federal system.

In deciding upon this legislation now before us, however, we must not lose sight of the principle of State's rights—an inherent part of our federal system.

We must have confidence in our State and local governments that they will take their revenue-sharing funds and use these funds in the best interest of all our citizens.

It is my belief that these governmental units will do a far better job as a policing force than the Federal Government could ever do.

This legislation covers a period of 5 years. At the end of that time, based upon a continuing evaluation of this program, we will, I am sure, be glad that we gave the States the responsibilities proposed by this legislation.

My enthusiasm for the Revenue Sharing Act is diminished somewhat by extraneous amendments adopted imposing the Davis-Bacon Act upon those projects undertaken by units of government into which more than 25 percent of the total funding comes from federally shared revenues. This amendment can only serve to add to the costs of building by cities, counties, school, hospital, and fire districts.

Despite efforts of some labor leaders to contend otherwise, the bill is not an antilabor, antiunion bill in any respect. It specifically provides that workers must be paid not lower than the prevailing rates of pay for persons employed in similar jobs by local governments. The union contracts in the construction industry, one of the most highly organized of all industries, will not be affected in any way by this bill.

Revenue sharing is just one step in the direction of helping our States to help themselves. There is continuing validity in the concept that with tax spending should go tax collecting. The contribution from the revenues of the Federal Government to State and local governments, while important and helpful, will still be only a small percentage of the funds necessary to operate these units of government. Thus the fundamental soundness of vesting government at every level with the twin responsibilities of tax spending and collecting is substantially unchanged.

Despite the reservations to which I have alluded, revenue sharing is important and most timely legislation, and I urge my colleagues to approve the Senate Finance Committee's recommendations.

Mr. TOWER. Mr. President, I think that we are taking a major step forward today in State-Federal relations by moving toward the likely passage of the revenue-sharing bill. For too many years Congress has expanded the scope of Federal activities, so that now the Federal Government utilizes so much of the available tax base in the country that local governments cannot feasibly raise their taxes in order to pay for vitally needed community services. It is time that we allow State and local governments to have access to the funds that they need to provide the American people with adequate police and fire protection, waste management services, local transportation systems, health services, and other important services. We are not "giving" local government anything in this bill; we are merely returning to the American people that which Congress has preempted—revenue to fund essential government services. In so doing, Congress will be giving back with one hand to governments closer to the people, money which it takes from the taxpayer with the other. I would prefer to go one step further and simply turn some of the tax base itself over to the State and local governments so that they can raise such taxes as they need on their own.

However, given the reluctance of many Members of Congress to acknowledge that Congress itself is responsible for the financial plight of local government, and their preference to appear as the saviors rather than as the repentant sinners in this matter, enactment of such a profound change in policy as I favor is hardly likely at this time. Yet, I view revenue sharing as only the first step of a process that will continue toward the eventual return of adequate spending and taxing power to local government and to their constituents, because the American people want better government and closer control over government. They want stronger local government and reduced spending by the Federal Government. Let us hope that Congress will face up to this reality.

Many people in my State and across the country do not approve of continual Federal budget deficits, and view this bill as an unwelcome addition to this year's deficit. Nevertheless, their objection really lies with the fact that various other Federal programs—those which are wasteful, ill-conceived, and simply unnecessary—push the budget into the red. Most of these people do not disagree with the view that local government services are virtually the highest priority today in terms of what government should be doing. Consequently, they recognize that what they really want to complain about is most of the other Federal programs and wastefulness that put the budget into deficit status—not this particular bill with its very vital mission to improve their local government services.

Mr. FANNIN. Mr. President, as a member of the Finance Committee I labored many hours, days, and weeks with my colleagues to work out legislation which would provide aid to our States and localities through a system of revenue sharing. When the committee completed its arduous task, I believed that we had accomplished something that would be beneficial to our States and localities and in keeping with our federal system of Government.

Unfortunately, changes have been made in this bill which will have a disastrous effect if they become law. And, in rereading the record of debate, I am appalled by the way the revenue-sharing concept is being perverted to serve the interests of big unions and big business at the expense of local government, at the expense of the American taxpayers, and at the expense of our business enterprise system. The bill which has been fashioned on this floor would be detrimental to our Nation and to my State, especially the smaller communities.

The revenue-sharing bill as amended on the floor of the Senate simply would be a vehicle for imposition of inflationary wage rates, inefficient construction practices, and bureaucratic waste of tax dollars. These characteristics of Federal construction projects already are commonplace in metropolitan areas, but I see no virtue in forcing smaller local governments to adopt the same costly methods of operation.

It was no surprise that the AFL–CIO should seek to reinstate the Davis-Bacon provision in the bill reported out of the Finance Committee. It was very disturbing, however, to see the erroneous and misleading statements made by An-

drew Biemiller who wrote to all Senators on behalf of the AFL–CIO.

In his August 11 letter, Mr. Biemiller said:

> The general revenue sharing bill (H.R. 14370), as reported by the Senate Finance Committee, contains no federal labor protectives on the nearly $30 billion of federal funds that will be distributed to States and localities.
>
> Historically, Congress has provided specific safeguards for workers and for communities in the expenditure of Federal funds to insure that these monies were not used to undercut local wages, pirate away local industries, and diminish or destroy rights gained by workers through collective bargaining. All of these long-standing protectives are abandoned in this measure which provides "no-strings" funds to the State and localities and no safeguards to the citizens affected.
>
> The bill, as it now stands, gives States and communities free rein as to the expenditure of the funds. However, that license should not include the opportunity to escape the responsibility of adhering to basic protectives in the work lives of all Americans.

Mr. President, it is hard to believe that a man with Mr. Biemiller's long experience in Washington could make such an erroneous interpretation of the bill.

He said the bill "contains no Federal labor protectives on nearly $30 billion of Federal funds that will be distributed to States and localities." Yet, it is abundantly clear that the committee did not exempt the States from Davis-Bacon restrictions on the funds they receive. Only the localities were exempted.

The second and third paragraphs are equally unfactual and misleading.

The bill as reported by the Finance Committee does provide protection for the workers. The bill specifically provided that workers must be paid not lower than the prevailing rates of pay for persons employed in similar jobs by such local government. Nothing in the bill changes the union contracts in the construction industry, the most highly organized of all industries. Nothing in the bill would in any way preempt the little Davis-Bacon Acts of the States.

Mr. President, the debate on the floor last Wednesday concerned what I consider the most crucial issue in the bill—whether or not the Davis-Bacon Act and other Federal labor legislation should apply to local projects undertaken with revenue-sharing funds.

It appears to me that many Senators who were not present during the entire debate did not fully understand the effect of the adoption of the first two Hartke amendments as modified by the Senator from Louisiana (Mr. LONG).

Amendment 1461 applied to all jobs financed in whole or in part out of the fund. For example, it would have forced the local government which added policemen, secretaries, or the like, and wished to pay them out of Federal funds, to pay the Federal rate. The Senator from Indiana stated that the practical effect would be to make the Davis-Bacon principle equally applicable to nonconstruction workers. This would have been true even though only 1 percent of Federal money was to be used in paying the wages.

It was at this point that Senator LONG successfully tied Hartke amendment 1462—applying Davis-Bacon to local revenue sharing used in construction—and amendment 1461 together in one package.

Then Senator LONG offered his amendment which would have required that Federal participation in a project would have to be 50 percent or more before the Federal wage provisions would apply. Eventually a compromise was reached by which this figure was lowered to 25 percent.

Therefore, what the Senate adopted was Federal wage standards for any jobs—whether in construction, services, and so forth—where 25 percent or more of the wage comes out of the Federal fund.

Frankly, I do not know whether the 25-percent limitation would be of any value to local communities trying to get something more for the dollars spent. There also is the possibility that the 25 percent will be reduced or eliminated in conference with the House.

The principle of the revenue-sharing bill was to have been the providing of funds to local governments so that they could undertake projects with the very minimum of Federal interference.

It was in keeping with this philosophy that I worked in the Finance Committee for an amendment to the House bill which would relieve localities from the suffocating effect of Davis-Bacon. After careful study by the committee.

Once again, I wish to emphasize:

First. The Davis-Bacon exclusion the committee approved would have applied only to local governments and would have had no effect on State projects which still would be covered by existing law.

Second. My amendment accepted by the commitee would have had no effect on the so-called Little Davis-Bacon Acts now in force in 34 States.

Third. The committee bill required that workers must be paid at rates no lower than the prevailing wages for persons employed in similar jobs by such local governments.

The purpose of the committee action was to allow localities to pay wage rates prevailing in their own communities rather than to require the payment of unrealistic, higher wages usually imposed under the area-wide concept of Davis-Bacon.

Mr. President, as I said, I have studied the debate of last Wednesday, and I feel compelled to restate the problems. It may be that in the great flood of words, the key point was missed.

First, it is essential that we realize the way in which the Davis-Bacon is administered—how it always had been administered under both Democratic and Republican administrations. It has been and is being administered erratically and capriciously in a manner which works to make federally funded projects the exclusive domain of large contractors and entrenched labor unions. It is administered in a fashion that attempts to impose the unrealistic, staggering wage rates in the big cities on the economy of smaller communities.

The Department of Labor has failed to use good judgment or good sense in establishing realistic minimum wage rates for federally financed construction projects in localities which are some distance from metropolitan areas. Federal officials have taken the easy way out and simply have reached into metropolitan areas—even though the metropolitan area may be hundreds of miles away—and used the highest big city union wage rate to establish the Federal minimum for communities which have a vastly different economy. This has been well documented by the General Accounting Office.

My colleagues from Utah and Colorado gave us some good examples of what happens in such cases.

We see that the people in the San Luis Valley of southern Colorado had to pay two and one-half times what they should have, to construct a community center because the Department of Labor decreed that the Denver wage rates should apply to the project.

We see that the Las Vegas, Nev., wage rates are used to establish the minimum for federally aided projects in rural Utah.

In my own State of Arizona, the Phoenix wage scales were used as the basis for determining the minimum pay for workers at Page. Out West we do not let distances impress us too much, but I would point out that Page and Phoenix are 276 miles apart. Not even the wildest imagination could equate the two economically.

Page is an isolated, small town of some 4,000 population; Phoenix is a huge metropolitan area of about 1 million population.

It provides a good illustration of the sharp contrast between the normal wages in a community and the inflated wages which are required when the Davis-Bacon Act is applied to a project in the area.

The Navajo power plant is being built just outside Page with work being performed in sections. Thus, the power plant hires many workers for a few months and when that phase is completed, the workers are laid off and seek re-employment in town.

Laborers privately employed in the town earn $2.50 per hour, but when working at the Navajo power plant under the Davis-Bacon Act they receive $7.50 per hour. Mechanics in town get $5 per hour as compared with $10.50 at the power plant. Carpenters who normally earn $5 per hour in Page are paid $9.32 on the federally funded project. Electricians get $10.10 an hour at the plant, more than twice their normal pay in the town of Page. Truck drivers draw $3 per hour in town, but $7.75 when working at the Navajo power plant.

The economy for small business in Page for the next few years of construction at the power plant is an unhappy one. When the power plant is hiring, the small businessman cannot get workers. When the work at the power plant phases out, there is an over-supply of workers.

Mr. President, it had been my hope that revenue sharing would be a means of fostering new vitality for local governments, that it would give a stimulus to smaller communities, that it would help them meet their needs for more public facilities and at the same time help

stabilize local economies, and provide needed jobs.

The bill as it has been amended here would not accomplish this. It would have the opposite effect.

This bill would put the smaller local governments in an almost impossible position.

