gies and hardware, and is developing the revolutionary new Space Shuttle, is also a major producer of a wide range of commercial products, including everything from heavy-duty truck axles to miniature calculating machines. This company is now investing $10 million to speed the transfer of aerospace technology to commercial activities. The president of the company has observed of his own firm, "A decade ago we were so engrossed in getting ready for the moon it never occurred to us we were simultaneously preparing men and techniques for use in industries that, at the time, seemed more remote than the moon itself."

The Space Shuttle is now the central effort of the U.S. space program. Its importance to the nation is, at this point, incalculable. With its capacity to carry 60,000-pound payloads into space, four times as much as we have up till now been capable of lifting, the Shuttle will be able to transport and make the space environment available for the use of hundreds of scientists, engineers and technical people, instead of merely a handful of highly-trained astronauts. Oil exploration teams, for example. could explore in two or three weeks the entire surface of the Earth with the aid of the most advanced sensing devices known to man.

Most significantly, the Space Shuttle will carry on the advance of technology which will lead down paths now unknown and uncover benefits now unimagined, but which will inevitably contribute to the technological leadership of the United States. This will be vital to the military security and economic well-being of the U.S.—to our grandchildren and upwards of 250 million other Americans likely to be living here by the year 2000.

CONGRESSMAN EILBERG QUERIES HIS CONSTITUENTS

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 5, 1973

Mr. EILBERG. Mr. Speaker, each year since being elected to Congress, I have conducted a poll of my constituency. The survey has become a useful and important means of determining the general feelings of the nearly half-million people I am proud to represent.

Once again I am mailing the questionnaire to every household in my congressional district, almost 161,000 homes.

At this time I enter into the RECORD my 1973 congressional questionnaire:

CONGRESSMAN JOSHUA EILBERG WANTS YOUR OPINION

JUNE 1, 1973.

DEAR FRIEND: Every year I have been in Congress, I have asked for your help in deciding how I should vote on the issues facing this country.

Thomas Jefferson once remarked, "That Government is strongest of which every man feels himself a part."

That is why this questionnaire is so important. It lets me know what you are thinking so I can do my job, representing you in Congress, better.

It will only take a few minutes to answer the questions. Your answers will be confidential. If you have any additional comments, please do not hesitate to add them to the questionnaire.

If you want more than one questionnaire for your family, please contact my district office, 216 First Federal Building, Castor and Cottman Avenues, Philadelphia, Pennsylvania 19111 (RA 2–1717).

When the answers are tabulated, I will send the results to every household in the district.

With best wishes,

Sincerely,

JOSHUA EILBERG.

The questionnaire follows:

(These questions provided with yes, no, undecided choices.)

1. a. Do you believe the President's Phase III "voluntary control" economic policy is working?

b. Would you favor a return to comprehensive wage and price controls?

c. If price controls are put into effect again, should they include food prices?

d. Have the increases in food prices caused a change in the kind or amounts of food you buy?

e. Are you buying more or less:

Meat: (More, less, same amount.)

Poultry: (More, less, same amount.)

Fresh fruits and vegetables: (More, less, same amount.)

Canned and frozen foods: (More, less, same amount.)

(These questions provided with yes, no, undecided choices.)

2. Should grain sales to Russia and other countries be continued if these sales continue to cause sharp increases in meat prices?

3. Do you favor a cutback in the Defense budget with the savings applied to solving the problems of the cities?

4. Should a portion of the gasoline tax money collected and pledged for the Highway Trust Fund be directed to improve public transportation?

5. I have introduced legislation to provide Federal funds for up to 35 percent of a public school district's annual budget. Do you support this idea?

6. I am also sponsoring a proposal to provide tax benefits for the parents of students in private schools. Do you support this plan?

7. Legislation has been proposed which would prevent the cancellation of Federal grants and other payments to hospitals which refuse to allow abortions to be performed. Do you approve of this proposal?

8. Do you believe that possession of marijuana for personal use should be a criminal offense?

9. Should pushers of hard drugs who are convicted a second time receive mandatory life sentences?

10. a. Are you satisfied with the progress being made to clean up the environment?

b. Are you prepared to bear some of the cost, in form of higher prices and increased taxes, of cleaning up the environment?

11. Should U.S. funds be used to rebuild North Vietnam?

12. a. Do you agree with the Administration's policy of continued bombing in Southeast Asia?

b. If this bombing results in the capture of Americans, should ground troops be sent back into Southeast Asia as a means of forcing their release?

13. Should the United States reduce the number of troops stationed in Europe?

14. Now that we have formal diplomatic relations with the Chinese Peoples Republic, do you believe we should normalize relations with Cuba?

15. What do you think are the three most pressing problems facing America to day? Please list in order of urgency.

16. What is the one local problem which troubles you the most?

SENATE—*Wednesday, June 6, 1973*

The Senate met at 10:45 a.m. and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

PRAYER

The Reverend Canon C. Leslie Glenn, subdean of the Washington Cathedral, offered the following prayer:

Most gracious God, we humbly beseech Thee, as for the people of these United States in general, so especially for their Senate in Congress assembled; that Thou wouldest be pleased to prosper all their consultations, to the advancement of Thy glory, the good of Thy church, the safety, honor, and welfare of Thy people; that all things may be so ordered by their endeavors, upon the best foundations, that peace and happiness, truth and justice, religion and piety, may be established among us for all generations. These and all other necessaries, for them, for us, and Thy whole church, we humbly beg in the name and mediation of Jesus Christ, our most blessed Lord and Saviour. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 6, 1973.

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 Tuesday, June 5, 1973, 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 all committees may be authorized to meet during the session of the Senate today.

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

EXECUTIVE SESSION

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

ginning with the Department of State and down to but not including "New Reports."

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

The ACTING PRESIDENT pro tempore. The nominations on the Executive Calendar, beginning with the Department of State, and down to but not including "New Reports," will be stated.

DEPARTMENT OF STATE

The second assistant legislative clerk read the nomination of David H. Popper, of New York, a Foreign Service officer of the class of career minister, to be an Assistant Secretary of State.

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

INTERNATIONAL MONETARY FUND

The second assistant legislative clerk read the nomination of William B. Dale, of Maryland, to be U.S. Executive Director of the International Monetary Fund for a term of 2 years.

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

The second assistant legislative clerk read the nomination of Charles R. Harley, of Maryland, to be U.S. Alternate Executive Director of the International Monetary Fund for a term of 2 years.

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

AGENCY FOR INTERNATIONAL DEVELOPMENT

The second assistant legislative clerk read the nomination of Matthew J. Harvey, of Maryland, to be an Assistant Administrator of the Agency for International Development.

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

INTER-AMERICAN DEVELOPMENT BANK

The second assistant legislative clerk read the nomination of Kenneth A. Guenther, of Maryland, to be Alternate Executive Director of the Inter-American Development Bank.

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

U.S. ADVISORY COMMISSION ON INFORMATION

The second assistant legislative clerk read the nomination of Hobart Lewis, of New York, to be a member of the U.S. Advisory Commission on Information for a term expiring January 27, 1976.

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

The second assistant legislative clerk read the nomination of J. Leonard Reinsch, of Georgia, to be a member of the U.S. Advisory Commission on Information for a term expiring January 27, 1976.

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

INTERNATIONAL ATOMIC ENERGY AGENCY

The second assistant legislative clerk read the nomination of Gerald F. Tape, of Maryland, to be the representative of the United States of America to the International Atomic Energy Agency, with the rank of Ambassador.

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

Before returning to legislative session, is there a request that the confirmation of the nominations be reported to the President?

Mr. SCOTT of Pennsylvania. I ask unanimous consent that that be done.

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

ORDER FOR NOMINATIONS CONFIRMED BY SENATE TODAY TO BE HELD OVER

Mr. MANSFIELD subsequently said: Mr. President, as in executive session, I ask unanimous consent that the order which the Senate agreed to, by means of which the nominations this morning were sent to the White House be rescinded and that the President be requested to return the nominations to the Senate and that they remain at the desk for at least 1 executive calendar day.

The PRESIDING OFFICER (Mr. NUNN). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, the reason I make the request is that I had been requested by a Senator sometime earlier to hold nominations over on that basis for at least one executive carryover.

LEGISLATIVE SESSION

The ACTING PRESIDENT pro tempore (Mr. ALLEN). Without objection, the Senate will return to legislative session, and the Chair recognizes the minority leader.

THE ECONOMY AND INFLATION

Mr. MANSFIELD. Mr. President, on Wednesday, May 30, I made some extemporaneous remarks on the state of the economy and the dangers which beset us at this time in the field of inflation. In response to those remarks, the distinguished minority leader, the Senator from Pennsylvania (Mr. SCOTT), stated:

> The inflation is still a very troublesome matter. Not everything is as we would wish it. I agree with the distinguished majority leader that the phase III, in my opinion, needs a very careful reevaluation.

Further on, he stated:

> I think we may have to consider the necessity for reinstating some controls.

Still further on, he stated:

> I think it would be well if the President would carefully consider the desirability of tightening up phase III and possibly returning to some control. But I do think Congress has a role to play . . .

I agree with the distinguished minority leader that Congress does have a role to play, and I am only sorry that his words were not listened to last week. They were significant. But as I have tried to indicate in answering the distinguished minority leader:

> We also look for guidance from downtown . . . just as we endeavor to give the President guidance on wage and price controls.

Mr. President, the economic situation has become worse since last week. The dollar has been devalued twice and floated once in the last 20 months. As a matter of fact, the dollar is now into its third devaluation and, overall, it appears to me that since August 1971, the total devaluation of the dollar in that period of time has amounted to approximately 30 percent. This cannot be allowed to continue because the dollar is much stronger than the above figures indicate and it is up to us—the Congress and the executive branch—to face up to our responsibilities together to come to its defense and to enact either the necessary legislation or impose the proper kind of controls to see that inflation is deflated.

As indicated in my talk last week:

> If the Administration wants to do something, Congress stands ready to go not only half way, but more than half way to make certain that this upward trend is reversed and that something in the way of stability is achieved.

We can no longer operate on the basis of excessive profits, excessive inflation, excessive interest rates and the dollar being used for speculative purposes in raising the price of gold to somewhere between $125 and $130 a fine ounce. The danger signs are already apparent in all this, as well as in the downward value of the dollar, the continued dip in the stock market, the continued and increasing adverse balance of payments and the lack of confidence in the Government, as seems to be the case both abroad and at home.

This Government must and will continue to function in a normal, responsible manner, despite the issue which is now in the headlines. We have a responsibility to face up to all the issues which confront us at this time and we can do so best in cooperation with the executive branch of the Government. I wish to assure the President that if he will face up to this problem, he will have the support of the Congress in his endeavor. Congress has already given him wage-price control powers and almost everything else he needs. If more is needed, he has but to ask. It is time to do away completely and finally with the doctrine of "flexibility" and "the club in the closet," which are the paramount features of phase III and which have proved themselves to be absolutely unworkable, unadjustable, and unenforceable. It is time to take the club out of the closet.

Mr. SCOTT of Pennsylvania. Mr. President, there are times like this when the majority leader and the minority leader, who have great mutual respect for each other, should not hesitate to

agree with each other, should not hesitate to present a common front, when the Nation's future is involved or the Nation's economy is suffering.

I have been quoted entirely correctly by the distinguished majority leader, and I have added publicly that unless something is done pertaining to the cost of living and the consideration of whether or not selective controls are necessary, I would consider very seriously supporting such legislation as may come before the Senate.

I was asked the same thing yesterday at the White House conference, and as to whether I was in agreement with the administration. My answer was that that was my view. I added, because it is true, that the administration is indeed, in my judgment, pretty seriously considering what further needs to be done in regard to controls over inflation and the cost of living. Whether they follow my views I do not know. Here I am not speaking as the minority leader of the Senate, nor am I representing administration points of view. I am expressing my own concern as a Senator, as I did to my colleagues on this side of the aisle at the policy luncheon yesterday.

I think it is extremely important, and I do urge the economists and other advisers of the President to take very seriously what we are saying. I would rather that these steps be taken by the Executive, though I would, indeed, challenge Congress to act if the Executive did not. It is far better for the Executive to act, because he has the power of regulation as well as the power of recommendation, and the power of enforcement.

So I hope that something will come of it. I do not think my views are popular in all quarters, but I think we need to take the opinions of economists in and out of the White House, in and out of Congress. I am no economist; I make no pretensions in that regard. I cannot recommend specific, detailed remedies. I simply know that something is wrong. And when something is wrong which can be helped by the executive or the legislative departments, then we both should help, and that is all I am trying to do. I am not presenting a point of view which is hostile to anyone. I am not saying to anyone that he has to agree with me. But I have a certain responsibility on this floor, and I am going to perform it, and that is to say that I think we do need to reconsider the whole question of selective controls.

I believe, on rather slender information, but information nevertheless, that this is under consideration. I do not see how it could be otherwise. I congratulate the distinguished majority leader for having quoted me, and I commend myself on being able to accept the quotation and having no need whatever to engage in any partisan dialog with him. He is a great and a courageous man, and I am delighted that he said it.

On one final point, I believe when he says we have a responsible Government, and this Government is going on with its business, that we in Congress can do a great deal—and I said this to my colleagues yesterday—to restore confidence in this country, in the dollar, in gold, in the stock market, and more importantly in the hearts and minds of people, if we will get up and say what is good in this country, if we will stop the doom-saying, if we will urge restraint on ourselves and others, if we will recognize the courts' functions and the committee functions and honor and support them, and if, in addition, we will say, "This is a strong Government, it keeps its promises, it is strong economically, it is strong politically, it is a Government you can trust, it is a Government that is going to be ongoing, and it is going to go on with its responsibilities."

So I urge my colleagues to say more of that. They would be surprised at the effect it would have on the dollar, on gold, and on the stock market; but more than anything else, at the effect it would have on our constituents who come up to us and beg us to do our duty. Our duty, as Sir Philip Sidney says, is this:

> It is fitting that a man should give a reason for the faith that is in him.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore (Mr. ALLEN). At this time, under the previous order, the Chair recognizes the distinguished Senator from Iowa (Mr. CLARK) for not to exceed 15 minutes.

PRIVILEGE OF THE FLOOR

Mr. ROBERT C. BYRD. Mr. President, first, I ask unanimous consent that Mr. David Affeldt, of the Special Committee on Aging, be granted the privilege of the floor during the speech by the distinguished Senator from Iowa (Mr. CLARK).

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

HELPING OUR SENIOR AMERICAN CITIZENS

Mr. CLARK. Mr. President, the incredible series of events and disclosures over the past few weeks have led a great many people in this country to raise a great many questions about their Government—how it works now, how it ought to work.

What is the purpose of Government? That fundamental question is now before the national conscience, but it has been asked many times before in our history.

Jefferson asked the question and answered that "the care of human life and happiness and not their destruction" is the purpose of Government. That is certainly what it ought to be. But for millions of Americans it does not work that way. Every day, every time Government touches their lives, they question the purpose of Government—not because of the unprecedented political scandal, but because they are unemployed or poor or black or elderly. And the answer they hear is not Jefferson's.

Instead, they hear about delay and intolerance, low priorities and budget cutbacks, callousness and indifference and promises—often make, often unkept.

Our social and economic system works at least adequately for most of us—Government is generally responsive to our interests—but for millions of other Americans the system does not work as well.

I heard their questions and raised doubts time and time again last summer during my walk across Iowa. That experience gave me the chance to do more than just smile and shake people's hands. It gave me the chance to listen to what they had to say about this country—what is right with it and what is wrong with it.

During that time, I talked with every kind of American—rich and poor, black and white and brown and red, students, working men and women, young and old—and they gave me their opinions and suggestions on countless issues and subjects. My most vivid memories are of the elderly, especially the rural elderly. Their voices told me of their interest and their friendliness, but as we became better acquainted, they told me of their problems: poverty, sickness, despair, and loneliness. And they asked about the purpose of government as it touched them.