To accept Federal revenue-sharing funds, they would have to agree to pay wage scales which in most cases will be far out of line with those prevalent in the local economy.

It is my judgment that this effectively will preclude many and perhaps most localities from participating in this program. The localities will find that it is cheaper for them to go-it-alone entirely with their own funds using the normal wage rates rather than to accept the red tape and strings-attached Federal revenue-sharing funds which would inflate the cost of their projects more than 50 percent in most cases.

If they do decide to participate, many communities will find themselves with a yo-yo economy and many unhappy workers. Consider the morale problems caused when a worker who is worth $4 an hour finds himself employed on a federally funded project with a minimum wage decreed at $10 per hour, then the project ends and he has to go back to work in an economy which again will pay him only what he is worth—$4 per hour. Consider what this can do to the fragile economy of a small town.

What our communities need today is a great number of additional $3, $4, and $5 per hour jobs—not a few $9, $10, or $12 per hour jobs. We need to put people to work on jobs that will take them off the welfare rolls; that will give them an income that is adequate for the support of themselves and their families. Simple arithmetic makes it evident that when we force a community to pay salaries twice or three times as high as the normal wage for the locality, then we create only one-half or one-third as many jobs. Whenever we vote to extend the provisions of Davis-Bacon or other minimum wage standards, we simply are sentencing more people to the welfare rolls.

The Davis-Bacon provision originally was conceived to prevent abuses in the depression era when it was easy for unscrupulous employers to exploit the vast, hungry labor market. Today the workers do not need this protection. Today the act is used to protect the big unions and to protect the big business interests.

Imposition of the Davis-Bacon Act on the localities is a blow to the small cities and towns; it is a blow to independent contractors who do not have the resources of their more sizable competitors.

I believe that the unions and the established contractors are big enough to stand on their own feet without this form of Government subsidy.

The Davis-Bacon provision is a direct blow to the free enterprise concept. It is restrictive of competition. What we need today is more, not less, competition within America. Restrictions on competition, whether imposed by the Government or by unions or by business itself, will only further damage our ability to compete in the world marketplace.

We are not dealing in a vacuum in the distribution and employment of the revenue-sharing funds. This money will have a profound effect on our total economy and on our position in the world.

The amendments that were adopted in the Senate would be a new impetus to inflation.

The Senator from Indiana has been most vocal in complaining about the declining ability of America to compete in foreign trade. Yet the action he initiated will further contribute to the loss of American jobs. This will be the effect of the Hartke amendments, because they mean that revenue-sharing funds will be used to trigger demands for higher wages in every nook and cranny in America.

Factory workers being paid a fair wage of $4 per hour will not long be satisfied when new jobs paying much more are created as a result of revenue sharing. The manufacturing workers will demand parity. Our manufacturing costs will continue to spiral, our factories will lose their ability to compete in foreign markets and at home; the plants will close or be moved abroad.

Mr. President, another point which disturbs me greatly is the fact that what the Senate has done is to tell localities that they cannot try to get the most for their money; that they must purchase at an inflated price.

It has been demonstrated time and again that the inflated wages required under Davis-Bacon raise the cost of construction generally at least 10 to 15 percent and even more than 50 percent in many cases.

Mr. President, our Nation became great because our free enterprise system fostered efficiency and rewarded men and women for doing hard work well. For the past several decades there has been a steady erosion of this system. As one who has great faith in my country, I had hoped that we could reverse this trend. Legislation such as we have before us, however, is just another step away from the idea of a "fair day's pay for a fair day's work." It is another move toward featherbedding, toward the idea of "something for nothing."

Mr. President, we are told frequently these days that nothing is stronger than an idea whose time has come. Recently we have had a number of pieces of legislation put before us to implement "ideas whose time has come." To my regret, these ideas have been badly mangled before we can get them out of Congress. We have just mangled another one.

Mr. HATFIELD. Mr. President, the fiscal problems facing our cities are a well known fact and are particularly notable during the debates on various aspects of the revenue-sharing bill now before this body. State and local governments are spending above $150 billion annually with expenditures increasing approximately $15 billion each year. The proposals before us have ranged between $5 billion and $6.3 billion annually in grants to States and localities, but this is at least $8.7 billion less than the yearly increase of these State and local entities. Furthermore, as a report of the First National City Bank of New York indicates, "the past and present State-local fiscal crises have been occurring despite rapidly increasing Federal aid. Federal grants-in-aid have risen from $11 billion in 1965 to the current $30 billion." In other words, revenue sharing will not begin to meet the problems it is created to solve.

There is every indication in the experience of other countries that the program envisioned in the pending legislation will not work. Testimony given June 8, 1971, before the House Committee on Ways and Means by Harley H. Hinrichs, associate professor of economics at the U.S. Naval Academy, supports this conclusion. I ask unanimous consent that Mr. Hinrichs' statement be printed at this point in the RECORD.

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

REVENUE SHARING AND ITS ALTERNATIVES: LESSONS OF EXPERIENCE

(By Harley H. Hinrichs)

INTRODUCTION AND ABSTRACT

When Chairman Mills predicted that revenue sharing would tend to (1) weaken state and local governments; (2) divorce spending from a government's ability to raise taxes; and (3) encourage state and local governments to expend energies on increasing their revenue shares rather than undertake the difficult task of reforming their own tax sources, he was predicting the past as well as the future. The lessons of experience in other countries are on his side.

This brief summary will highlight the lessons of experience from other countries and then suggest more efficient alternatives than revenue sharing for the needs of our society.

These lessons are taken from the Joint Economic Committee's compendium, *Revenue Sharing and Its Alternatives: What Future for Fiscal Federalism?* and its subsequent hearings published in 1967 under the Fiscal Policy Subcommitee leadership of Congresswoman Martha W. Griffiths. Later evidence based on my recent missions to Argentina, Brazil, and Nigeria are also included. *Previous Federal Studies: The Groves, Gulick, Newcomer Committee in 1943.*

A special committee established by the Secretary of the Treasury in 1941, partly funded by the Congress, studied federal, state and local government fiscal relations. One of its key members was Professor Harold Groves, University of Wisconsin, teacher and mentor of both Walter Heller and Joseph Pechman. The report concluded that "Sharing involves more centralization than any other coordination device . . . It involves centralization both as to the levy of taxes and as to their administration, leaving local discretion only as to expenditure." In summarizing the Argentine experience in 1934 (and thereafter) and in Germany in 1919, it found the systems did not readily adjust to state needs nor did they foster responsibility.

Australia and Canada

Here revenue sharing developed primarily under wartime pressures when the federal governments usurped income tax powers of the states and provinces. These cases are distinguished from the U.S. experience wherein federal income tax rates have been reduced (in 1964 and 1969) and a wider and heavier use of income taxation has been made by the states. Indeed recent Canadian experience shows a greater tendency toward conditional grants.

Argentina

The lessons here are twofold: (1) state and local efforts have been concentrated at lobbying for greater shares of federally-collected revenues: this share has now risen from one-fourth to one-half forcing severe

constraints on the central Treasury; and (2) state and local revenue efforts—and the importance of such governments—have atrophied over the years: local taxes haven't been reformed or appreciably increased, greater reliance is now on federal dispensations.

Nigeria

The interesting conclusion to abstract from the Nigerian experience is the tremendous amount of energy—both political and administrative—utilized in debating, revising and restructuring the revenue sharing system. The federal legislative machinery there, as well as here, might have more important tasks to perform. If revenue sharing were adopted by the U.S. Congress, it could easily be foreseen that an annual appropriations battle would ensue over revenue shares with mayors and governors spending inordinate amounts of time and energy in Washington rather than in their local habitats.

Germany

The German experience highlights the problem of a growing loss of power by the central government to stabilize the economy (prices and employment) when large shares of its tax collections are automatically earmarked to subordinate jurisdictions.

Brazil

The recent (1964–70) experience in Brazil in restructuring its revenue sharing system offers numerous lessons. Previous revenue shares were often unpaid by the central government or "temporarily frozen." When the system granted equal shares to each *municipio* (county), the result was a doubling of the number of counties. (The State of Wisconsin had a related experience in the proliferation of subordinate government units.) Later the federal government reduced revenue shares by 40 percent. Then it began to enact a growing number of conditions as to how the localities should spend the funds. In the meantime the localities either lost interest in reforming their own revenue sources (which declined sharply) or lost such revenue sources by a constitutional shift to the federal or state governments. The growing "conditioning" of the earlier unrestricted grants was related to the inability to spend the funds according to national priorities (many local units used the "free money" for conspicuous street lighting or sports stadiums when half of the citizens could neither read nor write).

CONCLUSION

The historical lessons of revenue sharing seem to point toward the following tendencies: (1) local governments tend to lose power within the federal system; (2) local revenue sources tend to atrophy: new tax reforms are not enacted; in the U.S. system one would expect less effort toward, say, adopting income taxes in those states not now having any such taxes; (3) an extraordinary amount of political energy is expended by local governments lobbying for greater revenue shares; in the U.S. context this might mean more time spent by the Ways and Means Committee on adjusting revenue shares than on other ("more important") issues: national health care, restructuring social security taxation (the most regressive tax in the federal system), and taxation at death (especially the taxation of capital grains at death—which has been postponed since 1963); (4) stabilization of the economy becomes more difficult for the federal government as a growing share of its revenues are automatically siphoned off to subordinate jurisdictions.

It is often stated that revenue sharing is merely a supplement to other federal programs. No economist could agree with this: every federal allocation has its "opportunity cost" or program foregone. The other possible use of federal funds would seem to have a much higher priority than unrestricted funds to states and localities. Any "unrestricted dollar" would be less efficient than "directed dollars" at "people problems": employment, housing, income maintenance or eduction. National priorities suggest that "people problems" take precedence over the "bookkeeping problems" of local governments. True revenue sharing means sharing money with people, not governments. And because today "revenue sharing" really means "loan sharing" (given that the funds would be borrowed as part of the deficit) it would be better for the states and localities to pool their borrowing themselves.

Mr. HATFIELD. Mr. President, perhaps most important, however, is the general philosophy behind revenue sharing. The bill now before us is, in reality, a way to spend the taxpayer's dollar without allowing him control over its allocation. The revenue-sharing bill circumvents the citizens of this country, particularly the taxpayers. The basic thrust of this kind of legislation undermines the representative nature of our Republic and erodes the quality of our Government. If grants are made to State and local governments they should include the requirement that explicit programatic standards be met, with an eye toward redirecting State and local spending. Virtually every revenue-sharing proposal presented to the Senate has failed to meet this criterion.

What should be done? Of primary importance at the Federal level is to cut back unnecessary and wasteful spending. We must focus our spending priorities in areas which will yield greater return. An example is military spending, which can be cut back without jeopardizing our national security. A recent study by the Bureau of Labor Statistics suggests, furthermore, that a dollar spent on education generates twice as many jobs as a dollar spent for military purposes.

A significant step in the right direction would be the absorption of all State welfare costs by the Federal Government. This would help the States reduce a major portion of their budgets and free them to spend these revenues in other badly needed areas. While the source of welfare revenues would generate from the Federal Government, the administration and control of the program must remain at the local level. My State of Oregon, for example, would benefit more by this approach than by the revenue-sharing proposal under consideration—$76 million through welfare reorganization in contrast to $70 million through revenue sharing.

Most urgently needed, however, is a major change in the trends of government over the past 3 decades. These trends must be reversed. Testimony I submitted to the Republican Platform Committee in Miami in August of this year discusses this matter in detail. Therefore, I ask unanimous consent that the testimony be printed in the RECORD.