Like many other people, I had read the statistics which showed:

> That more than three million senior citizens live in poverty . . .
>
> That all too many older people cannot afford to stay alive because they cannot afford decent health care . . .
>
> That hundreds of thousands of older Americans are ill-housed, ill-clothed, and ill-fed . . .
>
> That the burden of inadequate transportation, property taxes, and insufficient social services falls hardest on them, the least able to carry it.

These conclusions and statistics are far more compelling when they are met in person. The numbers become priceless human lives. The figures become unique individuals, each with very real problems. I met them all across Iowa—in apartments, in private homes, in hospitals, in nursing homes—and the experience was unforgettable.

It has led me to resolve to do all that I can to help find answers to the questions raised by the elderly, to help find solutions for their problems. However, long or short my stay may be in the Senate, I would like that to be my special concern, my principal goal. There are other Senators—members of the Subcommittee on Aging and the Special Committee on Aging, members like my distinguished colleagues, Senator FRANK CHURCH and Senator THOMAS EAGLETON—who have more legislative experience with the problems of the elderly. I would hope that in the months and years ahead I could be of assistance to them—and to the 21 million senior citizens in this country.

With your permission, Mr. President, I would like to take a few minutes of the Senate's time to talk about the elderly, to talk about the questions they have raised and the answers to them—provided or overlooked by their Government. In those problems and questions, we might be able to find out something about the purpose of Government and how far we have to go to meet Jefferson's standards.

A GOOD BEGINNING

Growing older is the one thing that happens to all of us. For some people, it means a comfortable, active, and productive retirement. For many, many others though, it means only emptiness and unhappiness. The troubles of growing older do not respect race or creed, heritage or wealth, and its inevitability alone ought to encourage us to do much more to improve the quality of life for senior citizens.

We have a good foundation to build upon. Not long ago, Congress approved the older Americans comprehensive services amendments. There was not a vote against it in either the Senate or the House of Representatives—because the legislation is sound, desperately needed, and long overdue. The new law establishes a broad range of social services, and it represents an important first step toward insuring a decent, dignified, and comfortable life for every older person in this country.

There may be a tendency for some people to see this new law as a "gift" or a "donation" for senior citizens. It is nothing of the kind. They have seen this country through its worst times—through two world wars and a depression. They have made a significant contribution to the success and prosperity of this country, and they deserve a share of its benefits. They have earned it. And this new law is just the first installment on what we as a nation still owe them.

Now that the Older Americans Act Amendments have become law, might be easy to forget about the elderly for a while, to forget about our obligations. That would be a tragic mistake. The President explained why we cannot afford to do that in his speech at the White House Conference on Aging 2 years ago. This is what he said:

> Any action which enhances the dignity of older Americans enhances the dignity of all Americans, for unless the American dream comes true for our older generation, it cannot be complete for any generation.

The message is simple. If we are unwilling to help our senior citizens, our own parents and grandparents, then whom can we help?

There is much to be done, even with the enactment of the new programs, and we cannot afford to let this unfinished business languish for years as we did so callously before 1965 when the Older Americans Act was passed. That does not mean we just need more speeches or more legislation with the worlds "Older Americans" attached. What we do need is a greater awareness, a continuing awareness, of the problems of growing older. What we do need is a willingness to find solutions for proven problems, a willingness to spend enough money to make the solutions work. That awareness and willingness is very much a part of the battle of the budget between Congress and the administration, very much a part of the so-called constitutional crisis.

THE BUDGET AND THE ELDERLY

Since the beginning of this session of the Congress, the budget and the question of who should manage it has occupied much of our attention. The administration's budget request for next year is $269 billion, an increase of almost $20 billion over the projected expenditures for this year. Congress can cut Federal spending below the President's request by eliminating waste, duplication, and inefficiency in Government programs and by passing tax reform legislation. Over the past four years, Congress has saved the American taxpayer over $20 billion, and even more can be saved this year to insure that inflation is curbed without a tax increase.

With strong bipartisan support, the Senate already has placed a ceiling on Federal spending, a ceiling that is lower than the President's budget request, and just before the Easter recess, the Senate Appropriations Committee made its recommendation. Once again, the recommendation was lower than the administration request.

The quarrel between many of us in Congress and the administration goes beyond the total amount of Federal spending. There is a substantial and far-reaching disagreement on how to spend the limited financial resources that we do have. This country has no lack of problems. The difficult challenge is determining which of those problems to attack first. It is a question of priorities.

The administration has decided once again to try to emphasize military spending over most other government programs. Federal spending for education has been cut—so has spending for mental health, nutrition, the handicapped, and the poor. But the military budget has gone up $4 billion—to more than $80 billion. It is still a war budget, higher than at any time during the 12 long years of war in Southeast Asia, and the administration's military request and the proposals to begin new weapons systems carry with it the promise of much higher spending in the years ahead.

In the light of the progress that has been made toward peace in the last year, the military spending request is ironic. The next few years can hold great promise for the United States. U.S. troops have been withdrawn from Southeast Asia, the prisoners of war are back home, and if the President abides by the will of the Congress, the unjustifiable bombing of Cambodia will also end. International tensions have been eased with the President's historic visits to China and the Soviet Union. We have reached agreement on strategic arms limitations, and there is the possibility of mutual troop reductions in Europe.

Yet, the administration's budget request seems to ignore the very progress that it has made toward a more peaceful future.

No one in this Chamber thinks the United States should be second best to any nation in military strength, and that is not the issue.

What is at issue is unnecessary and excessive spending.

What is at issue is spending billions of dollars on weapons that do not assure us of a more effective defense.

What is at issue is the squandering of the taxpayers' dollar to bomb yet another small country in Southeast Asia to save yet another military dictatorship.

All that money has to come from somewhere. Every dollar spent on cost overruns or continued unnecessary troop deployments in Europe and Korea means one less dollar spent on people and problems in this country. It means that we have less to spend on helping the poor and the sick, less to spend on improving the quality of life in urban and rural America, less to spend on helping the elderly.

It is a matter of emphasis, a matter of direction, and it is at the very heart of the controversy over Federal spending. The budget is not simply a compilation of separate programs and isolated dollars. Every item has a direct impact on every other item. If we are concerned about senior citizens, it is not enough to be concerned only about social security and medicare, programs designed for them. We first must be concerned with the entire budget, because it sets the direction for the country, and in that direction lies the well-being of every older American.

Earlier this year, for example, the administration suggested significant reductions in medicare benefits. The administration said that reduction, coupled with an increase in medicare premiums, would "save" close to a billion dollars. The "savings" would come out of the pockets of the elderly, and it would just about pay for the new nuclear aircraft carrier the President is requesting. We are faced with a choice: Which of the two is more important? Lower health care costs or a new aircraft carrier? It is the kind of difficult choice that Congress will have to make in the months ahead, and it illustrates the impact of the spending controversy on the elderly.

SOME ACCOMPLISHMENTS

Every so often, it is good for a nation to take stock of itself: To see where it has been, and more importantly, where it wants to go. With the new budget proposal before Congress, now is the time to do that.

The past few years have not been without their triumphs for older Americans.

There have been three social security increases enacted by Congress, over the administration's opposition, in the last 3 years. Together, they have significantly raised social security benefits and now the average monthly benefit for a retired couple is $271. Three years ago, it was only $169. The Social Security Amendments of 1972 also included an automatic cost-of-living increase. Unfortunately, it will not have any effect until 1975, but it is essential to help protect the elderly against the devastating impact of inflation.

Taken together, the increases still are far from adequate. At best, they can only help maintain the present level of assistance. Senior citizens may not lose ground to inflation, but they certainly will not gain any. Their standard of living will be no higher.

These increases have not been the only recent steps forward. At the close of the last session. Congress passed a landmark in social legislation, known as H.R. 1, which made major improvements in social security, medicare, and old-age assistance. For the first time, this country recognized the principle of a minimum income. That minimum is shamefully

low, well below the Government's own definition of poverty, but it is an important beginning. The law established a federally guaranteed income floor—$130 a month for single people, $195 for a couple—for the aged, blind and disabled. It also increased benefits for almost 3 million widows, one of the most economically disadvantaged groups in this country. And, the law raised the maximum amount that an individual on full social security can earn to $2,100 a year.

Once again, the trend is the same. The law is a milestone, but much remains to be done.

Millions of people in this country still do not have an adequate income for a comfortable and respectable retirement. And on this point, the White House Conference on Aging, the Congress, the administration and most importantly, the Nation's elderly—all agree—an adequate income is the biggest single unresolved obstacle to a decent retirement.

There is legislation pending in the Senate now that would increase the permissible amount of outside income for social security recipients. That legislation is essential if we do not want to continue to discourage people who can work and who want to work. There are other proposals before Congress to insure that people do not lose the advantages of food stamps and medicare as a result of increases in social security.

All of this will help senior citizens find the income they need, but one thing is certain; none of this legislation will get through Congress if we continue to spend money for weapons and programs that are not necessary. We will not be able to afford the legislation. We will not be able to afford what we need most.

THE CHALLENGES REMAINING

H.R. 1, the social security increases, the older Americans comprehensive services amendments—they represent a good beginning. But there are so many other areas where we have not even begun. During my walk across Iowa, people told me how pleased they were with the new congressional proposals for the elderly. They told me what a difference that would make in their lives, but they also told me about the things left undone.

The first congressional battle no doubt will come over the proposed reduction in medicare benefits. Instead of expanding medicare to cover prescription drugs and eliminate coinsurance and deductibles, the administration wants to expand the individual's burden of health care costs. Right now, medicare pays about 42 cents of every dollar spent by people over 65 on health care. That contribution may drop a nickel on the dollar if the administration's proposal is allowed to take effect.

Under the administration plan, a patient would have to pay the first day's cost of hospitalization and 10 percent of the remaining hospital charge. Now, a patient pays $72 out of his own pocket with no additional hospital expenses for the first 60 days of hospitalization.

Under that plan, a patient would have to pay an additional $25 on a doctor bill and 25 percent of additional doctor bills. Now, a patient pays only 20 percent.

This proposal comes at a time when out-of-pocket health care expenses for the elderly already top $275 a year. The result is that senior citizens are spending more of their own money to stay alive with medicare today than they were spending before medicare took effect.

As long as steadily increasing health care costs threaten the fixed incomes of senior citizens, income security will only be a vague and distant promise. Whatever the changes or reforms, medicare and medicaid will be only stopgap measures—they will only give the elderly barely adequate health care. It will take nothing less than a complete overhaul of the health care delivery and financing system in this country to guarantee decent health care for everyone—young and old. The Kennedy-Griffiths proposal for a national health care system would provide that overhaul, and I support it wholeheartedly.

RETIREMENT AND PENSION REFORM

It is expensive to help 21 million Americans live the kind of decent and dignified life they deserve. Right now, the Nation is trying to do it with the payroll tax. That tax has gone about as far as it can in bearing the burden, especially for a tax that does not consider an individual's ability to pay. To provide for older Americans, we will have to rely increasingly on general revenues, a concept endorsed by the White House Conference on Aging.

That, too, has its limits. But the tax burden on the Nation could be reduced—without reducing the benefits for senior citizens—if people who wanted to work and could work were allowed to continue to work past the age of 60 or 65, as long as they were willing and able. As they continued to work, they would continue to pay taxes on their job incomes. They would continue to be independent of Government assistance.

Using age as the sole criterion for retirement is illogical, unreasonable, impractical financially, and it is just plain discriminatory. Mandatory retirement deprives this country of the productivity and enthusiasm of millions of people each year, and it deprives those people of the opportunity to support themselves—with dignity and purpose.

Not too long ago, Newsweek magazine had a cover story on growing older. It pointed out communities in Ecuador and the Soviet Union where it is not at all uncommon for people to live well beyond 100 years. Those communities share one trait: There is no forced retirement. The older citizens in those cities and towns continue to make a positive contribution to the community—long after they would have had to retire under the "traditions" of this country.

By forcing retirement, we are doing a great disservice, not only to those who have to retire, but to the Nation. Had Pablo Casals retired at the age of 65—instead of working as he does now at the age of 96—the world would have been deprived of some magnificent music and an indomitable spirit. As he said just 2 weeks ago at the Kennedy Center:

> Nothing in life is more beautiful than enthusiasm.

And that enthusiasm is just as beautiful at 65 as it is at the age of 25. Throughout history, many artists, writers, scientists, and political leaders have had their best years after their 65th year.

Dr. Nathan Shock, a research gerontologist, explained it best when he said:

> Traditionally, the older person in the community had a role in that he lived longer, he therefore had more experience, he was wiser . . . he knew where the tigers were in the jungle.

This country does not have tigers in jungles, but we still have challenges to meet and problems to solve, and we need everyone's help, not just everyone under 60 or 65.

Pitifully little has been done to train older workers for new employment. There are virtually no work training programs available, even though five out of every six senior citizens no longer are working. Those who are working usually have only part-time or low-paying jobs. With the older Americans comprehensive services amendments, Congress did establish a national senior citizen service corps to provide new opportunities in a wide range of service activities for people over 55. Again, it is a beginning—but no more, especially since the new manpower programs in the legislation passed by the Senate were sacrificed to avoid another Presidential veto.

Eliminating forced retirement would help provide decent incomes for many senior citizens. Greater reliance on an effective private pension system would do the same thing—giving the elderly a secure and independent source of income. Millions of American workers are "covered" by private pensions, and they look forward to retirement with a pension to make it a comfortable retirement. Yet, tragically, many of them will receive no benefits at all when they retire, and many others will receive far less than they had expected. In far too many cases, men and women lose their pension rights when they change jobs, when the company goes out of business or changes hands, or when the pension fund itself is mismanaged.

Over the past few years, a Senate investigation of pension plans has turned up some shocking instances of abuse. Investigators looked closely at almost 90 individual pension plans and they found that only 1 of every 10 of the people theoretically covered by those plans was actually guaranteed pension benefits. The study found that 13 percent of the plans did not even have enough money to cover the pension benefits that were guaranteed.

The private pension system in this country desperately needs thorough revision and Government regulation. The plan advanced by the administration several weeks ago is simply inadequate. It places too much of an emphasis on voluntary savings and, in many cases, it would actually discourage employers from hiring older workers. The proposal offered by Senator JAVITS and Senator WILLIAMS, S. 4, would do the job, and I support it enthusiastically.

There are enough votes in the Senate now to pass it. The bill would guarantee pension benefits after 8 years on the job. It would provide Federal insurance and Federal coverage if the pension plan

were mismanaged, and the bill would establish pension portability.

If a worker left the job, the pension benefits would not be lost. The Javits-Williams bill incorporates many of the recommendations of the President's Task Force on Aging, recommendations that make commonsense. As the task force said in its report on the need for Government regulation:

> The Securities and Exchange Commission looks out for the interests of those who own stock. The Task Force believes that the rights of the 40 million Americans who are covered by a pension plan are equally as vital as the more substantially protected rights of the 20 million American shareholders.

There are a number of other areas—besides health care, and retirement and pensions—where older Americans must battle discrimination and inequitable treatment because of their age.

HOUSING

Housing is the No. 1 expense for older Americans. They spend fully a third of their incomes for housing while younger people spend less than a fourth. The relatively fixed incomes of older Americans, at a time of constantly rising prices, makes the burden even heavier. Seven out of every 10 older Americans own their homes. Many sacrifice other needs so they can afford to keep those homes—and their independence. But many of those homes are desperately in need of repair—or beyond repair. The result is that perhaps 6 million senior citizens live in dilapidated, deteriorating, or substandard homes.

Providing decent housing for older Americans is one thing we must do as a nation to help them find the independence and dignity they deserve. Yet, the administration has eliminated the most successful housing program ever enacted for older Americans, section 202 of the 1959 Housing Act, and to make matters worse, the administration has imposed a freeze on new commitments for several other productive housing programs. While little new housing for the elderly is being built, the need for new housing continues.

The freeze has an especially adverse impact on small towns, because without Federal support, they cannot raise the capital for housing projects and private developers will not take the risk of building there. In more than 50 small towns in Iowa, taxpayers already have spent thousands of dollars on housing projects for the elderly—only to have them stalled now by the administration's abrupt and arbitrary freeze on housing programs.

The overall impact of terminated programs and impounded funds will not be apparent for some time, but it is obvious today that this country's housing needs will not be met in this decade. And, as is the case in so many other areas, it is the elderly who will suffer most.

THE PROPERTY TAX

It is not possible to consider the housing problems of the elderly without considering the burden of property taxes. Over the last 4 years, those taxes have gone up an average of 10 percent each year, and the inflation obviously hits those with fixed incomes the hardest. If older Americans are going to have an opportunity to live independently, they must have relief from the property tax. Again, there is legislation to help solve the problem, but again, we cannot afford it without making budget cutbacks in other areas, areas that do not help people.

The Senate Special Committee on Aging has outlined a set of principles that should be used as guidelines for tax relief:

> It should be available to older people who are renting homes and apartments as well as to those who own homes because higher property taxes mean higher rents. . . .
>
> Assistance should be limited to those with low and moderate incomes. . . .
>
> A graduate system is the best approach, one that gives the greatest relief to those who need it most. . . .
>
> And, finally, property tax relief should be coupled with comprehensive tax reform.

Senator CHURCH and Senator MAGNUSON have introduced legislation that I support which would encourage States to enact significant property tax reform for senior citizens based on the recommendations of the special committee. Iowa's General Assembly is working on such a tax reform plan now.

MORE UNFINISHED BUSINESS

The list of unfinished business in our commitment to the elderly runs longer still: More nursing homes, better nursing homes, home health services, homemaker services, and meals on wheels to enable the disabled and the infirm to live at home, nutritional programs, subsidies for improved mass transit, and solutions for the particular problems of the rural aged and the unique problems of minority groups.

The conditions and the attitudes in many nursing homes in this country are nothing short of scandalous. Thousands upon thousands of senior citizens have been institutionalized unnecessarily—and often those that need nursing home care are not always treated properly and nursing homes often rely on untrained personnel. Life in a nursing home can be no life at all in any real sense of the word.

Nearly 1 million older Americans are now in nursing homes. Although there are good nursing homes, many more are needed. As the Nation develops better standards and encourages improved nursing home care, it must simultaneously continue to develop programs which allow the elderly to be cared for and live at home. Senator Moss has introduced a series of bills to improve the quality of nursing home care. They deserve the Senate's support—and the Nation's.

Nutrition is essential to the well being of every person regardless of age, but it has been estimated that perhaps half of the health problems of the elderly are related to inadequate nutrition. Many older people simply do not have enough money to buy the right kind of food or enough of it. For others, the problem is immobility, isolation, or inability to prepare a balanced diet.

Only last week, the Senate took action to help solve the problem, appropriating $100 million which will be made available to the States for nutrition programs for the elderly. More than 40 States already have submitted plans for individual programs. Once again, Congress has made a good beginning. But even the modest gains from this program may be offset by the loss of food stamps. With all of its benefits, H.R. 1 eliminated the food stamp program for older Americans who will be entitled to assistance under the new supplemental security income program. The food stamp benefits should be restored, and I am supporting legislation that would do that, legislation that already has been approved by the Senate Agriculture Committee.

The property tax, housing, nutrition—these are problems faced by virtually every segment of this country's population, but in each case, the problem seem particularly acute for the elderly. The same is true for mass transportation. It often is not available, and when it is available, many older Americans cannot afford it. The lack of transportation and communication means a wealth of loneliness and isolation—from health care, recreation, and many other necessities.

No comprehensive approach to the transportation problems of the elderly has been developed so far in Congress, and I suspect that none will be enacted until the highway trust fund is opened up to help subsidize mass transportation. That should be the very first step.

Local transportation is a local problem, but now few communities have the resources to provide adequate mass transportation because of the cost, let alone give special reduced fares to the elderly. Federal support should be made available to encourage this, and at the same time, Government should prohibit insurance companies from discriminating against older automobile drivers by denying them insurance solely because of their age.

THE RURAL ELDERLY

The problems of the rural elderly are of particular concern to me. No State except Florida has a higher percentage of people over 65 than Iowa. We are proud of our senior citizens in Iowa, and we want to assure them the best life that is possible.

Older Americans who live in small towns and on farms have all of the problems of the urban elderly—but in many cases, the problems are magnified. If good bus transportation is scarce in the cities, it is often nonexistent in the countryside. If good medical care is hard to come by in the cities, it is even more difficult to find in rural America. So many counties do not even have a doctor in residence, let alone a hospital.

The special problems of the rural elderly need special solutions—like mobile health units and transportation programs designed to help the elderly go shopping, visit their friends or family or their doctor. Rural school districts should be encouraged to use their schoolbuses after school hours to provide a transportation system, however limited, for the elderly of rural areas. School buildings should also be made available after hours, for the educational and recreational needs of the elderly.

Older Americans who are members of minority groups number more than 2

million, and there is no doubt that they suffer more than any others. Almost half of them live below the poverty level. Like the rural elderly, these older Americans need a special kind of attention—to help them with their very special kind of problems. They suffer from two handicaps in our modern society—they are old and they are not white. That form of double jeopardy can be intolerable. It is a burden that needs immediate relief, on both counts.

There are other problems that have not been touched yet: Consumer fraud, the need for educational programs, the necessity for greater research into the medical and psychological problems of aging. The agenda of unfinished business is staggering. But for each problem there is at least a partial solution. For each problem, someone has offered a proposal. It may not be the right answer. It might fall short of the mark, but it is a beginning.

The hard work of the past 8 years will unravel and fade unless we continue to give the problems of the elderly our attention. That effort is not without substantial support. The 21 million American elderly are becoming increasingly aware of their collective strength, and they are organizing themselves in effective groups like the American Association of Retired Persons and the National Council of Senior Citizens. This week, the National Council is meeting here to outline and discuss their legislative proposals. The Council is aware, as we should be, that the problems of the elderly have to be seen and solved in the context of our national problems. We do have only a limited amount of money to spend in finding solutions, and the attention devoted to the problems of the elderly depends to a large extent on the over-all direction this country takes in the years ahead.

The introduction to the Older Americans Act amendments read in part:

> The Congress finds that millions of older citizens in this nation are suffering unnecessary harm from the lack of adequate services. It is therefore the purpose of this act . . . to:
>
> Make available comprehensive programs which include a full range of health, education, and social services to our older citizens who need them,
>
> Give full and special consideration to older citizens with special needs in planning such programs, . . .
>
> Provide comprehensive programs which will assure the coordinated delivery of a full range of essential services to our older citizens, and, where applicable, also furnish meaningful employment opportunities for many individuals, including older persons . . . and
>
> Insure that the planning and operation of such programs will be undertaken as a partnership of older citizens, parents, community, and community, State and local governments, with appropriate assistance from the Federal Government.

Those are noble words. But the words will be nothing more than empty rhetoric without a continuing commitment from Congress to the well-being of our senior citizens. The Older Americans Act of 1965 and the amendments just passed and signed into law have not created a solution—they have created a greater challenge. The Older Americans Act and amendments represent the first step in our effort to set things straight.

As long as I am a Member of the Senate, I will do all I can to see that these challenges are met, to see that the elderly have the kind of life they deserve in the United States of America.

The ACTING PRESIDENT pro tempore. At this time, in accordance with the previous order, the Chair recognizes the distinguished Senator from Missouri (Mr. EAGLETON) for not to exceed 15 minutes.

Mr. EAGLETON. Mr. President, I commend my colleague and friend, the junior Senator from Iowa, for his deep concern and interest in this country's 21 million older Americans. As he has just said in his forceful and eloquent maiden speech, we have made some important gains in solving the problems of the elderly, but there is still much left undone. We need Senator CLARK's help in this vital effort. We welcome it.

What he is saying today reflects a wealth of insight and understanding, gained by listening to the ideas and suggestions of countless people throughout Iowa, by talking with them about their lives, by learning what might be done to make them better.

As chairman of the Subcommittee on Aging of the Committee on Labor and Public Welfare, I am very pleased that Senator CLARK has joined us in the Senate and joined our efforts to help older persons enjoy the dignity and the comfort they have earned. The people of Iowa have another strong and imaginative voice in the Senate. And this country's senior citizens have another representative they can turn to and depend on for help.

Mr. President, I ask unanimous consent that, at the next printing, the name of the distinguished junior Senator from Iowa (Mr. CLARK) be added as a cosponsor of S. 775, the bill which would create a National Institute on Aging.

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

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

Mr. EAGLETON. I yield.

Mr. KENNEDY. Mr. President, I wish to join in commending the Senator from Iowa for his statement before the Senate this morning. It is an extremely important statement, one that ought to be taken to heart by all the Members of this body and by all Americans.

I cannot think of a group of people in our society who need stronger spokesmen than do the elderly of our Nation. They have found a strong spokesman in Senator CLARK, of Iowa, a State that is in the heartland of the Nation and a State with one of the heaviest concentrations of older people, as does my own State of Massachusetts.

When we look at the problems we are facing in the area of adequate income, we see that the elderly are in desperate straits. If we are talking about nutrition or health needs, employment opportunities or legal services, the elderly suffer the most.

I think this is one of the most important statements we are going to hear this year on the problems of the elderly. It is a statement that not only reviews the facts and the needs and statistics but also shows an impressive compassion. It shows as well an extremely keen awareness of the continuing potential of our elderly people to contribute to this Nation.

So I wish to join in commending the Senator from Iowa for this statement and to say that we, representing Massachusetts—and I am sure others across this country—are going to benefit greatly from it.

Mr. EAGLETON. Mr. President, I am pleased to yield 2 minutes to the Senator from Idaho.

The ACTING PRESIDENT pro tempore. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, as chairman of the Senate Committee on Aging, I am delighted that the distinguished Senator from Iowa (Mr. CLARK) has devoted his maiden speech to the challenges and problems of older Americans.

His statement clearly shows that he is intimately familiar with his subject matter. I wish to extend my sincere congratulations for a very powerful, effectively delivered, and well-reasoned presentation.

Even at this early stage in his Senate career the Senator from Iowa has compiled a commendable record on behalf of older Americans.

This is altogether appropriate because Iowa has been in the forefront in gerontology. Several of its higher educational institutions—including the University of Iowa, Iowa State University, and Drake—have served as "think-tanks" for innovative ideas in the field of aging. Numerous renowned authorities in gerontology, such as Dr. Wilma Donahue, former Gov. Robert Blue, and Dr. Woodrow Morris, have had their roots in Iowa.

Senator CLARK's legislative record, in my judgment, has been superb. He was one of the early cosponsors of the Older Americans Comprehensive Services Amendments, a measure which was signed into law on May 3.

That legislation not only built upon the solid achievements of the Older Americans Act but also produced major new concepts, including:

Upgrading the Administration on Aging;

Establishment of model projects to develop innovative solutions for some of the elderly's most pressing problems, such as housing;

Creation of a long overdue national senior service corps to take advantage of the wealth of talent with which older Americans are so richly endowed;

Expansion of the foster grandparent concept to provide services for individuals in their homes, as well as institutionalized children; and

Development of a comprehensive approach for the delivery of social services for the elderly.

On other fronts, Senator CLARK has fought to improve the quality of life for aged and aging Americans. He has strongly, and rightly so, resisted the administration's shortsighted proposals to saddle the aged and disabled with more

than $1 billion in added medical costs by cutting back medicare coverage. He testified before the Committee on Aging in no uncertain terms on where he stood on that issue. At that same time, he made a thoughtful addition for the committee's overall hearing record on "Barriers to Health Care for Older Americans." Once again, we thank him for his compelling and perceptive counsel.

He is also a part of a growing bipartisan team to establish a National Institute on Aging to strengthen our Nation's research and training efforts in the field of gerontology.

I am also especially pleased that the Senator from Iowa has joined me in sponoring several priority measures for the Nation's elderly, including:

Extension of medicare coverage for essential out-of-hospital prescription drugs.

An emergency property tax relief proposal to protect aged homeowners and tenants from confiscatory property taxes and rents.

Liberalization of the retirement test under social security.

Home repair assistance for elderly persons who would otherwise have difficulty in renovating or maintaining their dwellings.

Procedural safeguards to help insure that the social security system is not used for narrow, partisan advantage by any Administration.

All of these proposals are urgently needed now, and we shall both press for early and favorable consideration by the Senate.

Mr. President, I extend my best wishes to the distinguished Senator from Iowa. I hope and expect to work closely with him on aging and other important legislative issues.

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

Mr. CLARK. I yield.

Mr. HUGHES. Mr. President, I rise to commend the distinguished junior Senator from Iowa. It is a pleasure for the senior Senator from Iowa to have this opportunity to listen to the distinguished junior Senator from Iowa, in what has been his maiden address, dedicated to the aging.

Mr. President, in Iowa approximately 12 percent of our population is over the age of 65. In addition, we have contributed to the aging population in other States because many of our elderly citizens, those fortunate enough to be able to afford it, have moved to more sunny winter climates than our State of Iowa. They spend half their time there and the other half in the great upper Midwest.

Over the years we have faced many problems with our elderly citizens, and yet of all our population, they have given and contributed the most. They have given us the great heritage we have. They have given us faith. They are people of deep faith and confidence in a Divine Creator; faith to be true to our Nation. They have contributed to the well-being of our country, opening new frontiers and establishing our educational process, doing everything there is to stabilize our Nation, to give us a divine faith and the stability that we need in trying times such as these. Yet right now, in the midst of great affluence, the greatest affluence this Nation has ever known, we find many of our aged living on minimum social security of less than $100 a month, being forced out of their homes against their will. This is going on at a time when we have rising costs of fuel, I might add. In our region, with the winters we have, it is difficult for many of them even to pay their fuel bills. Medical costs are rising.

In addition they are faced with a lack of friendship and a lack of ability to contribute because we have left them out. I do not know of any more important subject today in social concerns to which my colleague from home could have dedicated himself than the problem of the aging.

I am pleased and delighted to hear of his cosponsorship of all the important pieces of legislation dealing with the aged since he has come to the Senate. I am pleased because I know personally of his personal dedication to the problems of the elderly in our State. By bringing attention to the problems of the elderly in this Nation, he has brought attention to the problems of the elderly in other parts of the world. As we have seen, it is not always the most affluent countries that have people living long years, but many nations of the world have people who live in excess of 100 years, nations that are not high on the ladder of economic success in the world.

As the Senator has pointed out, people have lived these long years because they were not forced into retirement or out of their homes, but they were kept in an atmosphere of love by their children and by their grandchildren. They were allowed to contribute to the well-being of the area, to maintain freedom, and above all they were allowed to maintain their dignity. When an elderly person or anyone else loses his dignity he has lost the will to live and the desire to be with us. God knows that the dignity, the pride, and the respect for the elderly in our country has been deteriorating, and we should no longer let it deteriorate as a result of lack of concern by the Congress of the United States.

I see the distinguished majority whip (Mr. ROBERT C. BYRD) sitting here, who has introduced, in the brief number of years I have been in the Senate, legislation each year to increase the benefits to the elderly. I want to commend him also, because we have been concerned and worried, but not concerned and worried enough, about what is going to happen to these most valued citizens of our Nation. They are not in a position where they cannot contribute. They are in a situation where they can generally and broadly contribute to the magnificence of this country, to the health, well-being, and love of this country; and if there was ever a time in our history when we needed to learn to love one another again, it is right now in the midst of the turmoil that faces this Nation, when we are tearing ourselves apart, when we lack trust and ability to feel a confidence in each other. This we learned from our mothers and fathers and from our grandmothers and our grandfathers.