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

ON NEIGHBORHOOD GOVERNMENT

(By Senator MARK O. HATFIELD)

It is clear today that the great experiment of our cities is a failure. We must return to a scale of government which is comprehensible to our citizens. By developing a neighborhood government—not by fiat but by an organic evolution from community organization—we can develop a sense of community through the state and a sense of individualism and neighborhood through the nation. To date, the centralization of government has destroyed community self-management and citizen participation. We must reverse this trend and develop our cities along the lines of neighborhood government and inter-neighborhood cooperation.

There is a renaissance in our democracy today, and the Republican Party has a distinct opportunity to play a major role in it. Over the past decade, communities of neighborhood size have been incorporating, taking over various governmental services, and providing for many of their own needs. This reformation of local control can be encountered from coast to coast, in poor neighborhoods, in middle class neighborhoods, among blacks, Chicanos, whites, Latins, Catholics, Jews, and Protestants. It has cut across economic, racial, religious, and political lines, and is potentially the most dynamic force within our society today. I would specifically make five proposals which the Republican Party should include in its platform:

1. Development of state and federal legislation, allowing for the creation of neighborhood governments.

2. Elimination of the legal, political, and economic obstacles to development of neighborhood self-governing capacity.

3. Nationwide boundary determination of neighborhoods.

4. Development of methods promoting economic self-sufficiency of neighborhoods.

5. Determination of standards and data regarding neighborhood development.

The first proposal is that legislation should be developed to allow for the creation of neighborhood governments. Within this context, incentives should be made to state and local governments to facilitate this effort. Model legislation could be created, including financing arrangements in the mutual interests of the neighborhood, state, and federal governments. The general thrust of all of these proposals should be to develop working models from which we can learn how to better devolve power to the people in as orderly a fashion as possible.

My second proposal is to encourage government at every level—city, county, state, and federal—to eliminate the political and economic obstacles to neighborhood self-governing capacity. The legal obstacles, let alone the political and economic obstacles to neighborhood evolution and incorporation, are numerous. Without the strong support of every level of government, this movement will be forestalled and distorted.

The political obstacles are considerable.

At the time of the Republican Party's founding, like today, the nation was in great turmoil. It was a painful period of introspection and groping for answers. From this turbulance, our Party was formed—too late, unfortunately, to stem the tide of our most devastating war. These Republicans, men such as Senator Charles Sumner of Massachusetts, Senator Salmon Chase of Ohio, Senator William Seward of New York, and Senator Benjamin Wade of Ohio, were among the leaders of the new political party. While their reforms focused primarily on the issue of slavery, they were couched in a common belief of every individual's right to freedom and opportunity.

Yet, they, as well as our nation's first Republican President, Abraham Lincoln, realized that the individual can only develop his full potential as a human being through community. This concept dates back to the twelve tribes of Israel. The ancients realized that without a sense of community and real citizen participation in the public life of community, the individual and the family structure deteriorates.

Reflecting on the state of our society today, the place of the individual, and the strength of family unity, we find that we do not have

much, if any, real community life. Individualism is distorted for it is not grounded in community, but in money and private advantage. This has become the political perspective and expression of today's institutions, including both parties. Our Party must now make a turn away from artificial and massive institutions and move toward the people. The Government must stop looking at the nation as a reflection of itself, and the corporation must stop looking at the economy as a projection of the corporation's self image. These various perspectives represent only part of the picture, a picture which we must consider in its entirety if our institutions are to be relevant to human needs.

It is on this point—our original commitment to individual liberty through community—that we Republicans differ most from the Democrats. Yet, our rhetoric and our programs are sorely in need of reshaping in order that they might express this difference clearly. The state of our political system reflects this. Voter registration, particularly since the addition of young voters between the ages of eighteen and twenty-one, points up the fact that both parties, but particularly ours, are viewed as having little if anything to offer the overwhelming majority of people in our country. If for no other reason than basic survival, we have to confront these facts while remembering that President Nixon won only 43% of the popular vote in 1968 and won the ten largest states by the slimmest margin.

The need for community is instinctual. Thwarting this instinct leads to the pathological qualities encountered today, particularly the sense of rootlessness. Unless individuals are able to relate together and act publicly for the well being of the community, the individual himself will be lost. Therefore, it is a fundamental need to return to citizen participation and community self-management.

As I pointed out earlier, neighborhood government dates back to the beginning of recorded history. It was also the basic form of political-organization throughout our nation's history—during our formative years and through the 19th Century. Over the past decade, this form of organization has been, once again, gathering momentum across the land. Today, neighborhoods are incorporating. They are taking over various services and providing for their own needs. Yet, their information within the present legal, political, and economic constraints is continually threatened and their development and perpetuation are thwarted. It is a tribute to the vitality of organized neighborhoods that they continue to persevere within the present environment.

The historical precedent for neighborhood control in the United States is the local township and its town meeting. Today, neighborhood corporations and their assemblies of residents are springing up throughout the country. California, Ohio, New York, Washington, D.C., Pennsylvania, Indiana, and Kansas are a few states in which this phenomenon has been occurring over the past decade.

The finances of this new level of government present a major problem. Here, coordination on the federal, state and city levels is imperative. Neighborhood governments which are predominantly middle or upper income will have no financial problem. The major financial problems occur in the lower income neighborhoods. However, various recent studies have indicated that even in these poverty areas, there is more of a fiscal base than has been assumed. For instance, one study made in 1969 of the Shaw-Cardozo neighborhood of Washington, D.C. concludes that more money was collected in taxes than was returned to that neighborhood in visible public services and welfare. Perhaps this is not typical for other poverty areas in our country. Not enough research has as yet been conducted to come to any definite conclusion on this subject. Seen from the political perspective, it could be said that neighborhood governments might assume control of a variety of programs as their ability to do so develops. Neighborhood government might move, perhaps, from child care to health care, to welfare, education, sanitation, police, etc. Seen from the financial perspective, tax incentives would have to be provided to enable these neighborhood governments to assume as much of the financial burden as possible for their own programs. For instance, tax credits could be provided for all residents to their neighborhood government in such a way that the greater the income level, the smaller the tax credits.

Initially, it may well be necessary for the state and federal governments to develop a system of grants to some neighborhoods which would focus on helping them to increase their economic base in order to make them as self-sustaining and independent as possible. It should be kept in mind that these grants would be designed to help others to help themselves, rather than to perpetuate socially and economically unproductive dependence. Such grants could attract business, which would have obviously constructive spinoffs, and would be made for specific purposes.

My third suggestion is that a nationwide study should be undertaken to define the boundaries of neighborhoods in our cities. These boundaries should be drawn on nonpolitical bases. They could be based along historical municipal boundary lines before annexation, postal areas, and other "natural" boundaries. The first and last survey of this kind was taken in the late 18th Century and was for the purpose of determining townships—the local units of government. The new survey about which I am speaking is for regeneration and reconstruction of communities. In a manner of speaking, I am advocating a humanization of the Bureau of the Census. On the basis of this survey, they could, and should, adapt their data-gathering mechanisms, projections, and analyses to neighborhood communities and their characteristics. The states and their neighborhood communities can assist in this survey with the help of federal financing, thereby exemplifying a new type of cooperation of nation, state, and human community.

Fourth, I would suggest that the various methods of neighborhood financing be researched with an eye toward building an economic base where it does not already exist to better enable communities to provide for themselves. Most neighborhoods already have the economic base to service their own needs, and this includes many poverty areas. However, some do not have the resources. A study of the numerous modes of neighborhood financing and economic strengths and weaknesses of each should be undertaken to gain a better understanding of this most vital matter.

I cannot stress too strongly that this is an approach for rich and poor, inner city and suburban, urban and rural communities. It is not a new war on poverty or grandiose scheme to be implemented through some massive federal and/or state bureaucracy. The primary responsibility rests with the people—with the private sector, not the public.

Fifth, implicit within such an approach to government is not only a new relationship between representatives and those represented, but a new citizen participation and responsibility in the public matters of finance, economy, education, zoning, police, welfare, health care, courts, child care, garbage collection, and many others. All of the major domestic issues of our time would relate directly to these neighborhood governments and would be settled by them for themselves within a purview of the Constitution and the civil and individual rights assured therein. As I stated earlier, this is not a question of states' rights, but of individual and community rights. My colleagues in the Senate and House and I, as well as legislators at the state level, have the responsibility for giving legislative form to the rights of the community, where appropriate.

The appropriate guidelines for legislative and administrative activities should be thoroughly examined. The aim of neighborhood autonomy and inter-neighborhood cooperation is the goal, but the methods and programs would vary from community to community and from state to state. Chartering neighborhood corporations should be made easy as possible within two general criteria. First, the chartering authority should be presented with evidence that an overwhelming majority of the neighborhood's residents approve of the action. Second, the boundaries should be determined on as nonpolitical a basis as possible.

The chartering authority would rest, as it does now, in the hands of the states. The two qualifications for chartering which I mentioned above are intended to be federal guidelines which determine the legitimacy of these neighborhood entities. For the purpose of defining boundaries, various criteria, including the following, could be utilized:

Annexation boundaries of former municipalities and townships within the cities.

Official designations by municipal government for such city services as police and fire protection, recreation centers, and neighborhood city halls.

Official designations by public or semi-public institutions such as local Community Action Programs, Model Cities Programs, Public Housing Authorities, and Employment Service-funded neighborhood outreach programs.

Sub-areas designated by indigenous voluntary neighborhood citizens organizations as their service areas.

De facto designations by church parish, by neighborhood schools, and by private settlement houses and community centers.

Sub-areas of the cities designated by indigenous "folklore."

Sub-areas of the cities contained within natural boundaries such as hills and rivers.

Sub-areas of the cities contained within artificial boundaries that have come to be accepted, such as freeways, railways, or other elements of urban design.

Sub-areas containing public and commercial clusters of amenities that have recently been or are currently primary amenities to the surrounding residents.

Sub-area designations consistently recognized by mass media.

In the final analysis, residents do define their neighborhoods through the impact of some or most of the above criteria.

Having focused on the national implications of neighborhood governments, it might be asked how the states relate to this matter. The states have the basic constitutional responsibility for the establishment of local government and local citizen participation. A great deal of extensive research, co-ordination and soul-searching is required for developing state policy toward neighborhood government. For instance, state enabling legislation may be necessary to allow counties and cities to "set up" the smaller subunits. Critical questions must be answered beforehand: How will neighborhood governments be constituted? What authorities will be devolved to this level? What standards of governmental performance will be used? What will be the new mechanisms of coordinating neighborhood self-management to higher levels of government?

A searching inquiry within each state must take place as to the role of the state in developing neighborhood subunits, what community organizations already exist, and how may these be utilized as the foundation of neighborhood governments. This investigation would most likely require meetings and

agreements between various groups and individuals: community organizations and state personnel; state executive, legislative and judicial officials and personnel; legislators and their constituents; and the communications media. The areas covered by these discussions would include: the legal development of neighborhood governments, devolution of legal authority to these community-controlled institutions, standards of responsible government performance, and neighborhood co-ordination to higher levels of government in a new system of state and federal unity.

We can foresee a number of things:

State Leagues of Neighborhood Governments;

Proposed state legislation instituting community or neighborhood subunits;

Development of a nonpolitical, nonpartisan Community Government Training Center;

University and college course offerings in the neighborhood and community government areas;

State-wide neighborhood atlas development;

Legal and economic studies of local self-management;

Pilot projects on Neighborhood Welfare Reform Corporations;

Community-controlled health care;

Pilot projects on different types of local mechanisms which can relate to state government.

The political implications of neighborhood government for the nation and for the Republican Party are profound. The Democrats have successfully tapped the alienated voter in the primaries, but there are significant differences in strategy as to how to best approach the alienated American. The word "domestic" for the Democratic nominee seems to mean "national." For Republicans, it should really mean "local." This is what the Republican Party should be talking about. Neighborhood or community government is a natural phenomenon for the GOP.

Crucial to this campaign is the fact that people simply do not trust politicians. The only way in which this trust can be engendered, once again, is for the Party to trust the people. We should support the people's interest in the self-management of their community affairs. It is time for democracy to go to work again. These are things Republicans should be saying.

By having served on the Platform Committee for the past three conventions, my observation has been that virtually every platform which we Republicans have presented has suggested a return of power to the people and a debureaucratizing of government—both federal and state. I believe that we should do what we have always promised to do and implement a program to accomplish these ends. What is needed is a foundation, not of marble buildings in Washington, D.C., but of homes and communities throughout the country. These building blocks would be cemented with a revitalized sense of cooperation between neighborhood governments, between regions, between states, and ultimately between nations.

The modern history of the Republican Party has been against great plans and blueprints, New Deals, and the like. The Democrats urge people to come home to a new nationalism; we Republicans should urge them to come home to their neighborhoods and community affairs. We have heard president after president speak of the greatness of our nation. I would like to hear the Republican Party speak of the greatness of the people and their human communities. We should continue to be the Party that speaks to the people. This is the thread that runs through the most diverse areas of the Party. Modern society and big government treat people like numbers. Neighborhoods are the only place where you can have a name.

During the Convention, demonstrations are anticipated by various groups. One of their most often-mouthed slogans is "power to the people." We should challenge them with this program; challenge them with action, not with rhetoric. If we do not face this challenge now and live up to our promises of the past, when will we?

There is a great deal of talk these days of the new Democratic coalition: the college students, academicians, suburban liberals, pacifist church groups, black power advocates, women liberationists—the young, minority groups, and the poor. Yet, what we Republicans need to realize is that we have an opportunity to put together an equally healthy, new partnership; the middle class, skilled workers, business and professional people, housewives, farmers, working youth, the new South, blue collar workers, and the alienated voter. And, the alienated voter is the key. I firmly believe that neighborhood government can not only coalesce this new partnership for the Republican Party, but make significant inroads into the Democratic coalition, particularly among the workers, the minorities, and the students. The potential is there, and I strongly urge us to act in our own interests, in the interests of the nation, and in the interests of those we are supposed to be representing by returning government to the neighborhood and to the people—this is our Party's dream and the American dream.

Mr. JORDAN of Idaho. Mr. President, I oppose the adoption of H.R. 14370, the general revenue sharing bill. It would not do the job it is intended to do and the results could be most detrimental to the federal system.

It is quite evident that our States and local governments are in distress, but in varying degree.

It is also quite evident that the expenditures at all levels of government in the United States has increased from about 21 percent of the gross national product in 1950 to about 34 percent of the GNP in 1972.

Thus the demands of government at all levels are growing faster than the national economy. If this trend continues and government spending cannot be reduced or restrained in relation to growth then two courses are available to us. They are: First, Increase taxes to a greater share of the gross national product, or second, increase the national debt by borrowing to meet our so-called needs.

Neither of these alternatives is acceptable until we overhaul our present system of grants-in-aid. With the Federal Government doling out about $40 billion per year in these programs at a Federal administrative cost of another $8 to $10 billion plus the State matching contribution of about $30 billion with perhaps a further State administrative cost of $5 to $6 billion, we begin to see the dimension of the problem.

Especially is this true when we read the testimony of Governors and mayors to the effect that they are being coerced into many low priority programs by the lure of "free" money.

If the lure of "free" money is so enticing on a matching program, what might we expect when the whole program is "free" money with no strings attached?

No matter what kind of protective language is written into the bill to prevent the use of general revenue sharing funds as the seed money for matching categorical grants-in-aid, I contend it cannot be done. Money, like water, loses its identity when comingled with other money.

Before we discuss what is wrong with general revenue sharing let us remember two points:

First. Except for collection of duties on imports—a small percentage of the total—the Federal Government has no source of revenue except to collect it from the citizens and businesses in all of the States.

Second. There is no prohibition against the States taxing the same sources, except for duties.

I object to general revenue sharing because there is no money to share.

The Federal funds deficit for 1971 was $30 billion; for 1972, $29 billion, and the administration estimates that the deficit for the current fiscal year will be at least $38 billion.

This means that in three fiscal years the Federal funds deficit will near or exceed $100 billion.

This means that more than 20 percent of the total national debt will have been incurred during this 3-year period.

General revenue sharing promotes unsound government because it separates the responsibility for raising revenue from that of spending, thus encouraging reckless spending and discouraging thrift. Some restraint may be expected when a governmental unit has to raise in taxes at least a part of the money that it spends. Let us look at the record.

During the past 25 years categorical grants-in-aid have increased from $1 billion to nearly $40 billion per year. Many witnesses testified to the inadequacies of this approach.

Over the past 25 years the recognition of a problem in American society has mandated a Federal solution. Program atop program has been added in Washington with the hope that if we throw enough Federal dollars and Federal bureaucracy at the problem, it will go away.

But this generation of new programs has not contributed as hoped to the solution of our basic problems. Indeed it may have exacerbated them and worsened our ability to solve local problems effectively.

When the Federal Government puts those categorical programs out there with very attractive matching provisions it virtually coerces the States and cities to spend money in accordance with federally set priorities.

I think in many respects this drain on States and localities has been one of the factors responsible for the fiscal difficulties in which they have found themselves. They have been forced into this in order to, in effect, conform to the pattern the Federal Government has imposed.

We have put in place over 500 Federal grant-in-aid programs which forms a crazyquilt of partial solutions to particular local problems in the Nation. This plethora of narrow programs has created an enormous bureaucracy and forced our State and local governments to compete with one another in their quest for Federal grants-in-aid.

This maze of programs has significantly reduced accountability at the State and local level because it has generated literally thousands of new special purpose districts that have been set up to receive and spend these funds, but which only infrequently answer to the voters.

In 1957 there were 14,000 special districts in the United States, in 1972 there are approximately 22,000.

In contrast the number of counties, cities, and towns has remained rather stable over this period while the number of school districts has actually decreased.

This bewildering array of different kinds of local units has confused, frustrated, and angered the public. It has created in Washington a vast number of uncoordinated and sometimes duplicate efforts to solve the same or similar problems. It is public confidence in government that suffers.

No attempt is made in this legislation to correct the evils of the present grant-in-aid system. General revenue sharing is superimposed on all other programs.

States and local governments have diverse needs not met by a single formula of distribution.

Each of the 50 States has a separate and uniquely different system of taxation and pass-through formula for distribution of State collected funds to local governmental units of government.

Why then do we assume that one single formula for distribution will work best for all 50 States and the 39,000 governmental units involved in this legislation?

To those who complain that the Federal Government has preempted sources of income with a progressive income tax; to those who are genuinely concerned with making more money available to State and local governments; to all who truly believe in passing government back to the people, I recommend that we proceed along these lines:

First. Overhaul the present grant-in-aids system by eliminating those programs of lowest priority and consolidating others into block grants thus providing States and local governments with greater flexibility in programing these governmental services to their particular needs.

Second. Permit the States to use the Federal income tax as a vehicle and the Internal Revenue Service as the collector to collect for the States, upon request by each State legislature such percentage of the amount of Federal income tax collected in that State as the State legislature may request. This could be done by adding one line to each tax return stating, "Collected for the State at the request of the State legislature a (stipulated) percent of the amount collected for Federal use."

Third. Permit the regular pass-through distribution system which each State has developed over a period of many years of trial and error and compromise—no single distribution formula can possibly meet all the needs of all the States as equitably as the ones presently in use. In other words, no distribution formula should be dictated by the Federal Government.

Mr. EAGLETON. Mr. President, the philosophical and political arguments on revenue sharing—pro and con—are abundant.

But the question now is not philosophy or politics. It is money—the hard fact that we cannot pay for revenue sharing, and therefore we cannot afford it.

If we pass this bill today, we will be instituting debt sharing, not revenue sharing.

Whatever its value to beleaguered city governments—whatever its merits as an instrument for returning financial power to States and localities—the benefits of revenue sharing in our present economic circumstance will be a costly illusion as far as the average American wage earner is concerned.

The money for revenue sharing will not be mysteriously generated in Washington. One way or the other, it will come out of the taxpayer's pocket. And the present reality is that unless the American people want higher Federal taxes, they will pay a higher "inflation tax" as we march them off down the road of irresponsible deficit spending.

In the past, I have voted on several occasions to reduce proposed military spending that I considered excessive. Logic and conscience demand that the same standards be applied to domestic expenditures. We can afford no sacred cows when it comes to getting value for the taxpayers' dollar.

If we could reform the Federal tax structure so that the rich would ante up their fair share, we might have the money for revenue sharing, and I might feel differently. But yesterday, the Senate rejected two amendments which would have linked revenue sharing and tax reform.

If there were a peace dividend—but there is not, because all the savings for winding down the war in Vietnam have gone into winding up new and more costly weapons systems.

If we were not in the grip of continuing inflation—if we could risk a greater stimulus to economic recovery from the Nixon recession, I might feel differently.

But the budget deficits of the last 2 years have averaged $23 billion. For fiscal year 1973, deficit estimates run between $27 billion and $35 billion. About $22 billion of this deficit is needed to stimulate economic recovery, but the rest is pure inflation. It means inequitable economic controls for a longer period.

And for Missouri voters in particular, there is a hidden cost. Under the distribution formula in the bill, Missouri will get back only 87 cents for every tax dollar it sends to Washington.

It would be easy to vote "yes." Virtually every mayor, every county official, and every Governor in the country would applaud. And in the past I, myself, favored revenue sharing provided that we had an economic growth dividend or a peace dividend to finance it.

But our choice on this vote is fiscal restraint or fiscal irresponsibility, and in the name of Missouri taxpayers, I will vote for restraint.

Mr. DOMINICK. Mr. President, I have followed and participated in the debate on revenue sharing with a great deal of interest. President Nixon in his message to Congress in February 1971 stated that—

> Revenue sharing is an idea whose time has clearly come.

I agree. Revenue sharing is a concept that should be enacted at the present time as a means of granting partial relief to the ever increasing fiscal crisis which has overtaken and engulfed our State and local governments. There are many of us who continue to ask such questions as how will our country pay for this bill? And does the Federal Government have any revenues to share? Perhaps the most pertinent question and the question which we fail to ask enough times during consideration of revenue measures is: Do the taxpayers of this country have any additional revenues to share? Let us remember as we deliberate the revenue-sharing bill and all of those other bills and well-intentioned proposals designed to eradicate the social and economic problems confronting our society that the funds to pay for this legislation originate with the taxpayer. The taxpayer is too often the forgotten hero or goat of our legislative process.

Under the Senate Finance Committee version the bill would cost $29.5 billion over a 5-year period, and the House-passed version of revenue sharing would cost $24.5 billion over the 5-year-life of revenue sharing.

My State of Colorado would receive a total of $71.8 million annually under the Senate version of the revenue-sharing bill. Under the House version, Colorado would receive $59.4 million annually. Funds paid directly to local governments under the House version would be restricted to certain items involving public safety, environmental protection, public transportation, whereas, under the Senate version no such strings will be attached to the revenue-sharing funds.