I take a great deal of pride in listening to my distinguished junior colleague as he points out the continuing need for respect, love, and dignity for the elderly of this Nation. So I am pleased to have this opportunity to commend him on this his first major speech in the Senate, and on the topic he has selected and the concern he has shown for the elderly both in our country and the world.

Mr. ROBERT C. BYRD. Mr. President, would the distinguished junior Senator from Iowa yield to me?

Mr. CLARK. I yield.

Mr. ROBERT C. BYRD. Mr. President, I want to join the distinguished senior Senator from Iowa (Mr. HUGHES) in his very eloquent commendation concerning the speech—the maiden speech—that has just been offered here in the Senate by his very distinguished and able junior colleague (Mr. CLARK). Senator CLARK not only has selected a topic that is vital to a growing percentage of the population of this country, and vital to the future of America, but he has expounded it well. He has demonstrated a thoughtfulness and a thoroughness, a dedication and a diligence, that I think commend him highly to the attention of his colleagues and to the attention of his constituents and the people of this country.

I have been very much impressed by the first speech that has been made by our colleague. I think it reflects very, very well upon him that he has done so after 6 months of time. So many of us are prone to speak too often and when we are not well prepared, but the Senator did not demonstrate that kind of unwisdom today. He has brought to the floor a very thorough, well-prepared statement, it is documented, and I can understand that he has spent many, many hours in the preparation of this speech. As a matter of fact, the junior Senator from Iowa (Mr. CLARK) spoke to me at least 30 days ago about this speech, which he was already then preparing. This is the kind of work that indicates a great U.S. Senator, and I predict that with this kind of continued diligence, the junior Senator from Iowa will acquit himself in a very notable way in the future.

So, Mr. President, on behalf of the leadership, and on behalf of Mr. MANSFIELD, who, in passing through the Senate Chamber just a moment ago, made a very kind reference to the junior Senator from Iowa on the statement he was making, I congratulate the junior Senator from Iowa (Mr. CLARK) on the very eloquent and cogent speech he has presented today to the Senate. I hope he will make it available to his colleagues, with a letter accompanying it, at their offices, so that those who may not have an opportunity to note it in the RECORD will have it brought to their attention by their staffs.

Mr. CLARK. Mr. President, I thank my colleagues for their very kind remarks.

I yield back the remaining time yielded to me.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. At this time, in accordance with

the previous order, the distinguished Senator from Maryland (Mr. MATHIAS) is to be recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum and to charge the time to the order allotted to me, without prejudice to the distinguished Senator from Maryland (Mr. MATHIAS).

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

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. ABOUREZK). Without objection, it is so ordered.

The Senator from Delaware is recognized.

Mr. GRIFFIN. Mr. President, if the Senator would yield to me before he begins to speak, may I ask of the Chair whose time the Senator is speaking on.

The PRESIDING OFFICER. Under the order, the Senator from Maryland (Mr. MATHIAS) is to be recognized next.

Mr. GRIFFIN. Is the Senator from Maryland to be followed by the Senator from Delaware?

The PRESIDING OFFICER. The Senator is correct. However, the Senator from Maryland is not in the Chamber.

Mr. GRIFFIN. Mr. President, with the authorization of the Senator from Maryland, I ask unanimous consent that his time be transferred to the Senator from Delaware.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I shall not object, the quorum call was consuming my time. Do I have any remaining time?

The PRESIDING OFFICER. The Senator is correct. The Senator from West Virginia has 3 minutes remaining.

Mr. ROBERT C. BYRD. Mr. President, may I say that I had an understanding with the distinguished Senator from Maryland (Mr. MATHIAS) that I would use my time for a quorum call to signal him about the situation on the floor. However, I yield my remaining time to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

THE NATION'S ECONOMY

Mr. ROTH. Mr. President, I want to address the Senate today on the issue of this Nation's economy, and to urge the administration to revamp its present policy of loosely applied controls.

THE BEGINNING—PHASES I AND II

In August 1971, President Nixon took drastic and much needed action to place a 90-day freeze on all wages and prices until a more thorough approach to the economic problems could be hammered out by the Cost of Living Council.

This precipitous move came on the heels of some very serious and discouraging news. Wholesale prices had risen at a faster rate in the previous 6 months than at any time in the previous 6 years. Unemployment persisted at a nagging 6 percent. The country's international position had deteriorated to the first merchandise deficit in this generation. And, the Federal Government was running a domestic deficit of $20 billion, equal to some $200 for every man, woman, and child.

Most economists and professional analysts greeted the President's action with some degree of approval, for the program's stated objectives were goals clearly in the national interest. The President justified his action, in part, by explaining that the freeze was designed to reduce not only the actual risk that inflation would continue to rise, but equally important, to allay the public's fear that the economy was simply out of control.

I should stress that the public, in this case, was certainly not limited to the President's constituency here at home. Our worldwide trading partners were an anxious and concerned audience, for they could measure the dwindling value of the dollars they held in reserve. Their belief in America's currency was as important a factor as any.

After the temporary holding action through September, October, and November, the administration entered into phase II with an elaborate but comprehensive offensive on all wage and price fronts. We heard that inflation would be down to 2 to 3 percent by the end of 1972, that standard wage increases could be augmented by needed gains in productivity, that exemptions would be granted only to those who could demonstrate their need, and that above all, the entire program was intended to be a temporary respite, during which the country could focus its attention on healing a weakened economy.

But phase II was also punctuated with a major departure from history when the dollar was revalued to reflect the erosion in our international trading posture. Those who negotiated at the Smithsonian acknowledged that this was a necessary, and probably permanent step, required in response to the existing economic facts of life. We were assured that there was no magic in the older values for gold, and that a growing interaction between the United States and countries abroad dictated that commonsense and cooperation should prevail.

To counter those unhappy with the actions taken under phases I and II, supporters could argue that the programs contained recognized weaknesses, but their overall impact during 1971–72 could be measured with many positive results. Consumer price increases fell from 6.5 percent to 3 percent, while food items, largely exempt from controls, jumped from 2.2 percent to 6.9 percent. Would all consumer goods have followed the same course without the program? Nobody can say for sure, but the evidence certainly seems to point in that direction.

THE SURPRISE OF PHASE III

Mr. President, I think it fair to say many of us were surprised to hear early this year that the President had abandoned phase II in favor of a largely voluntary phase III.

It is true that the largest companies and labor unions were still required to report their activities, and their decisions were still subject to disapproval under existing guidelines. But the significant difference was that although guidelines still existed for most of the economy, the Government had relinquished its claim of prior approval on nearly all the businesses and workers affected by the early controls.

I must say that I was confused at the time, for although some of the indicators pointed toward a general economic recovery, it seemed to me we were far from being out of the woods. Though most price indexes were slightly more palatable, the news of Federal spending, unemployment, and balance of payments was by no means exhilarating.

As one who has argued strongly for increased fiscal discipline, I sensed the same pressures to spend that have underscored our economic problems ever since I came to the Congress in 1967. As individual Members and collectively as the legislative branch, we continue to be faced with the relentless argument that more dollars will, in fact, solve so many of our Nation's domestic and foreign problems. The enormity of our budget alone prevents us from asking "Is this program really doing its job?" and instead wondering "how much more this year will be necessary?" The Congress is surely to blame for part of this malaise, but we should not forget that Presidents of both parties have consistently sent to the Hill budgets with built-in deficits of billions and billions of dollars.

Likewise, the news that unemployment persists at 5 percent or higher can only serve to remind us that there are some 4½ million Americans who are not participating in the mainstream of production. We used to be told that when unemployment reached 4 percent we would be faced with the trade off of supplying more jobs or creating inflation. The most rudimentary analysis of our current situation demonstrates that we continue to have the rising prices without the commensurate decrease in the number of unemployed. It would seem that those out of work can take little solace in the belief that their jobless state is at least adding to the stability of prices—a sacrifice I never felt I could adequately explain to the man who wanted to work but could not find it.

And, let us not forget that tables of statistics do not tell the entire story. Skilled individuals, substituting in makeshift jobs for their desired careers, are not living up to their true capacity to produce. We should not be lulled into believing that we have solved the unemployment problem as long as there are highly trained men and women who can not participate in our economy to the best of their abilities.

And finally, our deficit position versus foreign countries continues as a major source of economic concern and uncertainty. A second devaluation and the soaring price of gold overseas are low points on the barometer. We have managed to plug some holes temporarily. Last month's first merchandise surplus since March 1971 was welcome news. But it

should not be interpreted as the end of our problems. The enormous deficits in the past few years have added more than $30 billion to foreigners' holdings of Federal debt. We should not become complacent when we realize this total represents more than 13 percent of our official indebtedness, up from 1 percent 25 years ago.

THE NEED FOR RENEWED DISCIPLINE

Mr. President, in the first 5 months of phase III, we have watched the economy slip backward as prices continue to mount and warnings of a recession begin to dot the business pages of our newspapers and magazines.

A close look at the latest figures shows that if recent increases continue for food, transportation, clothing, basic medical care, and taxes, a family of 4 earning $12,000 a year would have to earn an additional $2,000 in order not to loose its purchasing power.

Can we really expect the average American, on whom success for any program depends, to accept his Government's analysis that the economic patient is no longer in need of intensive care? Will sophisticated econometric studies really answer the housewife's concern for her family budget? Do we answer constituents' questions with the admonition that things could be worse? Not at all.

Our responsibility is to the millions of American consumers, men and women who feel the brunt of rising prices long after discredited forecasts have been forgotten. Their belief in any program is earned in the supermarket, not in the schoolroom. They are demanding results, and it should be the administration's job to insure that results are forthcoming. The Congress has given the White House broad authority in this area, but that does not mean we expect it to go unused.

It seems clear, then, that the time has come to cease the laissez faire approach of phase III. At a minimum, we need a return to strict controls, and if they will not do the job, a total freeze.

Let me hark back to the President's own words, when he reported on the economy last January in his annual message to the Congress. At that time, he emphasized that one of the major goals of the program was to "reduce the fear that the rate of inflation would rise, or not decline further." It was the anxiety of this Nation, and the world, that he sought to assuage—people's feeling that somehow the machinery of Government had come to a standstill in its efforts to promote both full employment and stable prices. The President has a constitutional responsibility to fulfill these objectives. The Congress has given him a number of directives in laws passed since the end of World War II, and it fully expects him to exercise this authority when conditions require.

Well today, after nearly 5 months of a hands-off policy, we are facing an even worse crisis of confidence. Allegations abound that nearly the entire executive branch has become inoperative, slowed to a crawl as a result of widespread political scandal. I for one do not believe it.

But the President himself must reassume the leadership he demonstrated almost 2 years ago—to prove to this country and the world that his economic policy has not been lost in the maelstrom of current disaffection. Bold action on his part is the first step necessary to right the obvious economic ills, and to help restore the public's faith in our system.

I call on him now to reinstate clear cut, and equitable rules, and to back them with fast acting enforcement procedures. He must convince people with results, not merely rhetoric. And, he must reckon with world opinion as well as that from at home. People must have some tangible proof that their family budgets and the security of their savings are as important to the Executive as any issue of national policy. The nationwide polls and the many letters I receive convince me that the American people will again respond warmly to strong leadership in this area as they have done in the past.

In closing, I want to applaud a fine act of statemanship displayed by the very distinguished chairman of the House Ways and Means Committee, Mr. MILLS. In a speech last week, he focused very clearly on this problem of inflation that has become the uninvited guest that stayed too long.

I commend Mr. MILL's statement, and draw attention to the fact that the equally respected majority leader of our body, Mr. MANSFIELD, has echoed many of the same concerns in a speech on this floor.

My colleagues here have come to know me as a fiscal conservative—an epithet my predecessor, John Williams, carried proudly in his 24 years of Senate service. His example is one I am certainly anxious to follow, for he truly knew the value of Government dollars well spent.

It is with this philosophy that I have striven to bring to Congress the need for more fiscal restraint, and in this vein I am working with many other Members to fashion a new mechanism for better control over our annual spending decisions.

We know that the roots of inflation are nurtured by massive Federal deficits and by the public's belief that Congress and the White House are unable, or at least unwilling, to curb the insatiable thirst for Government spending. Chairman MILLS put his finger right on it when he said:

> The single most important thing we can do here is to get control of public spending. We must establish the machinery for well thought out decisions on the budget total as well as its composition. We may dispute among ourselves about spending priorities, but we must agree that total government spending is held down to levels that are consistent with stable prices.

Our job in Congress goes beyond prodding the administration to act unilaterally. We have fashioned the legislative authority under which controls can be imposed, but we must also tend to our own responsibilities as architects of the Nation's spending programs.

I hope that these two goals of responsible spending and firmer controls will soon become realities—and that our interest in them will not waver as the spotlight of political activity plays across other stages. The economic stability of our country and the hopes and savings of millions of Americans are too important to neglect in the wake of temporary crises which we hope will soon abate.

Long after Watergate, the soaring price of meat and apartment rents will stick in the people's craw as their single most important disillusionment. My thanks go out to Chairman MILLS and Senator MANSFIELD for their exceptional courage in delivering such fine statements.

Mr. JAVITS. Mr. President, I am delighted to hear the espousal by the distinguished Senator from Delaware (Mr. ROTH) of the reintroduction of stronger wage and price controls analogous to phase II. I have very much the same advocacy.

The Senator is quite right about it, this would be strongly in the tradition of former Senator John Williams of Delaware. He and I came to this floor many times with the same thought at the same time, notwithstanding the fact that he had the reputation of being one of the leading conservatives in the country and my reputation was, allegedly, one of being primarily a liberal. Thus, I welcome this paralleling of our views on this particular subject by Senator Williams' most worthy successor in this body.

ORDER OF BUSINESS

The PRESIDING OFFICER (Mr. ABOUREZK). Under the previous order, the distinguished Senator from New York (Mr. JAVITS) is now recognized for 15 minutes.

THE FALSE CRISIS OF THE DOLLAR

Mr. JAVITS. Mr. President, the United States is in a serious crisis of confidence over the dollar as it continues to slide in world money markets. The stock market—very importantly and widely regarded as a barometer of confidence—continues its sharp daily decline almost without any regard to either earnings or values.

Consumer purchasing is characterized by a panicky buying as if there were no tomorrow; and automobile bumper stickers announce that "Chicken Little is right—the sky is falling."

It needs to be said that Chicken Little is wrong: the sky is not falling although the administration does have some bumps on the head from the Watergate fallout; our institutions continue strong, our economy vigorous—though not without problems—and the world goes on—and goes on quite well for the citizen in the United States and Watergate will not do in the U.S. Government. And those who are avidly selling the dollar today to buy gold may well wake up tomorrow with a speculative hangover; for the dollar is still the best currency in the world and the underpinning of the world economic system.

There is no valid reason for the dollar's weakness, the pendulum is swinging much too far and the dollar is now probably undervalued in terms of the world's leading currencies.

During these times of a crisis in con-

fidence, I am reminded of the inspiring words of President Franklin D. Roosevelt—that we have nothing to fear except fear itself. These words were spoken when our economy and the world's economy lay in shambles, millions were out of work, the international economic system lay in ruins and the specter of revolution stalked the Nation and the world.

I remember this era well and we survived and prospered. Having survived this and the horrors of the great wars of this century, I am sure that our Nation will survive the Watergate crisis in confidence and our other troubles.

What we have to fear at this moment is our own uncertainty and the panic reaction to which such uncertainty can lead. Clearly, there are literally millions of people at home and abroad who may be convinced that the situation is worse than it is.