The annual difference between the House and the Senate versions is $1 billion and such an amount certainly requires comment. The Senate Finance Committee included the additional $1 billion for supplemental sharing grants which would replace existing social service grants except those for child welfare and family planning. Under the present law Federal matching for social service is mandatory and open ended. Every dollar a State spends for social services is matched by three Federal dollars. The Federal share for social services was three-fourths of a billion dollars in fiscal year 1971 and approximately $1½ billion in fiscal year 1972. Estimates have been made that the Federal share would be $4.7 billion for fiscal year 1973. Now is the time to stop this ever-enlarging spiral and an established limitation would certainly be a step in that direction. The Senate bill contains such limitation and although the amount will be raised in conference it does establish the proper precedent.

Evidence of the fiscal problems facing State and local governments is overwhelming. During the period 1946–70, general expenditures for State and local governments increased from $11 billion annually to $130 billion annually. Nearly three-fourths of the tax revenues for State and local government come from

properties and sales taxes. The natural growth of revenues derived from these sources has fallen far behind the rate of expenditures, thus necessitating vast increases in the property and sales tax rates. Governors, mayors, county commissioners, city managers and budget directors throughout the country are unanimous in their testimony concerning the fiscal problems facing their governmental units. Thus, our country is experiencing a crisis of ever-increasing proportions. Something must be done to increase the amount of revenue available to our State and local governments and to review and analyze all of their tax programs and revenue-producing concepts. Archaic tax programs must be abandoned and a sound and equitable tax basis must be initiated.

Mr. President, I am convinced that the crisis facing our State and local governments is immediate and that the emergency presented transcends the problems confronting the Federal Government. Therefore, I will vote for passage of a revenue-sharing bill.

Mr. President, I have noted the many amendments proposed by other Senators which would impose conditions on the expenditures of revenue-sharing funds by State and local governments. Some of these have been accepted by the Senate during the course of its deliberations. Some are good but others unfortunately, represent another pronouncement by the people in Washington that they feel they know better than State legislatures what is best for State and local governments.

It is my view that these revenue-sharing funds should ultimately be retained where they originate—in the States—to be expended as each State and local government deems best. Accordingly, I view revenue sharing as an emergency or temporary measure. By adopting a revenue-sharing bill Congress undertakes a commitment to the taxpayers of this country to stop tapping a well that does indeed have a bottom; namely, the pockets of the American public; to reduce federal programs that have resulted in large budgetary deficits; to assist the States in finding an approach to newer revenue raising programs; and to return to State and local governments the powers and functions which are rightfully theirs to exercise.

I shall vote for revenue sharing and in doing so, I urge the Senate to undertake this commitment and to direct special attention to rebuilding the confidence of the American taxpayer during the 5-year life of the Revenue Sharing Act.

Mr. MOSS. Mr. President, Senate passage of H.R. 14370 resolves few of the serious, long-term questions which continue to surround the entire concept of revenue sharing.

I, for one, feel a responsibility at this time to express my misgivings at the many pitfalls which lie ahead if we are to expand indefinitely with this form of intergovernmental partnership.

There is the very real possibility, already voiced in some areas, that the annual appropriations called for under this bill will merely whet the appetites of local and State governments. They will be back for more. I review such a trend with real alarm. If allowed to expand as a means of intergovernmental partnership, revenue sharing threatens to erode the Federal categorical programs which have been so helpful to Utah and other parts of the country in providing schools, health facilities, water supply systems and other high-priority projects. The Federal guidelines applied in these categorical programs, so often viewed just as redtape, have in fact, proven critical in furthering the great social, as well as economic priorities of our Nation as a whole. There is another, perhaps more serious pitfall. In ceding its responsibility over the expenditure of its funds to the State and local governments, the Federal Government also cedes responsibility over the most efficient use of these funds. The effect is to sever the direct link of responsibility between taxpayer and public servant, a link which I believe is essential to our system of government.

Like many Senators I supported H.R. 14370, despite these personal reservations, because it constituted a major part of the incumbent administration's overall program. As such, it deserved a full opportunity to prove itself.

I had also recognized, firsthand, the need to provide immediate assistance to those State and local governments which have had to contend with the two-punch assault of rising prices and high unemployment. These forces have cut local revenues and increased costs at the same time.

I have also become aware that the application process for Federal assistance had so often been an impediment to efficient intergovernmental cooperation.

As a part of the Nixon administration's "New Federalism," however, revenue sharing has too often been presented as "all things to all men."

To the homeowner, it has been suggested as a means of property tax reduction. To the inhabitant of a low-income community it has been "sold" as a new opportunity for long-denied public services. To the local officeholder it has offered strong political appeal as a means of forestalling an unpopular increase in local taxes.

The Revenue Sharing Act of 1972, however, is far from a panacea. It is a very immediate solution to a very real problem, the near-bankruptcy of State and local governments which have been hard hit by rising prices and declining tax bases.

The act provides for a direct, no-strings-attached, 5-year appropriation of Federal individual income tax revenues to these governments at an amount eventually reaching $7.5 billion a year.

The Senate-passed version of H.R. 14370 provides for a retroactive appropriation for 1972 amounting to $5.3 billion. This amount will be increased by $300 million annually, reaching a total of $6.5 billion by the fifth year.

In addition, the bill authorizes, beginning next January, $1 billion in "supplemental sharing grants" in place of payments now made for social services.

Of these funds made available under H.R. 14370, two-thirds, initially about $3.5 billion, will be granted to cities, counties and other local governments. The remaining one-third will go to the State governments. Thus, Utah's local governments will receive, as of January 1973, a total of $27.1 million annually while the State government will receive $13.5 million. All in all, Utah's share will come to $40.6 million a year. This amounts to $300,000 more than was provided in the House-passed version of the revenue sharing bill and $11.9 million more than was proposed by the Nixon administration.

Mr. President, these funds will be greatly appreciated by the many Utah communities which have had a difficult time meeting increased costs in recent years. Passage of H.R. 14370 will no doubt bring a sigh of relief to those many local governments which have wondered how they were going to balance their budgets in the face of both inflation and recession. These governments will be heartened to know that their financial positions have been considered sympathetically during these long months of debate on revenue sharing.

They will also be glad that this legislation passed today, for unlike the House version of H.R. 14370, it provides these grants without restrictions or guidelines on their use. Local and State governments will be permitted to allocate the new funds according to their own priorities, free of Federal redtape.

Such a program holds many attractions. Freeing local officials from the need to conform to complicated Federal application forms, revenue sharing is supposed to get the funds where they are needed almost immediately.

As I have mentioned, however, it offers some very real pitfalls. I firmly believe that the Federal categorical programs have made an historic difference in the direction of our country, both economically and socially, over the past years. They have helped backward areas of the country to attract new industry, helped urban areas to solve their own particular problems and helped the entire country to conform to the principles of civil behavior upon which this Nation was originally founded. As long as the term "national priorities" has meaning, there will be a need for Federal programs, directed, as well as financed, from Washington. Revenue sharing cannot do everything that needs to be done, anymore than local or State government can solve all the Nation's problems.

I would hope, therefore, that all Senators keep a watchful eye on the effects of this legislation, to evaluate revenue sharing for what it can and cannot do, for its advantage and its dangers.

Mr. SPONG. Mr. President, I support the revenue-sharing legislation currently before the Senate. I believe revenue sharing represents one of our last best hopes for rejuvenating our State and local governments and for returning to the people more control over the policies and programs of their government. To me, the possibility that revenue sharing will move us toward these goals suggests that the potential benefits outweigh the possible disadvantages.

The Federal Government, through the personal income tax, has come to receive the lion's share of tax revenues. In fact, almost two-thirds of all taxes collected in the United States are collected by

the Federal Government. Not only has the income tax proved immensely productive, but it has also discouraged greater use of the income tax by the States and use of other taxes by the States and localities. With the Federal Government taking so much and the Federal tax burden already great—and in need of reform—States and localities are limited in access to resources. Furthermore, the outlook for generation of new taxes and therefore additional revenue at the State and local levels is not good. If, however, additional activities are to be undertaken by these levels of government, if control over services and projects is to be moved from the Federal to lower levels of government, those levels must have additional resources. Revenue sharing is a means of getting additional revenues to the States and localities.

Second, the Federal grant-in-aid program has forced a set of priorities on the States and localities and has distorted the State and local priority systems. Today, depending on how they are counted, there are more than 400 categorical grant programs; that is, grants which are made for a particular program or activity, such as the education of culturally deprived children, construction of sewage treatment facilities or construction of a highway. Because these Federal programs exist, States and localities often seek funding under them. In doing so, however, the States and localities usually must match these grants—sometimes with direct appropriations of moneys, at other times with the provision of goods and services. Thus, State and local funds are channeled into program priorities set at the Federal level. In a land as diverse, as complex as ours, categorical programs established at the Federal level cannot contemplate all the various situations which might arise in our Nation, and should not be used as vehicles for forcing priorities upon States and localities. Revenue-sharing would open the way for States and localities to provide services and pursue programs which may be of particular importance or need to them but may not be reflected in the Federal priority list.

Third, localities have come to be almost wholly dependent for revenues upon the property tax. Property taxes have increased at a fast rate in recent years, and have become particularly burdensome to the elderly, the lower- and middle-income families. In fact, as many as 3 of the 26 million homeowners spend 10 percent of their total household income on property taxes, according to a study by the Advisory Commission on Intergovernmental Relations. Even so, property taxes have not generated the revenues to permit the localities to undertake many of the programs and projects demanded and desired by their people. Property taxes will continue—localities have little choice on this. But, hopefully revenue-sharing can stem some of the increases which could otherwise be anticipated and thereby help our citizens in maintaining homeownership, a desirable goal.

For these reasons, I believe we need a Federal revenue-sharing program. Numerous studies indicate that people both in the United States and abroad believe they have greatest influence and control at the local levels of government. Furthermore, in a nation as large, as diverse and as complex as ours, there are thousands upon thousands of local needs and issues which cannot be undertaken unless first, we either channel additional funds into the States and localities to enable them to undertake the projects and services which are needed, or second, we expand an already inflated Federal bureaucracy in Washington. One has only to remind parents and local school officials of their dealings with HEW or to remind those who follow the news of the Department of Housing and Urban Development's new and unexpected role as an absentee landlord to realize that the answers are not all in Washington. There is no monopoly of information, of knowledge, of expertise in the Federal Government. In fact, in all too many cases, States and localities are in a much better position to know their needs and requirements, than some Federal department or agency.

Our recent history has been one of increasing urbanization. That urbanization has increased needs in transportation, housing, education, crime control, air pollution and various other fields. In all too many cases, the States and localities were unable to come to grips with these problems—often because of a lack of resources. The result was that Governors, mayors, and other State and local officials turned to the Federal Government—turned to where the money was. Constituent pressure for action rose—and the programmatic, categorical grant-in-aid program was the result. The categorical approach has had its benefits: it has focused attention on newly recognized needs and encouraged action which otherwise might not have been taken. But, it has not solved all the problems, in fact it, created some new ones.

And, now we have two choices before us. One is to continue along the categorical path—to continue to recognize areas of need and then to enact a new program designed to overcome the problem. This means that money, priorities, and regulations will continue to come from Washington—that the best we can hope for in decentralization of government is for greater administrative control at the regional office level.

Or, we can make a new effort to revitalize our State and local governments—to return to States and localities funds which originated with their citizens so that the States and localities can carry out programs and projects which the citizens of that particular area need and want. To me, this seems the preferable way—an avenue well worth trying.

I do not, however, suggest that revenue sharing is the panacea for all our ills. It can be a failure; it can create new problems to replace the old. Revenue sharing requires that we adopt along with it a disciplined and critical eye toward the Federal budget, toward the proliferation of categorical programs, and toward the continuation of programs whose priorities have slipped on the list. As more funds are shifted from the Federal to the State and local governments, additional functions must also be shifted. And, Federal spending for those areas which could be better handled at the State and local area must be curtailed.

Furthermore, funds can be inefficiently utilized on the State and local levels just as they can on the Federal level.

Every effort must be made to see that those who administer revenue-sharing funds are held accountable for the programs pursued and the effectiveness of those programs. Spending on the local level should, however, be more visible—it should be easier to determine how much goes into a specific housing project or into crime control in a city than to evaluate the appropriation of millions of dollars for a generally defined program such as "housing," the terms in which most Federal programs are discussed. It should also be easier for the citizens of that area to hold their officials responsible and accountable for the use of those funds. Otherwise the hopes and the potential for revenue sharing can be lost.

During consideration of revenue sharing, several issues arose which are of particular importance to the concept and to which I devoted some time and attention. One involved the use of funds. Under the House bill, the amounts which the localities were to receive under the bill would be limited to certain uses including transportation, public safety, and pollution control. While these are all commendable objectives, I believe that if we are to try revenue sharing, then we should try it. If we believe the local and State government should be improved, that they should bear greater responsibilities for the activities which have come to be expected of government, then we ought to provide them with the tools to handle these responsibilities. Either we believe the States and localities are capable of doing more in terms of government and that they should do more—or we do not. I favor giving them the opportunity to do more and I believe they will do more.

A second problem is that of the appropriations process. Under the legislation, the set-aside to pay for the revenue-sharing program will be automatic. It will be a percentage of the Federal income tax collections. There will be no annual review of the revenue-sharing program in the annual appropriations process during the 5 years for which the program is authorized. I appreciate some of the concerns which have been voiced regarding accountability. But, I do not believe that enactment of this program in the form which has been presented will mean an abdication of congressional oversight over revenue sharing. I am certain that Members of Congress, those interested in intergovernmental relations and the public at large will be watching closely to determine whether revenue sharing bears out the hopes of those who support it. If it does not, Congress could act at any time to correct problems which might arise. In the meantime, the automatic setoff will permit the States and localities to know early in the year how much they can expect in revenue sharing and to plan for its use. When States and localities are to receive as much as they are, they should certainly have leadtime to prepare for its effective and efficient use.

A third argument that has been made is that there are simply no revenues to

share. I am very much aware of our Nation's economic plight. I believe that action to buttress our economy should have been taken long before it was. I support a limit on Federal spending. I believe, however, that the concept of revenue sharing is so important that it should be tried at this time. It is, perhaps, our last hope of reversing the trend toward bigger and bigger National Government, of providing our citizens with more influence and control over the activities of government and of holding down local property taxes which burden so many of our Nation's homeowners.

Mr. HUMPHREY. Mr. President, I rise to applaud the action of the Senate this afternoon in passing the State and Local Government Fiscal Assistance Act. This bill has been a long time in coming—from 1965 when I first advocated the idea—until 1972 when I expected the President of the United States to sign it into law. I also wish to commend the distinguished chairman of the Finance Committee, Senator LONG, for his superb work in support of this legislation.

We in Congress can be especially proud of the history of this legislation. It was born of bipartisan origin. It was introduced in the Senate by Senator BAKER and myself as a bipartisan effort. It was considered by the Senate Finance Committee as a bipartisan measure. It was debated in a spirit of bipartisanship, and I hope it will be signed and looked upon not as a victory of party but rather as a victory for State and local governments which have the responsibility for service to the people.

This legislation cannot and ought not be viewed as the final answer to the fiscal problems facing our local governments. Much more remains to be done. This legislation, however, is a start. And, I am convinced that, with its passage, we in the United States will be on the way toward making life in our cities somewhat more livable.

Revenue sharing is truly a departure. It marks a fundamental change in the relationships of our federal system. It is historic. And, though none can accurately predict exactly how the program will fare in the future, I believe and hope that this change will make the relationships among government less competitive and more partnership oriented.

I do believe that it is imperative that the Senate Finance Committee continue to watch the program, to check any abuses in it, and to demand from the Secretary of the Treasury not simply an auditing of the funds but also a report that gives an indepth perspective as to how the program is operating, what impact it is having on the improvement in the quality of services at the local level, the ability of communities and States to reform their local tax systems, and an overall evaluation of the program as it continues to modify the traditional governing relationships in this country

Mr. President, I had hoped that in addition to the almost $110 million that Minnesota would receive under this legislation that a more generous return of dollars for social services would also be passed as part of the bill. However, the will of the Senate was otherwise. It is my judgment though, that the Senate Finance Committee, when it does go to conference with the House Ways and Means Committee would come to some reconciliation so that the valuable services at the State and local levels are not lost.

It is my hope, Mr. President, that the vast majority of the revenue sharing funds contained in the legislation would be used by State and local governments for improving public services. This is the perspective I have consistently held throughout the years of this debate. I can think of few more pressing problems facing our cities than the improvement of basic services such as garbage collection, water, and sewage treatment, law enforcement, health facilities, and youth recreation.

Finally, Mr. President, I would like to congratulate the distinguished chairman and ranking minority member of the Senate Finance Committee for the fairness they have shown, for the generosity they have given me in the adoption of my property tax study amendment, and for the manner in which they have conducted this bill through the Senate.

The very fact that this legislation passed the Senate today is a fitting tribute to their knowledge, stewardship, and statesmanship.

Mr. ROBERT C. BYRD. Mr. President, I wish to compliment the distinguished chairman of the Finance Committee (Mr. LONG) for the excellent way in which he has floor-managed this difficult bill. As is his custom, he has been thoroughly knowledgeable concerning every aspect of it, and has been in complete command of the situation from beginning to end. I also wish to compliment the ranking member of the committee (Mr. BENNETT) and all members of the committee on both sides of the aisle, and those who have expressed majority and minority views. Much work has gone into the preparation of this bill, and I feel that, in comparison with the bill which passed the other body, the Senate bill is the better bill.

Nonetheless, I shall cast my vote against the bill. The concept of revenue sharing is good, in my judgment, and if legislation embracing the concept were being recommended as a replacement for the countless other Federal spending programs which are presently operating, I would greatly prefer, for the most part, the flexibility of the revenue sharing concept. But this legislation is in addition to all of the other programs. Moreover, the Federal Government obtains its funds from the same taxpayers as do State and local governments, and, in the long run, Federal programs, paid for with borrowed money, cost more to the taxpayer than would programs funded wholly at the local level.

Under present circumstances, the revenue sharing bill proposes that the Federal Government share money it does not have. Everyone realizes that State and local governments are desperately in need of revenue, but the Federal Government is in worse shape than they are.

Now, the Federal Government, which is already head over heels in debt, proposes to launch a brand new program under which $30 billion in additional Federal funds would be distributed to 50 States and to 39,000 units of local government over a 5-year period. This is money which the Federal Government does not have and which it can only raise by borrowing—and which it must pay back with interest.

Experience has taught us that, once such a spending program is begun, there is no stopping it. It grows like Topsy. The effect of this proposal will be to further erode away the independence of State and local governments in the future.

The Federal deficit for the fiscal years 1971, 1972, and 1973 will be near, or will exceed, $100 billion. Of every income tax dollar paid into the treasury, 17 cents goes to pay the interest just on the national debt. This all comes out of the taxpayer's pocket in the end. This program, which is being launched now, will result in a higher national debt, with higher interest charges, and an increased burden on the already overburdened taxpayer.

If the Federal Government would give up some of its tax sources—for example, the Federal excise tax on cigarettes—they could then be taken over by State and local taxing authorities. This would be a desirable and preferable way of lessening the burden on State and local governments.

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

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

The PRESIDING OFFICER. All time has now been yielded back.

The question is, Shall the bill (H.R. 14370) pass?

On this question the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CURTIS (when his name was called). On this vote I have a pair with the senior Senator from Colorado (Mr. ALLOTT). If he were here and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. JORDAN of Idaho. I have a live pair with the senior Senator from South Carolina (Mr. THURMOND). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. CHURCH. I have a live pair with the junior Senator from South Dakota (Mr. MCGOVERN). If he were here, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Alabama (Mr. SPARKMAN), the Senator from New Mexico (Mr. ANDERSON), the Senator from Oklahoma (Mr. HARRIS), and the Senator from Wyoming (Mr. MCGEE) are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. MCGEE), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Alabama (Mr. SPARKMAN) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. ALLOTT), the

Senator from Iowa (Mr. MILLER), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

Also, the Senators from Arizona (Mr. GOLDWATER and Mr. FANNIN) are necessarily absent.

The respective pairs of the Senator Colorado (Mr. ALLOTT) and that of the Senator from South Carolina (Mr. THURMOND) have been previously announced.

Also, on this vote, the Senator from Iowa (Mr. MILLER) is paired with the Senator from Arizona (Mr. GOLDWATER). If present and voting, the Senator from Iowa would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 64, nays 20, as follows:

[No. 419 Leg.]

YEAS—64

Aiken	Fulbright	Montoya
Allen	Gravel	Moss
Baker	Griffin	Muskie
Bayh	Gurney	Packwood
Beall	Hansen	Pastore
Bellmon	Hart	Pearson
Bennett	Hartke	Pell
Boggs	Hollings	Randolph
Brock	Hruska	Ribicoff
Brooke	Hughes	Roth
Buckley	Humphrey	Schweiker
Cannon	Inouye	Scott
Case	Jackson	Smith
Cook	Javits	Spong
Cooper	Jordan, N.C.	Stafford
Cotton	Long	Stevens
Cranston	Magnuson	Talmadge
Dole	Mathias	Tower
Dominick	McClellan	Tunney
Eastland	Metcalf	Weicker
Edwards	Mondale	Williams
Fong		

NAYS—20

Bentsen	Eagleton	Proxmire
Bible	Ervin	Saxbe
Burdick	Gambrell	Stennis
Byrd, Harry F., Jr.	Hatfield	Stevenson
	Mansfield	Symington
Byrd, Robert C.	Nelson	Taft
Chiles	Percy	Young

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—3

Church, against.
Curtis, against.
Jordan of Idaho, against.

NOT VOTING—13

Allott	Kennedy	Miller
Anderson	McGee	Mundt
Fannin	McGovern	Sparkman
Goldwater	McIntyre	Thurmond
Harris		

So the bill (H.R. 14370) was passed.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

The title was amended, so as to read: "An act to provide for sharing with State and local governments a portion of the revenues derived from Federal individual income taxes, and for other purposes."

Mr. LONG. Mr. President, I move that the Senate insist on its amendments to the bill (H.R. 14370), and request a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. LONG, Mr. ANDERSON, Mr. TALMADGE, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

Mr. LONG. Mr. President, I ask unanimous consent that the bill, H.R. 14370, be printed with the amendments of the Senate numbered and that in the engrossment of the amendments to the bill the Secretary of the Senate be authorized to make all necessary corrections and technical changes, including corrections in sections, subsections, designations, and cross references.

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

Mr. MANSFIELD. Mr. President, the passage of the revenue sharing bill marks a significant and precedent-shattering breakthrough in the American Government experiment. It has been a safe maxim of Government that the entity that raises the money through taxation should determine exactly how that money is spent. But the problems of the urban communities of this Nation are the problems of the Nation and the Nation must use its resources to permit the local governments to meet the needs and to assure that the vital public services are supplied to the communities.