I call to the attention of the people of the United States and the world the following positive elements about the U.S. economy today.

The facts are these:

The Watergate scandal—and I would not for a moment denigrate its seriousness—has been widely credited with contributing to the raid on the dollar. This is completely unjustified and our friends, especially in Western Europe who understand the working of our democracy, should understand this clearly. The courts and the Congress are acting and if anything there is great solicitude that Watergate shall not cripple the capability of the presidency to operate effectively in domestic and foreign affairs. If anything the vitality and stability of American institutions are being proved rather than weakened.

Real gross national product which has been increasing at an annual rate of 8 percent is moderating, our fiscal position is strengthening, and our relative rate of inflation compared to that of other industrialized countries is favorable.

Demand is at record highs, with the rate of increase in unfilled orders increasing also at record rates—a bullish sign.

The hard statistics show a dramatic improvement in our merchandise trade balance, which is headed once again into the black, as a result of the currency realinements since December 1971.

We can similarly be optimistic about the outcome of efforts to reach agreement on sharing the balance of payments burden of our defense costs overseas, particularly in NATO; this could further strengthen the U.S. balance of payments by at least $1 billion annually.

Mr. President, in this connection I should like to congratulate the distinguished Senator from Illinois (Mr. PERCY), who is now on the floor, who started almost singlehandedly the enormous struggle with our Alliance partners with regard to burden sharing and its equity.

There are very hopeful signs that the erosion in the morale of American workers is beginning to be met by imaginative and innovative changes in management practices. I point to the growing number of success stories where workers are being brought in on corporate decisionmaking, and to the growing realization in Government that the quality of American worklife is a matter for concern at the highest levels of policy.

Unprecedented legislation is moving through the Congress which represents a "fair deal" approach to private pension legislation and this will provide increased financial security for many millions of Americans in their retirement years; and

Trade legislation continues to move through the Congress without any serious hitches so far and Chairman MILLS remains firm in his prediction that such legislation will pass the House by the August recess.

Since one of the most important manifestations of the crisis of confidence is each morning's news report in the United States concerning a new weakness of the dollar in Western European money markets, this topic deserves particular attention.

The situation in the gold and international exchange markets illustrates the fallacy of the unreasoned current decline in the dollar's value. Ever since the two-tier system was introduced in 1968, the gold markets have been relatively thin, subject to speculation and manipulation. In addition, the latest escalation in the price of gold has actually acted to depress production, as gold producers seek to mine lower-yielding ores with the knowledge that they can sell the resulting gold at a profit. With stable markets, gold production can keep pace with industrial demand—in the present situation, a speculative layer of demand is sending prices up out of proportion to the basic economics of both the gold industry and the international monetary situation.

The time has come for the administration to tell the world that speculation against the dollar is not a risk-free enterprise. The U.S. Treasury should quickly move against such speculation by selling gold from its ample gold stock which remains in excess of $10 billion to domestic U.S. users. The gold market is thin, and the United States has ample power to break the backs of the speculators and we should so act immediately.

The foreign exchange markets have displayed a similar disregard for the fundamentals of international economic competition. They have also been thin—uncharacteristically thin—during the past few weeks. Persons familiar with the exchange markets say it takes a small fraction of what it used to, to move the dollar downward a hundred points. Basic to the thinness of the market is the fact that foreign central banks have agreed last March not to intervene actively, so the dollar market has suffered a lack of buyers, not a surfeit of sellers. The float of currencies is working well under the circumstances, but a fact of life in this float is that exchange rate changes are going to be more sensitive to small speculative movements of currencies.

In short, the speculators, manipulators, pessimists, and opportunists have been calling the shots. They have looked at Watergate and at equity funding and have decided that now is a good time to capitalize on doom and gloom.

It is a free world, and they are entitled to their view. But we are also entitled to tell them that they are wrong, that no one is going to make money betting on the failure of the American economy, and that America is basically strong, Watergate or no Watergate.

I am convinced that the doomsayers are going to rue the day they decided to forget the basics of our robust economy and instead to make pessimism their guide. "Pessimism," Mark Twain once observed, "is only the name that men of weak nerves give to wisdom." It is truly the wiser course to bank on our history, on our strong economic growth, on the bright prospects for our balance of payments and on the progress of the past months toward a realistic international monetary system.

I also urge upon the American multinational corporations and the American public to refrain from selling the American economy short. This is a time for patriotism and such patriotism and restraint now will pay enormous dividends for the future health of our and the world economy.

On the home front, the major real existing factor in the crisis of confidence concerns the continued ineffectiveness of phase III. Another point of critical importance is the question of price and wage controls. It is a fact that phase III was installed much too prematurely and that we made a great mistake in abandoning phase II as soon as we did. I said so at the time, so that this is not any appraisal after the fact. We must now move back to effective phase II type controls.

Let us act to restore the confidence by taking the club out of the closet and swinging it at price and wage increases that are out of line. To date, the administration has mightily advertised the existence of the stick in the closet, but then, when the moment of truth arrived, the administration has shown remarkable timidity in using the powers that have been given it. The longer the administration waits to use this stick in the closet, the more drastic the subsequent use will have to be. Is this not the lesson that can be drawn from the 1969–70 period when the administration fiddled unduly while the economy stagnated in the context of a continuing high rate of inflation? Further delay in this area now may dictate the return to a 90-day freeze in the near future.

I close by addressing myself to the talk about a tax increase at this time. The moment of a tax increase, in my opinion, is when an economy is heating up—not when it is slowing down. And we have seen distinct signs that our economy may be slowing down at this time. There have already been warnings of recession later this year. If taxes are increased now, or say this year, since it will take time to get a tax boost through the Congress, we run the danger of unduly depressing the economy at the very time of economic slowdown. This, in my judgment, is not a wise course of action particularly since the relatively restric-

tive monetary and fiscal policy of the past year now seems to be taking hold.

In this regard, let me say a special word about the proposed gasoline tax. I can think of few tax measures that are more regressive than such a tax. There is absolutely no equity built into such a tax, which would fall unduly on the backs of the poor and the middle class and there is no provision in such a tax proposal relating to need. In my judgment, this would be a most unwise tax. The only possible basis for any increase would be to fund urban mass transit.

If the judgement is that measures have to be taken to deal with the developing gasoline shortage by confining its use, let us be forthright and bite the bullet and take measures to deal with this specific problem by allocation of available supplies by sectors and users. A big gas tax increase will not fairly curb users. Also we have another immediate remedy in hand—the speed limit could be lowered on the major interstate highways and this would have some effect on saving gas consumption and discouraging unnecessary long trips. The Senate has now overwhelmingly expressed its sentiment in favor of such speed regulation.

I feel strongly that the developing energy shortages are an area of national emergency and should be treated as such. Because of the critical circumstances we face, the construction of the Alaska pipeline should be expedited and legislation necessary to such construction promptly passed. Negotiations should also continue toward the construction of an additional pipeline through Canada. In turn, it is essential that consumer nations more closely harmonize their policies vis-a-vis the existing OPEC nations consortium on oil.

To date the administration has chosen to downplay the sacrifices and yes, even changes in our national lifestyles, that this new emergency situation dictates.

I strongly urge that the decision to impose a lower speed limit be taken by the administration now. In making this recommendation, I am not only considerning the gasoline shortage which is facing us this summer, but the heating oil shortage that is almost certain for next winter. We must begin laying the framework now to insure that there are ample supplies of heating oil this winter and this can be done only by insuring that oil refineries convert to heating oil production in time rather than staying on their gasoline production cycle too long.

So that I believe that for the moment we ought to stand pat on taxes, we ought to reinstall controls, we ought to tell the world what we feel about our own dollar, and we ought to reassure the world—which I am trying to do today, together with others of my colleagues—that Watergate is not going to dismantle the U.S. Government or have a tremendously adverse economic fallout. We ought to appeal to our own people and our own corporations to show a patriotic restraint in respect of this situation.

Finally, Mr. President, there is a $70 billion overhang in the world of dollars, so-called Euro-dollars. They need to be consolidated. That means they need to be dealt with on the basis of liquidation so that we may get to the point of restoring convertibility to the dollar through the negotiation of an international agreement which will deal with both questions of convertibility and consolidation. It is my hope that these questions can be resolved in time for Nairori.

These measures would help the pendulum to swing back, and the dollar again will be recognized for what it is—the strongest and best currency on earth.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time allotted to the distinguished assistant Republican leader (Mr. GRIFFIN) be allotted to the distinguished Senator from Illinois (Mr. PERCY).

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time allotted to Mr. MATHIAS be allotted to my control.

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

Mr. PERCY. Mr. President, I ask unanimous consent that during the course of my comments, Mr. Robert Vastine of the Government Operations Committee, be permitted to remain on the floor.

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

Mr. PERCY. Mr. President, I note the appearance on the floor of the distinguished Senator from Alaska, and it is my intention to yield to him any time he desires that I do so.

First, I should like to comment on the remarks of the distinguished Senator from Delaware with respect to wage and price controls. Like he and the distinguished Senator from New York, I was somewhat shocked that we moved so precipitately into phase III. After I attended a leadership meeting at the White House and listened to the President enumerate the success of the phase II program in reducing our inflation level to the lowest of any industrialized nation, I was confident the program would continue.

The British, under Prime Minister Heath, were adopting a program comparable to the American program. I left the White House assured that we were going to continue with phase II until there was a solid basis for moving into phase III and suddenly, only 5 days later, we moved into phase III. I think it was a grave mistake.

Notwithstanding that, I feel that there is every reason to believe that the statement made by the distinguished senior Senator from New York is true. I believe—not so much as a legislator but as a former businessman who watched the American economy very closely and working within it—that the basis for strength of the American dollar and for confidence in the economy of the United States rests on many grounds. First, the economy is perhaps at the strongest point in our history.

Second, I feel that the stock market is literally filled with undervalued buys. One can almost buy at random now and feel that he is buying a stock listed on the exchange that is undervalued in relationship to past experience.

I feel the strength of the market yesterday reflects the fact that there are many who feel this is an undervalued market.

Third, I feel we are going to move to stronger controls until we solve a few of the basic problems.

Fourth, I think we have shown better ability to manage the economy. I never saw so much will on the part of Congress to face up to its responsibilities. As a result of the substantially increased tax revenues we have a lower fiscal 1973 budget deficit than we thought we would have, and we have every chance for the 1974 fiscal year to be a year with an almost minimal actual deficit.

Under the full employment concept we would actually have a substantial surplus.

Fifth, we have the chance to sell gold. I would like to discuss that in just a moment.

Sixth, I have every reason to believe that as a result of Watergate we are going to end up as a stronger country, that the institutions of this country will be proven. Anyone who sells short the American economy or the American Government would be making a grave mistake.

As he does so often, the distinguished Senator from New York has correctly assessed the international economic situation and identified the appropriate and necessary response.

The American people, our political institutions, and the vitality of our constitutional processes are stronger than 10 Watergate scandals. We have survived wars and all kinds of tragedy in this country and always we have emerged as a stronger country. I know that we will be able to solve this problem with greater ease than we did problems of the magnitude of World War I and World War II, and other events whose impact on the country was very much deeper and more basic than this sordid affair, as the President has called it. I hope we will quickly get it behind us.

Mr. President, I know it is hard for foreign observers to grasp, to understand what is really going on in this country. I have met with a great many representatives of foreign governments to try to impart to them personally my feeling about what is happening and to give my reasons for confidence in the future. In many parliamentary systems cabinets might have fallen under the impact of a Watergate affair. This is clearly the basis of the flight from the dollar into gold and other currencies. But this is an unrealistic, unwise, even unsophisticated reaction. Those who truly understand our system can also readily understand how we can survive such a cathartic political scandal with our institutions intact, and even strengthened.

I wish to take a moment to speak about the gold situation. I suppose that, as the largest free world holder of monetary gold, we in a sense should have schizophrenia on this problem. The United States holds 276 million ounces of gold.

We value this gold for our purposes at $38 an ounce. As we sit here watching the price of gold going up we should be overjoyed that the value of our gold stock is also increasing. As a matter of fact, in terms of today's market values, our own gold stock of 276 million ounces has increased from $10.5 to $33 billion. On paper we are probably the biggest gainer in the free world from this wild speculation. But could anyone imagine that the free price would stay at $120 an ounce for more than a couple of minutes if it were anticipated that the United States might sell any part of its gold in the free market? The notion of placing 276 million ounces of gold on the market boggles the mind—and would certainly destroy the speculative fever of gold markets.

I have urged, and I am delighted to be joined in this effort by the Senator from New York, that we should break the backs of the gold speculators by selling some of our gold stock. These need be only small amounts, because the free gold market is so thin and volatile. A Treasury estimate is that we have enough gold in our own reserves to supply all free market needs for 6 years. I counsel foreign observers to analyze with more depth and sophistication the nature of our own system. In the last analysis, the Watergate affair demonstrates our strengths, not our weaknesses.

That international speculation against the dollar is fundamentally unjustified lies in the great strength of our economy. I was pleased to see today that the stock market opened strong, carrying forward momentum from a strong showing yesterday. Compared to European economies our inflation has been mild. Even in Switzerland prices were rising this spring by more than 8 percent on a yearly basis. The effect of devaluation is beginning to take hold. A high official of the Swiss Government has said that—

> Individual sectors of the Swiss import industry have begun to feel the pinch and are now losing ground on the North American market.

The validity of the managed floating exchange rate system is proving itself. And the American balance of trade is improving markedly. At home we are experiencing a genuine boom. Demand is at exceptionally high levels, and consumer spending for durables such as autos, household furnishings, and appliances has been exceptional. Business investment plans have been extremely bright, holding the hope that massive new spending for new plant and equipment will both provide new supplies of goods and services to meet high demand, and promote our competitiveness in world markets.

Most important of all, and certainly important to the Senator from New York, who has worked with me since I have been in the Senate—and long before I arrived—is the need to solve some of our problems through increased productivity. Productivity in all manufacturing industries is growing at a 4.5-percent annual rate, the highest in our history since World War II.

There are danger signals. And steps are being taken to cool the economy. The actual deficit for fiscal year 1973, according to the Director of the Office of Management and Budget, is going to be $19.8 billion rather than the $24.8 billion projected only 5 months ago. The expected actual deficit for fiscal year 1974 has dropped to $2.7 billion, and on the full employment basis, there will be a surplus. We are going to have—and I discussed this with Henry Kearns of the Export-Import Bank last night—a surplus position again, because of our increased productivity and the cumulative effect of our devaluations.

A succession of steps by the Federal Reserve has slowed the growth of the money supply and tightened credit. Only last week I spoke with the distinguished Chairman of the Federal Reserve System, Dr. Arthur Burns, who is watching the situation daily with all vigilance and whose single objective is to promote a gradual cooling of the overheating economy, without inducing a downturn.

We are fortunate to have one of the most skillful, able, and learned men in the country as Chairman of the Federal Reserve.

Business investment plans do, however, continue to concern me, because of their increasing pressure on the economy. In April, a McGraw-Hill survey showed business investment plans at 19 percent above last year. The most recent Commerce Department survey, released today, shows spending at 13.2 percent more than last year. I suggest that we now consider a flexible use of the investment tax credit, an idea which has been suggested by the Chairman of the Federal Reserve Board, and one which, I know, has been supported by the distinguished Senator from New York.

A slight downward adjustment of the credit could mitigate currently excessive spending plans.

Under this plan, the President would be able to recommend changes in the credit within a range of 3 to 15 percent. In order to provide congressional oversight over changes in the amount of the credit, I now propose that we provide that a change would go into effect within 60 days if both Houses of Congress approved. The proposal would be highly privileged in order to assure House and Senate action within the 60-day period.