The taxation at the local level has reached the saturation point primarily through the vehicle of the property tax and the vital services still are not adequate. This measure bears the distinct imprint of the Congress. To bring this bill to a final enactment this session the leadership must thank the entire Senate—because each Member has had a vital interest in this measure. But I must single out the distinguished chairman of the Finance Committee (Mr. LONG) who has demonstrated again a parliamentary skill in shepherding legislation that can not be surpassed in this body. Both the Senate and the House have been creative in shaping this measure and the country as a whole owes him great gratitude. To the distinguished ranking member of the Finance Committee (Mr. BENNETT) I wish to express the Senate's indebtedness for his excellent contribution and cooperation in making this enactment a singular achievement.

I will not attempt to single out any further either members of the Finance Committee, for each must be praised, or the many Members of the Senate, who offered contributions or assisted in shaping the bill, because each Member would have to be mentioned.

I hope that the remainder of the 92d Congress will be undertaken in a similar spirit of cooperation and effectiveness.

Mr. PERCY. Mr. President, the Senate this evening accepted the Finance Committee's revenue sharing bill.

I voted against this bill, a vote that deeply distresses me. I strongly support the principle of revenue sharing, cosponsored revenue sharing legislation as early as March 1967, and have fought for the principle ever since. The Finance Committee has worked long and hard to bring this legislation to the floor.

I have nonetheless voted against this bill in good conscience, because the Senate bill seriously, discriminates against Illinois and other large States.

Here is the arithmetic on which I base this conclusion. In the revenue sharing title alone we lose $50 million by being cut back to $251 million from the House bill's figure of $301 million. In the social services title of the bill, Illinois will be cut back from a level of spending of $181 million, to about $61 million, a loss of $120 million in social services funds alone. Thus the net gain from this bill for the people of Illinois is only $130 million.

Now, compare this with what we will pay to finance this bill. The taxpayers of Illinois will pay about $371 million of their 1973 Federal income taxes to finance this revenue sharing bill. When I consider that Illinois is only getting $130 million from the bill, while we are paying $371 million to finance it, for a net cost to us of $241 million, I cannot in conscience vote for it.

I sincerely hope that the House-Senate Conference Committee will change the formula in order to treat the heavily populated States more fairly. I strongly urge the conferees to delete the portion of the bill cutting back social services spending, or increase the mandatory limit on such spending to an acceptable level. I will vote for the conference report if these changes are made. I would have supported the House passed revenue sharing bill or the administration bill which I cosponsored.

Mr. HUMPHREY. Mr. President, I know the Senator from Louisiana (Mr. LONG) has pressing matters to take care of. I want to thank him and the ranking minority member, the Senator from Utah (Mr. BENNETT) for the remarkable job they have done on this legislation. This is the most difficult legislation that has been handled and managed on the floor of the Senate.

I have been a strong proponent of revenue sharing. I do not consider it a partisan measure. I think it is an essential piece of legislation.

The Senator from Louisiana has literally given us a virtuoso performance in managing and handling this difficult legislation. He is entitled to the thanks and commendation not only of this body, which has voted overwhelmingly in support of this measure, but the country and those responsible in this country today for local and State government. I am confident he will receive that commendation, as will the distinguished Senator from Utah and other members of the Committee on Finance that cooperated so well in all of this effort. I wish to thank the Senator as one interested in this legislation.

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

Mr. FULBRIGHT. I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, I thank the distinguished Senator for his gracious remarks. I wish to point out that it was the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Tennessee (Mr. BAKER) who were the sponsors of this measure on the Senate side. The Senator from Minnesota worked for many years to bring this bill about. I am pleased that the Committee on Finance was able to make that possible.

It has been a great pleasure to have worked with the Senator from Utah (Mr. BENNETT), who contributed so very much to the details of this measure. I particu-

larly want to thank the distinguished Senator from Utah (Mr. BENNETT) for his statesmanship in putting together what I believe is the very best that is within the capability of the Committee on Finance.

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

Mr. FULBRIGHT. I yield.

Mr. BENNETT. Mr. President, I appreciate those kind words, but I want the Senate to know that the man who has had more responsibility in the success of this measure than anyone else is the chairman of the committee. He is a marvelous leader; he does a splendid job of keeping members of his committee on the job. I think we all appreciate him; I think we all support him, and if he is the maestro, I am delighted to be the concertmaster.

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

Mr. FULBRIGHT. I yield.

Mr. BAKER. Mr. President, I thank the Senator from Arkansas for yielding so that I can add my thanks to those previously expressed to the chairman and the distinguished ranking Republican member for having done a monumental thing for the country, and that is to bring a good bill at a good time before Congress.

I also express thanks to the Senator from Minnesota for cosponsoring the bill. It augurs well for the bipartisan approach that made this country great.

I express my appreciation, to all those who made this moment possible.

Mr. FULBRIGHT. Mr. President, I certainly join in the sentiments expressed by the Senator from Louisiana, the Senator from Utah, and the Senator from Minnesota. I have followed this bill in the Committee on Finance much more closely than I ordinarily can and I know the gentlemen mentioned deserve great credit.

This is a very difficult bill and I think they did a very splendid job with a very difficult assignment. I join in the commendation of the Senator from Louisiana. It has been demonstrated in the last several years that he is a complete match for this subject and he is the power behind the bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3442) to amend the Public Health Service Act to extend the authorization for grants for communicable disease control and vaccination assistance and for other purposes.

ORDER FOR RECESS FOR THE REMAINDER OF THE WEEK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, Thursday, and Friday, it stands in recess until the hour of 9 o'clock a.m. on Thursday, Friday, and Saturday respectively.

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

INTERIM AGREEMENT ON LIMITATION OF STRATEGIC OFFENSIVE WEAPONS

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which the clerk will state.

The assistant legislative clerk read as follows:

A joint resolution (S. J. Res. 241) authorizing the President to approve an interim agreement between the United States and the Union of Soviet Socialist Republics.

The PRESIDING OFFICER. Pursuant to the previous order, the Senator from Arkansas is recognized.

PROGRAM

Mr. FULBRIGHT. I wonder if the Senator from West Virginia has any news for us with regard to the program for the remainder of the evening. I would ask for permission to be recognized but the hour is too late to speak. Maybe the Senator can inform us as to the program.

Mr. ROBERT C. BYRD. The answer is yes. The Senate will recess shortly until tomorrow morning.

Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. The Senate will recess shortly until 9 o'clock tomorrow morning. Beginning tomorrow, may I say, having been directed to do so by the distinguished majority leader, the Senate may proceed at any time to call up any one of the following measures. I emphasize that this is a list of measures which may be called up at any time during the remaining days of this session of the Senate.

Senators will be, therefore, alerted.

They are as follows, but not necessarily to be called up in the order listed:

Calendar No. 830, S. 632, land use policy.

Calendar No. 921, H.R. 7093, Osage Indians.

Calendar No. 935, S. 3474, traffic and motor vehicle safety.

Calendar No. 956, S. 3337, SBA.

Calendar No. 958, S. 3327, Public Health Service Act.

Calendar No. 961, S. 2230, unlawful seizure of aircraft.

Calendar No. 982, S. 3531, winter Olympics.

Calendar No. 1014, S. 3716, public health.

Calendar Nos. 1022 and 1047, H.R. 8389 and S. 750, dealing with crime control and victims of crime, respectively.

Calendar No. 1031, S. 3945, amending the Interstate Commerce Act.

Calendar No. 1033, S. 2818, dealing with the administration of DES to animals.

Calendar No. 1046, S. 3939, highway bill.

Calendar No. 1048, H.R. 15883, protection of foreign officials.

Calendar No. 1049, S. 3970, consumers council.

Mr. President, on tomorrow Senate Joint Resolution 241, the Interim Agreement on Offensive Weapons, will be the unfinished business. The distinguished majority leader and 17 other Senators today entered a cloture motion, which will be voted on the first hour after the Senate convenes on Thrusday. The Senate will convene at 9 o'clock, and there will be a quorum call at 10 o'clock. Immediately after a quorum is established, there will be a vote on the motion to invoke cloture on Senate Joint Resolution 241, the interim agreement.

If that motion carries, Senate Joint Resolution 241 will remain the unfinished business until disposed of. Whether it will be disposed of on Thursday remains to be seen. But in the interim, this list of measures has been publicized and will be in the RECORD for all Senators to see in order that they may be alerted to the fact that the leadership may call up any one of these measures without further notice.

Mr. FULBRIGHT. May I ask the distinguished Senator if it is the purpose of of the majority whip to pursue Senate Joint Resolution 241 tomorrow?

Mr. ROBERT C. BYRD. The distinguished majority leader gave me this list of bills and asked me to indicate that any one or more of these measures may be called up on tomorrow or on any of the remaining days of this session, except during a day or during days when the unfinished business, Senate Joint Resolution 241, would be brought under the cloture rule, in which case of course, none of the bills will be called up during that time.

Mr. FULBRIGHT. Is it understood that that measure will be considered when we resume the session tomorrow?

Mr. ROBERT C. BYRD. On tomorrow, the unfinished business will remain Senate Joint Resolution 241. That unfinished business, will be before the Senate when we convene in the morning at 9 o'clock. If the distinguished Senator from Arkansas wishes to take the floor at that time, he may do so and he may speak at length on Senate Joint Resolution 241. But at such time as there is a lag in the debate on Senate Joint Resolution 241, the leadership will be prepared then to call up any one of the measures that have been enumerated.

Mr. FULBRIGHT. I thank the Senator. That is what I had in mind. I assume, due to the lateness of the hour, the Senator wishes to recess at this time?

Mr. ROBERT C. BYRD. Yes. May I say to the distinguished Senator that the Senate will recess shortly.

Mr. FULBRIGHT. I thank the Senator. With that understanding, I will relinquish the floor at this time.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. ALLEN. Mr. President, will the Senator from West Virginia, the distinguished acting majority leader, yield?

Mr. ROBERT C. BYRD. Yes; I yield.

Mr. ALLEN. What the Senator has announced, then, is a departure from the whip notice of today's date, in other words, that the Senate will remain on a single track daily, with no second track item, until the Interim Agreement is finally acted upon. That is being changed. Is that correct?

Mr. ROBERT C. BYRD. Only because

of the introduction of the cloture motion——

Mr. ALLEN. Yes; but I understood the Senator to say——

Mr. ROBERT C. BYRD. If I may complete my sentence—which, of course, was not foreseen at the time the whip notice was dictated.

Mr. ALLEN. Yet I understood the Senator to say that this list of billls that might be called up would apply throughout the remainder of the session, so it is not with reference only to Senate Joint Resolution 241, because it extends far beyond that, apparently.

Mr. ROBERT C. BYRD. Well, it would be my assumption that the Senate would debate Senate Joint Resolution 241 during all of tomorrow, looking forward to the likelihood, I would think, of the invoking of cloture at around 10:15 a.m. on Thursday. The purpose of the list stated is just to let all Senators know that the leadership is prepared at any time there is a lag in the proceedings to move one of these measures up for action, because in so many instances Senators will place a "hold" on a bill, and the leadership is then reluctant to call up a bill until contact is made with that Senator. Such Senator may be away from town. It may require some hours or days to contact the Senator. In an effort to complete the work of the Senate and the work of the people by September 30 or thereabouts, the leadership wishes to have the understanding of Senators if it proceeds to call up these measures on short notice, and notice is hereby given to that effect.

Mr. ALLEN. I think it is very fine that the Senate is put on notice as to this. The Senator from Alabama, however, was somewhat disappointed that the leadership is not suggesting that among the bills that it might possibly call up and that it is prepared to call up would be H.R. 13195. The Senator from Alabama notices, unless he misunderstood, unless he did not hear correctly, that bill was not mentioned by the distinguished acting majority leader, even though he did hear some bills listed that came to the Calendar subsequent to the coming to the Calendar of H.R. 13195.