This proposal is different from that made by the Senator from New York, which would provide for a disapproval by negative vote of one House—a provision similar to the system customarily used for processing of reorganization plans.

I do not believe the negative congressional procedure is appropriate for dealing with the taxing power—the most important constitutional prerogative of Congress. The President should be permitted to propose an increase and obtain quick consideration of the proposal, but Congress should debate and vote on the proposal.

With regard to another current economic problem, the supply of energy, I agree with the Senator from New York that steps must be taken to reduce demand, particularly for gasoline. I also agree that a gasoline tax is inappropriate, for this purpose, both because it is regressive and because it will not appreciably diminish demand, in my view. I do not think that a mandated Federal speed limit is practical in a day when we are accustomed to driving on highways designed for speeds of 80 miles an hour.

On the other hand, I believe a program of consumer education led by the Federal Government is vitally important, and I have requested the Secretary of Transportation to promulgate consumer guidelines immediately. I ask unanimous consent that at the close of my remarks this letter be included in the RECORD.

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

(See exhibit 1.)

Mr. PERCY. Mr. President, our economy is strong, and our political system is proving itself in crisis. I deplore the speculation against the dollar; it is baseless—it is truly a "false crisis."

Mr. President, I would like to close by stating once again that this Congress is going to get control of its own budget. There is now a sense of fiscal responsibility that we have not had for decades. I am certain the mood exists to assert our control over our budget, and we are now working out the procedures in our Committee on Government Operations on which I am pleased to be working with the Senator from New York and other colleagues. This development alone should be reassuring to those who doubt the new system.

EXHIBIT 1

MAY 31, 1973.

Hon. CLAUDE S. BRINEGAR,
Secretary, Department of Transportation, Washington, D.C.

DEAR SECRETARY BRINEGAR: The shortage of gasoline is an issue of growing concern to all Americans. The volume of mail I have been receiving from consumers in Illinois and elsewhere is evidence that the shortage is already being strongly felt and threatens to become much worse as the summer progresses. Farmers and others who depend on gasoline for their livelihood are naturally very concerned.

I am fully aware that the gasoline shortage is only one manifestation of the larger problem of fuel supply and allocation that presently faces our nation and that the Federal Government is actively engaged in trying to meet this problem. The fuel situation, in turn, is only one facet of the long-range problem that has come to be called the "energy crisis."

Much has been said and written lately about the causes and possible solutions for the energy crisis related to the need for increasing supply.

Less has been said about the need to reduce demand but this, it seems to me, is where more emphasis must be placed. Demand for energy is increasing so rapidly that if present projections are accurate, demand will continue to outpace supply for years to come unless significant conservation measures are taken. I am convinced that we will have to promote a national "conservation ethic." If we are to have any real impact on solving the energy crisis.

Over the long term, conservation of fuel for automobiles will have to take the form of smaller, lighter cars with less highly-powered, more efficient engines. Much work is now being done on the design of new cars, new engines, and new fuels to make them more energy-efficient. This is not an easy goal to achieve, however, especially in view of the fact that other national goals, such as producing safer and more pollution-free

automobiles, often work at cross-purposes with with the energy conservation goal.

In the years before these design changes can be accomplished, we are faced with the need to conserve gasoline in our present cars. There must be many fuel-saving techniques that consumers could apply now that would both save them money and help alleviate the gasoline shortage this summer.

I have noted examples in the media of ways in which your Department and other Federal agencies are conserving fuel in Government vehicles. These techniques should be made available now for the information of the general public.

Perhaps your Department could publish a set of simple consumer guidelines for saving on automobile fuel. I believe that such guidelines would be most helpful and would give each of us a chance to contribute to the solution of a national problem.

I would appreciate your reactions to this proposal and any suggestions you might have concerning this matter. Thank you very much.

Sincerely,

CHARLES H. PERCY,
U.S. Senator.

ORDER OF BUSINESS

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

Mr. ROBERT C. BYRD. Mr. President, I have some time allotted to me under the order, do I not?

The PRESIDING OFFICER. Yes. The Senator has 15 minutes under the order of the Senator from Maryland (Mr. MATHIAS).

Mr. ROBERT C. BYRD. I thank the Chair.

I shall be glad to yield 10 minutes to the Senator from Alaska (Mr. STEVENS).

Mr. JAVITS. Mr. President, will the Senator yield me a few minutes?

Mr. ROBERT C. BYRD. Mr. President, I yield the Senator from Alaska half the time and the Senator from New York half the time.

Mr. JAVITS. I thank the Senator, and I will be glad to yield time to the Senator from Alaska.

THE DOLLAR AND ENERGY CRISIS

Mr. STEVENS. Mr. President, I am very pleased to join the distinguished Senator from New York in reviewing some of the problems concerning the so-called crisis of the dollar, and I am pleased he has addressed himself so forthrightly to the apparent misunderstanding of some of our friends in Europe over the Watergate affair.

Parenthetically, I might say I am delighted to have the support of so distinguished a Member of this body for the Alaskan pipeline, and I take great pleasure in seeing that he has urged that the legislation for the Alaskan pipeline be expedited.

I also believe this monetary "crisis" is false. I think we should point some things out to our own people at home concerning the international monetary situation.

The European nations have a higher rate of inflation than we do at home, and the same is true with unemployment.

The U.S. economy today is in good shape, and we expect the economy to be in better shape at the end of this current period, because we are "cooling off" from a strong growth period.

There is no sound reason why the dollar has had to take the brunt of emotionalism on European monetary exchanges.

As the Senator from New York mentioned, if there is any fear about the strength of the dollar, it is a fear created by international money marketeers who have created the fear for their own selfish interests.

The devaluation of the dollar was a constructive element for the United States economy from a monetary and trade point of view. However, if devaluation is to be effective, we must work diligently from every perspective to reduce, and in fact eliminate, our balance-of-payments deficit.

Our balance-of-payments deficit in the first 3 months of this year reached $10.2 billion. This was the largest quarterly balance-of-payments deficit since the third quarter of 1971. The reason for this balance of payments deficit was due to heavy speculation against the dollar in Europe and our increasing reliance on foreign oil.

Although the dollar is strong, we cannot let our dependence on Mideast oil threaten the strength of our currency.

A $10 billion yearly drain attributable to oil imports by 1980 is a widely used figure, but some forecast even higher estimates. For example, the Chase Manhattan Bank predicts a $30 billion deficit by 1985.

In any event, this year's oil deficit is once again going to be a substantial contributor to this year's balance of payments deficit, and the prospects for the future are not bright. Some economists predict that imported oil from abroad could result in a net balance-of-payments deficit of $10 billion in less than seven years.

This drain of dollars from the United States into the bank accounts of a handful of oil producing nations abroad not only weakens the economy here at home, but erodes the stability of the dollar abroad.

Certainly, the nightmarish position the dollar experienced on the international monetary exchanges this year—being bounced from Zurich to Frankfurt like a bad check—was to a large degree related to the tremendous flood of dollars out of this country to pay our energy bill.

Some economists suggest that the Arab Governments, the largest producers of oil in the world, will be collecting as much as $40 billion annually from their oil reserves by 1980, up from less than $5 billion in 1970. Conversely, these same nations are expected to gain increased control over production and sales policies.

If one assumes that the Arab oil-producing states can spend 50 percent of their annual oil revenues on economic development and investment, their resources of gold and foreign exchange will rise well over $100 billion in 1985. Taking into consideration that the entire world reserves currently amount to about $150 billion, it becomes obvious the extent to which their power and influence in international finance will grow.

Mr. President, I ask unanimous consent to place in the RECORD at this point an article from the New York Times of April 16, 1973, entitled "Mastery Over World Oil Supply Shifts to Producing Countries," and going into some of the machinations we have gone through in recent months. In addition to that, I think it is highly important for Members of this body to have available to them, and I ask unanimous consent to have it printed at this point in the RECORD, excerpts from the testimony of the Deputy Secretary of the Treasury before the Subcommittee of Public Lands of the House Committee on Interior and Insular Affairs, in which he reviewed problems with regard to the continuing purchase of foreign energy in terms of our monetary policy.

Lastly, I would like to include at this point in the RECORD an editorial from the Washington Post entitled "Risky Quibbling Over Oil," which emphasizes again, as the Senator from New York has, the urgency of our dealing with this problem.

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

MASTERY OVER WORLD OIL SUPPLY SHIFTS TO PRODUCING COUNTRIES

(By Juan de Onis)

RIYADH, SAUDI ARABIA, April 4.—In a dramatic rise in economic power, the oil-exporting countries have broken the mastery of Western oil companies over production and marketing and imposed their terms on the biggest commodity in international trade.

"We are in a position to dictate prices, and we are going to be very rich," said Ahmed Zaki al-Yamani, Saudi Arabian Minister of Petroleum Affairs, whose Government is accumulating foreign reserves from oil exports at a rate of $4-billion a year.

Ambitious economic development plans and large military expenditures by the Middle Eastern and North African oil countries are absorbing most of this income now, but in the near future the major petroleum exporters are going to have to decide how to use more money than they can invest at home.

The wealth being amassed by the producer countries as a result of having forced oil prices to double since 1970 is on a scale that affects international monetary relations and intensifies the balance-of-payments problems of industrialized countries, including the United States, where President Nixon is expected to send an energy message to Congress soon.

World petroleum consumers can expect steadily rising prices and threats of political manipulation of supplies by some producers. However, there is a consensus that the flow of Middle Eastern oil will increase if there is no new Arab-Israeli war.

The political implications of this new oil power in the Middle East, where Arab nations are major producers, are not yet fully clear. Both radical and moderate Arab leaders see it as a potential turning point in relations with the West regarding their conflict with Israel, but there is no agreement on whether to use oil as a "weapon" by limiting or halting supplies.

In Western European countries such as France and Italy, which are heavily dependent on Middle Eastern and North African oil, the situation clearly influences their policy of cultivating Iraq and Libya, both big producers, and of selling them arms.

"When a million little Bedouins in Libya have the power, by denying their oil, to paralyze the economy of a modern European nation of 50 million people such as Italy, that is a ridiculous situation, but that is where we are," a European oil-company official commented.

As for the United States, the supply of oil from the Middle East has not been a vital

source for domestic consumption until now. A recent study by the organization for Economic Cooperation and Development, which includes the major industrialized nations, forecasts that by 1980 the United States will depend on imports for 40 per cent of its oil, compared with 21 per cent in 1970.

LOOKING TO THE FUTURE

To find out what the Middle Eastern producing countries want to do with their new bargaining power in the market and the political arena, and how they plan to invest their growing wealth, Arab petroleum leaders and development planners were interviewed along with Western oil-company executives, bankers, oil consultants and diplomats in the region and in Europe. The interviews turned up a wide range of vews, but there was general agreement on these main points:

There is little likelihood of even a partial political boycott of sales to Western allies of Israel unless there is a renewal of Arab-Israeli hostilities on a large scale, in which case a serious oil crisis could develop.

Prices will continue to rise, with supplies keeping pace with growing demand while the producing countries seek greater earnings to finance domestic development. Monetary stability and security for investments abroad will be necessary if production is to keep on expanding beyond what is needed to finance domestic growth.

Greater cooperation between producers and consumer governments is necessary to solve trade, monetary and investment problems arising out of the huge surpluses from oil earnings. This could include more industrial projects in the region using Middle Eastern resources and capital, but with export access to Western markets.

OLD ARRANGEMENTS DISPLACED

The new-found strength of the producer countries grows out of their recent success in recovering control over their resources. In the past control rested in the major Western oil companies under long-term concessions.

In Saudi Arabia the major concession, going back to an exploration permit in 1932, was obtained by the Arabian American Oil Company, formed by Standard Oil of California, Texaco, Exxon and Mobil.

In Kuwait the major concession was split in equal shares between British Petroleum and Gulf. In Iraq development since 1927 was through joint companies owned by British Petroleum, Royal Dutch Shell, Compagnie Francaise de Petroles, and, with lesser shares, Mobil and Exxon.

In Iran the so-called Western consortium, led by British Petroleum, had as participants all the Western companies operating in Saudi Arabia, Kuwait and Iraq, plus six small American independents with token shares.

The same companies, with minor exceptions obtained the principal concessions in the small sheikdoms—protected by the British until recently—of Bahrain Qatar, Abu Dhabi, Dubai and Oman, which are on top of some of the world's richest oil fields along the Persian Gulf and the Gulf of Oman.

TEN CENTS A BARREL

With wells that commonly produce 10,000 barrels a day, the cost at the wellhead in the area is estimated at 10 cents a barrel. There is no cheaper oil, though some of the low-sulfur grades—they cause less pollution—command a premium.

Under the traditional concession terms the companies decided how much oil to produce, where to sell it and how much to charge. The host government received a fixed royalty, usually 12.5 per cent of the sale price, and a tax, which was eventually fixed in the nineteen-fifties at about half the net sale price after deducting the royalty and production costs.

That system led to a dispute between the companies and the governments in 1960 that would prove fateful. With oil supplies relatively abundant and competition from small independents undercutting prices, the major companies announced a reduction in posted prices—those on which taxes are calculated—in the Middle East, thereby reducing governmental revenues.

The host countries protested against the "unilateral" decision, but the companies insisted on their freedom to set prices. The result was that Iran, Iraq, Kuwait and Saudi Arabia, joined by Venezuela, formed the Organization of Petroleum-Exporting Countries in Baghdad in September, 1970.

Initially they sought only to restore the posted prices to the levels of August, 1960, and they were largely unsuccessful until after the 1967 Arab-Israeli war, which brought the closing of the Suez Canal. Then their bargaining position improved.

OWNERSHIP BEING ENLARGED

By 1969 they were engaged in a full-scale assault on the concession system. Their effort has borne fruit in the last two years through measures establishing the right of host governments to fix prices and to obtain part or full ownership of oil resources through participation agreements or outright nationalization.

An oil executive, describing the change in relations between companies and governments as a shift from the tribal to the national concept in the Middle East, said: "It is only recently, with the Westernization of the Arab mind, that they have sought to exercise the full sovereign rights of a nation-state over its physical territory and its national resources."

A major factor in the new shape of the world oil relationship has been that the exporters' organization, expanded to include the 11 top producers, which provide 80 per cent of the oil in the world trade, has maintained a solid bargaining front. At the same time the Western companies and their governments have shown little ability to deal effectively with producer demands.

Government-owned European companies, such as Compagnie Française des Pétroles and Ente Nazionale Idrocarburi, as well as American independent companies in competition for crude, have been prepared to accept Arab terms on prices and ownership that undercut the concession agreements.

"Too many companies look only to their own short-term interests and forget about the long-run effects, which is why the producers are on top," said an economist for one of the big American concerns.

LIBYAN OUTPUT SLASHED

Critics of Western policy tend to emphasize the breakdown of company unity in 1970, when Libya, under her new revolutionary leader, Col. Muammar al-Qaddafi, demanded an increase in posted prices and tax rates and threatened to cut production. Libya was then supplying about 25 per cent of Western European oil because of the transportation advantage she enjoyed as a Mediterranean country in view of the closing of the Suez Canal.

The companies fought the increases for seven months, during which Libya cut production by 800,000 barrels a day from a high of 3.3 million. The Libyans, holding more than $2-billion in reserves then, could afford to squeeze the companies.

The break came when Occidental Petroleum, an independent American concern getting a third of its crude from Libya, accepted the new terms, which raised the posted price by 30 cents a barrel. The other companies, including such major ones as Shell, Texaco and Standard of California, followed suit. The critics say the major companies could have held the line by supplying Occidental with crude.

The outcome of the Libyan dispute with the companies was a milestone. Within a few months the Persian Gulf producers were demanding a 45-cent increase in tax payments per barrel. The companies settled for 30 cents in 1971, to rise to 50 cents in 1975.

Subsequently the producers demanded a periodic increase in prices to offset devaluation of the currencies in which their Western customers paid. This was accepted by the companies.

NATIONALIZATION BY ALGERIANS

In other actions influencing the attitude of the companies, Algeria nationalized her vast natural-gas fields in 1971 and took over 51 per cent of oil concessions on behalf of her national company, Sonatrach. This broke the favored position of French oil companies in France's former territory.

A long-festering dispute with the Western-owned consortium in Iraq reached a climax in June, 1972, with the nationalization of the big Kirkuk field. An attempted legal blockade of sales was undermined by the decision of the French national concern to continue buying 23 per cent of the Kirkuk crude and by purchases by Communist countries and such countries as India and Brazil.

Kuwait and Abu Dhabi drew on their huge wealth to lend Iraq money to offset her temporary loss of export revenue. The Soviet Union, which had become a close ally of the leftwing Iraqi Government, accepted oil on barter.

At the end of nine months the companies reached a settlement with Iraq surrendering the Kirkuk field in exchange for future delivery of 110 million barrels of oil and the right to expand production at the Basra field in partnership with the Iraqis.

The threat of nationalization, which became a reality under the revolutionary governments in Algeria, Libya and Iraq, has convinced the companies to accept more gradual participation agreements with Saudi Arabia, Kuwait, Abu Dhabi and Qatar. The accords give the host countries an immediate 25 per cent share of the concession companies, which agreed to hand over 51-per-cent control by 1982. Compensation for the partial take-over has been estimated at about $1 billion.

INVESTMENT IN PRODUCTION

Because of enormous increases in income, it has become easy for the Middle Eastern countries to buy out the oil companies and to assume additional responsibilities for investment in production.

The revenues for 1971–75 are estimated at $30-billion, without including adjustments for currency devaluations and the higher prices paid for the governmental share in jointly produced oil.

In the case of Saudi Arabia—the world's largest exporter, shipping six million barrels a day—the increase is from 90 cents a barrel in 1970 to $1.75 now.

Company profits per barrel are estimated at 25 cents, compared with 40 cents in the early sixties, but volume has doubled. Most of the price increase has been passed on to the consumer—and more expensive oil is to come.

The escalation of prices is built into the existing agreements, which expire in 1975. But can the industralized countries, which are the major consumers, live with steadily rising prices? What are the exporters going to do with all their money?

The two questions are closely linked, and experts on both sides are searching for answers in this new area of international relations.

SAUDIS: KEY TO FUTURE

Saudi Arabia is considered by many Western observers to hold the key to the future. With the largest proven reserves in the world, placed at 145 billion barrels, the desert kingdom has more oil than the United States and Latin America together, and much exploration remains to be done.

On the basis of known reserves, it is estimated that the Saudis could push production to 15 million to 20 million barrels a day by 1980—the estimated import requirements

of the United States and Japan at the end of the decade.

Other Middle Eastern exporters have less potential on the basis of present reserves. Iran talks of reaching eight million barrels a day; Iraq could go to four million to five million; Kuwait and Abu Dhabi are in a range of three million to four million.

Taken with the potential for expanded oil and gas production in Libya, Nigeria, Algeria, Venezuela and Indonesia, the Middle Eastern resources are sufficient to avert shortages in Europe, Japan and the United States.

The question is whether the Middle Eastern producers, led by Saudi Arabia, will want to increase output sufficiently, and at what price.

The alternatives, which are under active discussion in the Saudi Government, led by King Faisal, who has ruled since 1962, were discussed in an interview by Sheik Yamani. The Petroleum Minister is 42 years old, studied law at Harvard and has been an adviser to King Faisal for 13 years.

He spoke of his country's enormous needs for investment in education, health, roads, power and social welfare as well as industrialization. "This is a very big country and we are starting from scratch," he said, looking at a large relief map on the office wall.

It shows Saudi Arabia spanning the Arabian Peninsula, from the mountainous western region along the Red Sea to the Persian Gulf on the east, where the oil-rich desert sands slide into the sea. Strategically situated, its 870,000 square miles make it more than three times the size of Texas.

Population figures are uncertain—the first modern census is planned for next year—but there are estimated to be five million to six million people. Some are Bedouins, shepherding flocks on sparse desert grass; many more are villagers who have gotten their first schools, regular water supply and electricity.

In sharp contrast, the oil companies have introduced a highly modern sector of petroleum exploration, pipelines, refineries and big terminals where the world's largest tankers load oil. The industry, employing only 15,000 people directly, generates 95 per cent of exports and close to 60 per cent of national income.

In the larger cities such as this inland capital and the ports of Jidda and Dhahran, there is much that is modern in stores, television, airports and a growing network of highways. But there is also much visible poverty, with large shantytowns holding families that have come to the cities with primitive ways. They keep their goats in pens around shacks made of old boards and tin, and the women carry water in jugs from a few communal taps. Barefoot children abound.

IN THE FUTURE, A PARADISE

"Saudi Arabia will be a paradise in another 10 or 20 years," Sheik Yamani said, not boastfully but with quiet self-assurance. He was referring to the large-scale development programs that are under way in a five-year economic plan that calls for $11-billion in spending, including defense.

The plan is in its fourth year, and a new one to begin next year is under study. Hisham Nasr, an economist with a master's degree from the University of California at Los Angeles who is head of the planning organization, said it would be budgeted at $40-billion.

Some Western observers doubt that the Saudis can spend that much on domestic development, mainly for lack of projects and skilled manpower. The sources said that the more modest plan now in effect was behind schedule because of contract problems.

A major investment in the last 10 years has been in scholarships for study abroad in technology, administration and economics. Many of the several thousand people who benefitted can be found in Government ministries and enterprises and in private concerns.

Sheik Yamani points with particular pride to the establishment here of a higher institute of technology, the Petroleum College, which is turning out hundreds of Saudis trained in applied engineering.

INCREASED DEFENSE OUTLAYS

After development investment absorbs all it can, there will still be a surplus in oil revenues.

Some will go into defense spending. Saudi Arabia, a conservative, anti-Communist country, views with suspicion such left-wing governments as that in the Southern Yemen, on its southern flank, and the Chinese-backed rebellion in Oman.

The Saudi Air Force has been spending hundreds of millions of dollars acquiring British Lightning jets and has begun to get delivery on an order for 20 United States Northrop F–5 jet trainers and 30 F–5E fighters, which are very modern aircraft that cost $2.7-million each. The Saudi Army is receiving delivery of tanks from France under a $350-million contract.

Even the defense spending, budgeted now at $1-billion a year, will leave large surpluses. Sheik Yamani's solution is for Saudi Arabia to embark on a major industrialization program, emphasizing industries that can absorb energy sources here.

Speaking of the United States he said: "Remove from your economy industries that are now absorbing a lot of energy, such as aluminum, and install them here. This will provide demand for capital goods which you produce and get you back something in equipment sales while reducing your energy demand."

He recognized that this model of interdependent economic relations between oil exporters and industrial countries would require the opening of the developed countries' markets to imports of manufactures.

"The alternative is that there will be an enormous financial accumulation in our hands," he remarked. "Do you want to gamble on that?"

WARY OF FOREIGN PROJECTS

The possibility that oil exporters will invest surplus resources in financial holdings overseas or industrial enterprises in distant countries is viewed with growing reluctance in the Middle East.

Some investment is likely in so-called downstream oil ventures, such as overseas refineries and tanker fleets to deliver the oil of the national companies set up by most of the producers. Ten Persian Gulf producers, led by Kuwait, are setting up a tanker company with initial capital of $500-million.

Beyond that, there are doubts here whether it is desirable to raise output to earn more foreign currency than can be invested. Prince Saud, the Saudi Deputy Minister of Petroleum Affairs, said: "It may be that oil reserves in the ground are more valuable in the long run than financial reserves in a foreign bank."

The management of the monetary reserves is already a headache for the oil-exporting countries in view of currency instability. Middle Eastern bankers say that 80 per cent is held in bank deposits in Europe and the United States or as foreign government securities. About 20 per cent is invested in equity holdings in banks, real estate and enterprises.

ROLE IN MONEY CRISIS DENIED

Financial authorities in Saudi Arabia, and in Kuwait, which, with the help of British advisers, is probably the most advanced Middle Eastern country in financial management, scoff at reports that the holdings contributed significantly to the recent dollar crisis. "We were hurt by the dollar devaluation," a Saudi financial official said. In Kuwait a parliamentary debate on foreign investment heard a report that Kuwait lost $50-million to $60-million in the recent currency crisis.

Other large producers, with larger populations than Saudi Arabia and the Persian Gulf sheikdoms, have development needs that require maximum exports to finance investment and defense.

This is the case in Iran, with 30 million people and a five-year development plan calling for $23-billion in development investment, plus $2-billion for arms. Algeria is planning to spend $2.6-billion on development this year and Iraq more than $1-billion.

In the view of Western oil analysts, the development plans and military expenditures are the best guarantee that supplies will continue to flow, at least for the immediate future.

In the long run, on the other hand, the situation points to greater economic and political power for the Middle Eastern oil countries. With the exception of Iran they are all, to a greater or lesser degree, at odds with the United States policy of support for Israel, and they expect that a world that depends increasingly on their oil will eventually give more weight to their views.

Next: Plenty of fuel, but brownouts loom.

EXCERPTS FROM THE TESTIMONY BY THE HONORABLE WILLIAM E. SIMON

There is no question that this country critically needs its North Slope oil. Every barrel of that oil we can produce will reduce imports by a like amount. This Committee undoubtedly has heard many estimates of the rapidly increasing import levels we face if we don't reverse current trends. Estimates of oil imports in 1980 range between 10 and 15 million barrels per day. Imports of this magnitude could endanger our security and economic well-being.

These projections, however, assume that we do nothing and that present trends continue. Actually, we can take several steps to increase domestic supplies and decrease imports. The President has already moved decisively to increase energy supplies. The Congress can contribute substantially by passing legislation enabling us to initiate needed programs, such as the Alaska pipeline. The Alaska pipeline alone will not solve our energy problem. It will however, materially ease our monetary and energy security problems. So let us begin with its construction now.

The United States faces serious economic and monetary problems today because of our rapidly deteriorating balance of payments. We cannot afford to permit these deficits to go on mounting unnecessarily by delaying the development of already proven domestic resources.

In the past this country has enjoyed energy security because of our shut-in production potential. This potential has now disappeared. Imports are soaring. And several countries upon which we may have to depend for future energy supplies have declared that they intend to use their oil as a political weapon. Can we afford to become increasingly dependent upon such countries by deliberately delaying the development of the largest find of oil in U.S. history?

The significance of our North Slope energy potential is not just the 2 million barrels per day that could someday be delivered through an Alaska pipeline. Nor is it the 10 billion barrel proven reserves in the Prudhoe Bay field. Alaska has far greater potential reserves. Projections indicate that the North Slope has potential reserves of as much as 80 billion barrels. Thus, we might someday achieve an Alaska production of 5 to 8 million barrels per day.

This, in turn, could possibly reduce our first round balance of trade outflows by $7 billion to $12 billion per year. Production at

maximum rates would also materially strengthen our bargaining position with producing countries and increase our ability to meet any supply disruptions with minimum adverse economic consequences. It could, in short, go a long way toward solving our energy problems.

But to obtain the North Slope's full potential during the critical period of the 1980's, we must begin development now.

The question at this point is not whether we *should* develop our North Slope reserves. We should. We must. The question now being debated is how *best* to develop these reserves.

RISKY QUIBBLING OVER OIL

Petroleum may well be running a close second to Watergate as a national obsession before this year ends. Already the gasoline shortage is causing some people to trim their summer travel plans, and a fuel-oil crunch may be on the way. This whole problem could become a full-blown crisis, because the supply simply isn't there any more to meet the demand. And against such an ominous background, we find it incredible that a sizable segment of Congress, largely from the Middle West, is raising a parochial obstruction to the trans-Alaska oil pipeline.

This huge petroleum artery is ready to be built. The pipe that would extend almost 800 miles across Alaska, from the northern Arctic rim to the warm-water port of Valdez on the southern shore, already is on the ground. On that North Slope, untapped, is the largest oil pool ever discovered on this continent, which can come flowing down the line at a rate of 2 million barrels a day. And most importantly, this would be a domestic source, reducing the nation's costly and risky dependence on foreign oil imports. Those will rise to about 5 million barrels a day this year, and drastically increase until, in the 1980s, the dollar outflow may strike a severe blow at the American economy.

So the Alaskan oil is absolutely essential. Right now the $3 billion pipeline project is stalled, however, by a Supreme Court ruling on a question of corridor width across federal lands. Congress could, and should, remove this obstacle in short order by amending an old right-of-way law. But as that attempt gets underway, some lawmakers—in both the House and Senate—have launched a counter effort. They argue that the trans-Alaska line should be scrapped in favor of a route across Canada. That way, the oil would enter the petroleum-hungry Midwest which, they contend, will pay a cost penalty if shipment is down the West Coast in accordance with present plans.

There are some good points in this argument, but they have been raised much too late to justify any interference with the trans-Alaska plans. Shifting to a Canadian route could mean a five-year postponement in gaining access to North Slope oil, according to Interior Secretary Morton. If Congress forces such a delay, either by action or inaction, it will face a furious populace in the Midwest and everywhere else in the event of a crippling oil emergency. It should, as President Nixon recommends, get the Alaskan project unjammed, while the government begins negotiations for another pipeline across Canada. For this country will need every drop of oil it can get from both lines, and then some.

Mr. STEVENS. Mr. President, in closing, I thank my good friend, the Senator from New York and tell him that if more Americans would stand up as he has and address the problems of the American dollar without the emotionalism and fear revolving around Watergate, I think our European friends would understand the situation better.

It is certainly true that when the Senator from Montana (Mr. METCALF) and I were in Canada over the weekend, the questions we received from our Canadian friends over Watergate were in terms of what is happening to our system. I think that we enlightened them. The system is working. Indeed, Watergate, if anything, proves the validity of the American system of government. The very fact that hearings into the matter are going on and that we have several procedures to get to the root of the Watergate situation demonstrates and should demonstrate to the people throughout the world that the American system is sound and stable and that the present situation should not have any effect on our friends abroad.

Mr. JAVITS. Mr. President, I thank the Senator from Alaska very much for his very kind statement and for his, as always, deep comprehension of the resource problems of our country. I believe that the Alaskan pipeline is vital and should be constructed now. I believe that the environmental question can be reasonably and adequately dealt with in connection with this construction.

There is no reason why the environmental movement, which is so desirable, should run the risk of being a discredit to the United States with reference to the resources of America and the matter of oil supplies at this time. Developing our own resources increasingly is essential to our economic and strategic well-being.

Mr. President, I hope that the American people and the world will take note of the general comments of the Senator from Illinois (Mr. PERCY), speaking with his customary eloquence and from the viewpoint of an outstanding business leader as well as an outstanding Senator, of the remarks of the Senator from Delaware (Mr. ROTH) speaking in the great tradition of former Senator John Williams with reference to advocating the control of prices, and those of the Senator from Alaska (Mr. STEVENS) which affirm the mutual confidence we have in this government.

Mr. President, we cannot expect the world to have confidence if we do not assure the world that we have confidence in ourselves. And that is the way we join this colloquy and these contributions toward a solution of the problems that have developed.

Mr. President, I hope very much that today and on succeeding days, Senators on both sides of the aisle, government leaders, and business leaders will affirm the same conviction to the world, and that the President of the United States in honor of the Presidency will do his utmost to restore the confidence of the people of the world in our country.

At this particular time, it must be recognized that it is vital for the interest of this country and of the world that Congress be made a co-partner in what this country does. When that element is missing, a critically important factor has gone out of the government structure of the United States. And it is to reassert this that my colleagues and I have spoken today. I hope that a new administration attitude will creep into the subject of war powers, the bombing of Cambodia, or any other issue of that kind.