Mr. ROBERT C. BYRD. The reason being that the list I have just enumerated is not meant to be the alpha and omega of bills that will be called up—for instance, the defense appropriation bill, the welfare bill, the military construction appropriation bill, the foreign assistance appropriation bill, the supplemental appropriation bill, the HEW appropriation bill, and the extension and revision of the debt limit. All of these measures have to be called up before the Senate and the House adjourn sine die, but they are not on the list I have read.

The list of bills I have just enumerated are bills which are on the calendar but which have not been previously listed on the whip notice and which, for one reason or another, have not been called up until this time. Some have had a "hold" placed on them. Others have been newly placed upon the calendar.

It is the leadership's intention, with the support of the policy committee, to shut off the reporting of all bills, other than emergency bills, and noncontroversial bills of the type that can be passed by unanimous consent, after the 15th of September. The respective leaders are conferring in that regard. I do not think the majority leader has announced this yet, because the decision may not have been finalized, but that is what the leadership is hoping to do. If that decision is announced, the leadership still hopes it can clear the calendar of most of the bills presently thereon, and it is for that reason that such bills have been specified in the list.

So again may I say this so that all Senators may be on notice in the event the leadership feels that it is necessary to call one or more of these bills at particular times.

Mr. ALLEN. So this is not a unanimous-consent request that they may be called up. That may be faced as the request is made from time to time. Is that correct?

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. ALLEN. Now, the Senator spoke of the distinguished majority leader and the distinguished Republican leader having conferred with regard to certain aspects of the program. I wonder if the matter of scheduling for consideration by the Senate of H.R. 13915 was also considered.

Mr. ROBERT C. BYRD. This has been discussed, today.

Mr. ALLEN. Yes?

Mr. ROBERT C. BYRD. I cannot say what the ultimate outcome of such discussion will be.

Mr. ALLEN. Is there any time at which those who are interested in seeing that bill called up for consideration might expect a statement from the leadership as to its plans with respect to the scheduling of the bill for consideration by the Senate?

Mr. ROBERT C. BYRD. I am not prepared to say at the moment.

Mr. ALLEN. So the Senator could not shed any light on when a decision might possibly be reached by the two leaders?

Mr. ROBERT C. BYRD. I cannot.

Mr. ALLEN. At some time in the future might we look forward to having the majority leader and the Republican leader present at this colloquy, so that they might speak for themselves on this subject?

Mr. ROBERT C. BYRD. I have no doubt but that those leaders will be present together at some time during the future, and they will welcome an inquiry from the distinguished Senator, as they have in the past. The majority leader has already spoken to the matter.

Mr. ALLEN. Will that come on the day of the sine die adjournment, possibly?

Mr. ROBERT C. BYRD. It might come on that day. It might come on a day previous thereto.

Mr. ALLEN. But probably not tomorrow?

Mr. ROBERT C. BYRD. Oh, I would not say that.

Mr. ALLEN. I see. I thank the Senator.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Alabama yield?

Mr. ALLEN. I do not have the floor. The Senator from West Virginia has the floor.

Mr. HARRY F. BYRD, JR. Will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. Yes. I am glad to yield to the able senior Senator from Virginia.

Mr. HARRY F. BYRD, JR. I just want to associate myself with the remarks of the distinguished Senator from Alabama in expressing the hope that the majority leader and the minority leader will arrange to bring this vitally important piece of legislation before the Senate so that the Senate can express its will one way or the other on a matter that affects every schoolchild in the United States, and the mothers and fathers of those schoolchildren.

I thank the Senator from West Virginia.

Mr. BAKER. Mr. President, will the Senator yield briefly?

Mr. ROBERT C. BYRD. I yield.

Mr. BAKER. We have had an extended colloquy on this subject previously, and I shall not go to great length tonight, other than to associate myself with the remarks of the Senator from Alabama and the Senator from Virginia. I would hope that I might add to that the request of this Senator to the leadership—and I say this to the joint leadership—that at some early day we will have an expression from the leadership as to what their intentions are with respect to Calendar Order No. 1042.

Mr. ROBERT C. BYRD. Mr. President, I do not think there will be any hesitancy on the part of the leadership to express what its intentions are at such time as it makes its decision. This subject was raised during a meeting of the Democratic Policy Committee today, but I anticipate, on the basis of what was said there, that there may be further discussions of it. I do not know.

But the leadership is very much aware of the feelings that have been expressed by the Senators tonight.

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

Mr. ROBERT C. BYRD. I yield.

Mr. SPONG. I think this subject has been pretty thoroughly discussed up until now, but the Senator from Virginia would like to say to the majority whip that this is a bill which he believes should receive the consideration of the Senate before we leave this year, and I would hope, as a member of the Policy Committee, that the Senator from West Virginia will convey to the Democratic leadership the feelings expressed here, not only this evening but for the past 3 or 4 legislative days.

I appreciate what the junior Senator from Alabama is doing with regard to this matter, and I think that it may be a daily occurrence from now on that inquiry will be made with regard to this bill, because I think this is a matter that constituents from many States believe the Senate has a responsibility to act upon one way or another, and the Senator from Virginia intends to join with these others who have expressed themselves, to assure that some vote takes place on the matter.

I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, I appreciate the sentiments that have been expressed both by the distinguished junior Senator from Virginia and the

distinguished senior Senator from Virginia, along with other Senators who have expressed viewpoints as to the urgency for action on this matter. The leadership will take under advisement these additional expressions of interest, and will continue in its effort to negotiate some way out of the difficult situation that confronts the Senate.

Mr. President, I ask unanimous consent that it may be in order tomorrow at any time for the distinguished majority leader or his designee to lay aside the unfinished business and to proceed with the consideration of any other measure, and that at such time the temporarily laid aside unfinished business remain in such status until the disposition of the measure called up by the leadership.

Mr. ALLEN. Mr. President, reserving the right to object—did the Senator from Michigan wish to reserve an objection?

Mr. GRIFFIN. Yes; I would be constrained to object.

Mr. ALLEN. I would ask the assistant majority leader if his request was confined to the list of bills he enumerated earlier in the evening, rather than track 1.

Mr. ROBERT C. BYRD. Yes.

Mr. ALLEN. All bills?

Mr. ROBERT C. BYRD. Yes. Mr. President, I withdraw my request. The purpose of my request was to include the measures I have listed plus any other measure which might perchance come on the calendar overnight and be there in the morning. I think it best that I withdraw the request, however, and that such requests be made from time to time as the majority leader or his designee sees fit.

Mr. GRIFFIN. Mr. President, if the Senator will yield, I appreciate that, because on the list that the distinguished assistant majority leader indicated there are some measures to which Senators have amendments to offer, who have indicated that they will wish to be notified in advance when a bill comes up, and so forth. I think these can be worked out on an individual basis.

Mr. ROBERT C. BYRD. I agree with that. It can be worked out on an individual basis. What the distinguished Republican whip has said, however, moves me to say this: I hope that all Senators on both sides of the aisle will have been alerted by this colloquy tonight and by the placing in the RECORD of the list of bills, so that the majority leader or his designee will not feel constrained or reluctant to call up any other measure at such time as the necessity seems to require.

Mr. GRIFFIN. Mr. President, will the Senator allow me to respond?

Mr. ROBERT C. BYRD. Yes.

Mr. GRIFFIN. I have not joined in the colloquy up until now, and perhaps would not have, except that I think the colloquy that has gone before might well be kept in mind by the joint leadership. If they are going to operate and require the unanimous consent of the Senate, obviously it is going to be, it seems to me, very difficult to obtain that unanimous consent from day to day if there is no indication that this important legislation, having to do with busing, is going to be scheduled.

I join with the remarks that have been made, and I shall certainly convey to my leader, and I urge the majority whip to convey to his leader, the strong feeling expressed here that it is going to obviously be a factor in whether or not unanimous consent can be obtained on other matters at some point.

Mr. ROBERT C. BYRD. Mr. President, the majority leader understands. But may I say, in pursuance of what I said just prior to what the distinguished Republican whip has just said, that I hope that the leadership on both sides of the aisle will urge Senators on both sides of the aisle not to attempt to delay action on any of the measures that have been enumerated at such time as they are called up before the Senate, on the basis that a Senator is out of town and cannot be here to offer his amendment. This is the point I was trying to make.

I hope that all Senators have been properly and adequately alerted now. The measures that have been listed may be called up at any time, and Senators should not prevail upon their respective leaders on either side of the aisle to hold up a measure or to object to it simply because a particular Senator is out of town, or cannot be here, and has amendments to offer. I think all Senators ought to be prepared to offer their amendments when bills are called up and to take their chances. If they cannot be here, they just do not offer their amendments. But they should not delay the work of the Senate just because they themselves cannot be here.

If I have to be out of town, I will take my chances. I will miss votes. I will never attempt to hold up the operation of the Senate because I cannot be here, or because I have to miss a vote, or because I have an amendment to offer. I have to make a choice. I either go out of town, miss the vote, and have some other Senator call up my amendment, or I cancel the engagement away from town, stay in town, offer the amendment, and cast my vote.

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

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

ORDER FOR RECOGNITION OF SENATOR RIBICOFF TOMORROW VACATED

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order previously entered under which the distinguished Senator from Connecticut (Mr. RIBICOFF) would have been recognized tomorrow morning for not to exceed 15 minutes be vacated.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the program for tomorrow is as follows:

The Senate will convene at 9 a.m., following a recess.

There will be no period for the transaction of routine morning business, unless requested and agreed to by unanimous consent on tomorrow.

Immediately following the prayer and the recognition of the two leaders under the standing order, the Senate will resume its consideration of Senate Joint Resolution 241, the unfinished business, the interim agreement on offensive weapons. Debate will continue thereon. Amendments thereto may be offered. Tabling motions will be in order—as of now, at least. Yea and nay votes could occur on amendments throughout tomorrow.

If a hiatus is reached and Senators do not seek recognition, of course, the Chair can always put the question, and has a duty to do so; but the majority leader or his designee may at such time proceed to set aside the unfinished business and call up any one of the measures that were earlier enumerated by me at the direction of the majority leader.

In summation, yea-and-nay votes could occur tomorrow. I hope that amendments to the unfinished business, Senate Joint Resolution 241, will be called up and disposed of tomorrow.

In any event, so that Senators may be amply alerted, a cloture motion was introduced today. The vote on that cloture motion will occur at circa 10 a.m. on Thursday next, following the establishment of a quorum. If cloture is invoked, Senate Joint Resolution 241 will remain the unfinished business until disposed of.

RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 9 a.m. tomorrow.

The motion was agreed to; and at 8:55 p.m. the Senate recessed until tomorrow, Wednesday, September 13, 1972, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate September 12, 1972:

DIPLOMATIC AND FOREIGN SERVICE

Joseph A. Greenwald, of Illinois, a Foreign Service Officer of the class of Career Minister, to be the Representative of the United States of America to the European Communities, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

Christopher Van Hollan, of Virginia, a Foreign Service Officer of class one, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Sri Lanka, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Maldivas.

U.S. CIRCUIT COURTS

Frederick Pierce Lively, of Kentucky, to be a U.S. circuit judge, sixth circuit, vice Henry L. Brooks, deceased.

U.S. DISTRICT COURTS

Joseph L. Tauro, of Massachusetts, to be a U.S. district judge for the district of Massachusetts, vice Francis J. W. Ford, retired.