I hope that other Senators will also speak on this subject and that the world understands that under this governmental system Congress is a critically indispensable organ of our government, especially at a time when there is any reason to have concern about it.

Again I repeat that we honor the Presidency. It is the office that counts. And it is for that reason that I express the hope that the President will do his utmost to operate his office with the maximum efficiency and decisiveness as long as he sits in the office—without any regard to whatever charge may be made or whatever charge he may counter on the Watergate issues.

Mr. President, I wish to inform the Senator from West Virginia that we are very grateful to him for his great consideration.

Mr. President, I am prepared to yield the floor.

Mr. ROBERT C. BYRD. Mr. President, the Senator is welcome.

Mr. BROOKE. Mr. President, the distinguished senior Senator from New York has given today a lucid and timely reminder of the fact that although the United States faces several serious crises at present, its fundamental ability to fulfill its obligations, both domestically and abroad, remains largely unimpaired. I concur fully with the sentiments expressed by Senator JAVITS.

I have recently returned from Europe and, hence, know first hand of the apprehensions that exist there that the distinguished Senator alludes to. The current "attack" by speculators on the dollar is one manifestation of such apprehensions.

Fear exists in Europe that the present domestic problems faced by the United States will limit our ability to maintain an adequate commitment to the Atlantic Alliance. An alliance, as I pointed out to an audience in Mannheim, Germany, can only remain viable so long as its members have a high degree of confidence in each other's willingness and ability to fulfill mutually agreed upon obligations. Thus, expression of doubt in Europe as to America's ability to execute its responsibilities in the Alliance are certainly of grave concern to us all.

However, these doubts are based, I believe, on the erroneous premise that individuals rather than institutions are more important in providing continuity for American policies, foreign or domestic. The reverse, however, is a more accurate view of our system of government. It is our institutional governmental structure that provides the unique strength of our system of policy formation and execution. It is that structure that has weathered the test of crises in the past and has provided the United States the capability to draw strength from adversity in times of both foreign and domestic troubles.

One should not minimize the fact that recent developments have created short term impediments to the effective functioning of our governmental processes. Individuals, possessing misconceptions as to the lawful and acceptable scope of

their exercise of power, have betrayed the public trust. However, the debilitating effects of their betrayal will be short-lived. Our institutional structures can and will absorb the current shock waves without experiencing irreparable or long-term damage. The recuperative capacity of our system of government provides sufficient grounds for the optimistic belief that America can and will continue to play a full and active role in the world's work.

I reject the arguments of the harbingers of doom, both at home and abroad. The problems facing the United States may be difficult but they are not insoluble. What is needed is the courage and wisdom to confront these problems forthrightly in order to obtain real rather than cosmetic solutions.

Through judicious actions, such as those suggested by Senator JAVITS, we can mitigate the negative effects of the so-called energy crisis. The American people possess the wisdom to realize that some change in their energy consumption habits must occur. I believe they are willing to make the necessary sacrifices in this area. I also believe that their Government will take the necessary actions in the international sphere to enable it and other oil-consuming countries to bargain on a more equitable basis with the OPEC consortia of oil-producing countries.

The inflationary spiral now extant in the United States can be controlled if the administration is willing to impose more adequate wage and price controls. I sincerely hope that recent reports of administration intent to reexamine its inadequate inflation policies will result in a courageous and fair application of such controls as well as the formulation of some adequate means to restrict profits to a fair return on investment.

Finally, through prudent intervention in the international monetary system, the United States can "give the lie" to the "dollar speculators'" assumption that we lack the will or ability to negate their designs. The Senator from New York has offered a plan to accomplish this. His suggestions should be given careful consideration as we seek to find acceptable solutions to the recurring monetary crisis.

In sum, the crises that face America today provide us with the opportunity to once again exhibit the inherent strength and resourcefulness of the American people and their governmental system. I am convinced that both are equal to this task.

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. At this time, under the order, there will be a period for the transaction of routine morning business not to exceed 15 minutes, with statements therein limited to 3 minutes.

MESSAGES FROM THE PRESIDENT—APPROVAL OF JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries, and he announced that on June 5, 1973, the President had approved and signed the joint resolution (S.J. Res. 112) to amend section 1319 of the Housing and Urban Development Act of 1968 to increase the limitation on the face amount of flood insurance coverage authorized to be outstanding.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Presiding Officer (Mr. ABOUREZK) laid before the Senate a message from the President of the United States submitting the nomination of Malcolm R. Currie, of California, to be Director of Defense Research and Engineering, which was referred to the Committee on Armed Services.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 1316. An act for the relief of Claude V. Alcorn and twenty-one others;

H.R. 1323. An act for the relief of Mrs. Rosanna Thomas;

H.R. 1328. An act for the relief of Master Sergeant Eugene J. Mikulenka, United States Army (retired);

H.R. 1366. An act for the relief of Juan Marcos Cordova-Campos;

H.R. 1377. An act for the relief of Michael Joseph Wendt;

H.R. 1378. An act for the relief of James E. Bashline;

H.R. 1694. An act for the relief of Ossie Emmons and others;

H.R. 1716. An act for the relief of Jean Albertha Service Gordon; and

H.J. Res. 533. Joint resolution authorizing the President to proclaim June 17, 1973, as a day of commemoration of the opening of the upper Mississippi River by Jacques Marquette and Louis Jolliet in 1673.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 43) in recognition of the 225th anniversary of Washington and Lee University, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

S. 38. An act to amend the Airport and Airway Development Act of 1970, as amended, to increase the United States share of allowable project costs under such Act, to amend the Federal Aviation Act of 1958, as amended, to prohibit certain State taxation of persons in air commerce, and for other purposes;

S. 49. An act to amend title 38 of the United States Code in order to establish a National Cemetery System within the Veterans' Administration, and for other purposes; and

S. 1136. An act to extend through fiscal year 1974 certain expiring appropriations authorizations in the Public Health Service Act, the Community Mental Health Centers Act, and the Developmental Disabilities Services and Facilities Construction Act, and for other purposes.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. ALLEN).

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills were severally read twice by their titles and referred to the Committee on the Judiciary:

H.R. 1316. An act for the relief of Claude V. Alcorn and twenty-one others;

H.R. 1323. An act for the relief of Mrs. Rosanna Thomas;

H.R. 1328. An act for the relief of M. Sgt. Eugene J. Mikulenka, U.S. Army (retired);

H.R. 1366. An act for the relief of Juan Marcos Cordova-Campos;

H.R. 1377. An act for the relief of Michael Joseph Wendt;

H.R. 1378. An act for the relief of James E. Bashline;

H.R. 1694. An act for the relief of Ossie Emmons and others; and

H.R. 1716. An act for the relief of Jean Albertha Service Gordon.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 43) in recognition of the 225th anniversary of Washington and Lee University was referred to the Committee on the Judiciary.

TWENTY-MINUTE RECESS

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess for 20 minutes.

The motion was agreed to; and at 12:45 p.m. the Senate took a recess for 20 minutes.

The Senate reassembled at 1:05 p.m. when called to order by the Presiding Officer (Mr. NUNN).

SENATOR ROBERT C. BYRD PUTS THE ENERGY CRISIS IN PERSPECTIVE

Mr. STEVENS. Mr. President, I have just returned from a meeting of the Committee on Interior and Insular Affairs Subcommittee on National Fuels and Energy Policy, and at that meeting the distinguished majority whip, Senator ROBERT C. BYRD, of West Virginia, made a very important statement concerning the relationship of the coal reserves of this country with regard to the energy crisis. I come from an oil producing and gas producing State, and it might seem strange for me to ask that there be included in the RECORD a statement by the Senator from West Virginia, but I think it is highly important that we realize that the continuing reliance of this country on foreign energy is part of the monetary situation.

When the Senator from Montana (Mr. METCALF) and I were in Canada over the last week, we found that in the eastern tier they require every major energy consuming industry to be able to convert from oil to coal immediately. They have standby units so they can convert over to coal from fuel oil.

In this country we have become increasingly reliant on natural gas and oil,

and we have ignored our coal resources. I think it is important for us who are urging the development of our natural gas and oil supplies that we realize the opportunity for this country, as far as our ability to meet our own energy needs is concerned, lies in the resurrection of the coal industry of this country.

Mr. President, I ask unanimous consent that a statement made before the Senate Committee on Interior and Insular Affairs today by the Senator from West Virginia (Mr. ROBERT C. BYRD) be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. NUNN). Without objection, it is so ordered.

STATEMENT BY SENATOR ROBERT C. BYRD

ENERGY CRISIS

Mr. Chairman, this Committee is coming to grips with one of the most important challenges that has ever faced this nation. I refer to the energy crisis.

Recently the energy crisis has become front page news—with gasoline shortages, fuel allocations, and threats of confrontation between the oil-producing nations of the Middle East and the oil consuming nations of the world.

Convenience, rather than conservation, has been our historic guideline in the use of our energy resources. In our profligate use of energy, we have failed to develop the basic reserves to meet either the sudden demands of an emergency or the sustained demands of normal national growth.

I recognize that my views may be prejudiced by the fact that I represent the great coal producing state of West Virginia. But surely there can be no doubt that coal is the only energy source the United States has in sufficient supply to assure domestic security. To make this point, we need only note that coal comprises 88 percent of our presently considered recoverable reserves of all fuels, including uranium, and that our mineable coal deposits have an energy equivalent three times larger than the vast oil reserves of the Middle East.

President Nixon, in his recent energy message to Congress, mentioned that despite its abundance, coal accounts for less than 20 percent of the nation's energy base today. The President recommended increased development and utilization of coal as a matter of highest national priority. While his statements were accurate, the President did not suggest how we might put flesh on the bones—and his words perforce must ring somewhat hollow without an adequate program of implementation.

In these days of crisis stacked on top of crisis, we are understandably prone to push aside the one with less immediate public impact in favor of attacking the one with greater visibility. This is one reason why, for the moment, it is difficult for us to grasp the real dimensions of the energy crisis. Americans seldom react to the *threat* of adversity—the reaction sets in when adversity becomes a *fact*. The abundance of the past, makes it difficult to face the realities of the present.

Then we usually are inclined to overreact—to move faster than prudence dictates. This is precisely what we should avoid in the energy crisis. We still have time to work out solutions to our long range problems—not without hardship and frustration, but without irreparable damage.

As a people, we have habitually taken our energy fuels for granted, using them as we *found* them—with little regard for orderly development, and without thought of the future. We have become so accustomed to the idea of cheap, plentiful, energy that the necessity for coordinated energy planning has gone unheeded.

Now the time has come—rather the time is overdue—for us to take stock and determine a course of action that will assure the nation of an adequate energy supply for future generations.

The facts are these:

On one side of the coin, we see that America's requirements for energy will nearly double between now and 1985.

On the other side of the coin, we see that the cheap, low-sulfur fuels simply will not be available in quantities equal to the task. Nor will tomorrow's exotic sources of energy. For example, the breeder reactor and solar power will have real significance by the end of the century—but that's not today or tomorrow or 1985. To be sure, hydro-electric and geothermal energy, oil shale and tar sands will make a contribution in this time frame, but it will be minor. So we will have to continue to rely on the four workhorses of fuel: oil, gas, coal, and nuclear power.

If nuclear power were to reach its expectations, we would have to commission at least 280 new nuclear energy plants of 1,000 megawatts each. The cost would be $82.5 billion, plus $5 billion a year for fuel. And it takes at least five years to put a nuclear plant into operation.

Natural gas is in short supply. Worse still, production in this country is expected to decline about a third between now and 1985. Its price has been held at such low levels that demand has been encouraged to the detriment of more abundant competitive fuels.

What about oil? Without vast investments, we cannot expect to develop domestic oil in volumes sufficient to carry its share of the 1985 energy load. Why not, then, turn to imported oil? Today 26 percent of our crude oil comes from abroad. The ratio will increase to between 40 and 55 percent by 1985.

This trend poses grave dangers. First, it will aggravate our international balance-of-payments problem. In 1970, oil imports drained $2.1 billion from the account. This could reach the $20 to $30 billion range annually come 1985 if we fail to develop our domestic energy resources.

Moreover, our dependence on oil will be highly concentrated; most of it will come from the 11 OPEC nations. These countries, predominantly Arab, hold 85 percent of the Free World's crude oil reserves outside the United States and Canada. This makes us increasingly dependent upon the Middle East—dependent economically, and dependent from the standpoint of our national security.

All of which brings us to the subject at hand—the necessity to capitalize on our coal resources. Coal is wholly domestic; it is extractable now; its export exerts a positive, not negative, impact on our balance of payments; it employs wholly American labor; and it is secure and under our own control. Additionally, America has 390 billion tons of recoverable coal in the ground. That is a 300-year supply at today's rate of consumption.

Yet, we are producing no more coal today than we were 50 years ago. The reasons are many—a few of them understandable; most of them unreasonable. It was understandable, for example, that the railroads would switch from coal to diesel fuel. It was expected that the welded pipeline—ribbons which crisscross the country moving vast quantities of oil and gas—would impact negatively on coal marketing.

It was unreasonable, however, to forfeit coal's market share in the electric utility market by fiat—by government regulation that kept the prices of natural gas down to nearly give-away levels. It was unreasonable to exempt only residual oil from oil import quotas on the East Coast and thus drive domestic coal out of the utility market. It was unreasonable for government to unduly restrict the use of coal through excessive environmental regulation. I do not argue with clean air goals—however, the time frame required to achieve that clear air, compatibly with use of this nation's only abundant energy measure, has been unrealistic.

Because of these environmental restraints, the share of market held by coal among the utilities in the Northeast has dropped from a post-war high of 87 percent to only 10 percent today. Though not as pronounced, the switch to oil and gas has trended all across the country because utilities could not gamble with meeting rigid stack emission standards or sulfur restrictions on the fuel to be consumed.

The President called attention to the fact that next year's budget for coal research is up 27 percent—to $120 million. That figure embraces all the research being done by the Bureau of Mines on coal production, including health and safety, and by both the Bureau and the Office of Coal Research on gasification and liquefaction. Anyone who studies the White House fact sheet on energy would readily see that the $120 million for coal research compares unfavorably with the $320 million budgeted next year for work on the fast breeder nuclear reactor. While one could cogently argue that we have already made one major mistake by placing too much hope on the development of nuclear power, that is not a point I intend to pursue today.

The President said that it is not good business to provide more money for research than can be spent effectively. No one could justifiably argue with that statement. However, if coal is to be prepared for tomorrow—if it is to play the expanded role in energy production the President envisions for it—more is at stake than the mere continued right to conduct mining operations. New concepts and new approaches are required both for coal mining and coal use.

Mining research has been seriously neglected. Present technology for both underground and surface extraction of coal is simply inadequate to meet the ever increasing demands for energy. In underground mining, a decline in productivity in recent years is now a well established fact, although there are signs that the downward trend may have been arrested and even reversed.

The primary underground mining machine is the so-called continuous miner. This machine is now 25 years old and certainly in need of substantial improvement and modernization. As a matter of fact, it masquerades under false pretenses—it mines continuously until it fills what is called a shuttle car; then it must stop and wait for another shuttle car to move into place to haul another load of coal away.

In an efficient mine today, the so-called continuous miner operates only about one third of the time. Add to this the possible interruptions for roof control, ventilation, and testing for gas, and the definition of the word *continuous* is stretched far out of shape.

One of the coal industry's major needs is to develop a continuous transportation system, one that will keep the continuous mining machine operating full time instead of part time. The industry looks toward the day when an automated continuous machine and a continuous transportation system will mine and move coal from a series of parallel rooms of perhaps 1,000 feet in length—with no operator present. This means that several problems must be solved: horizontal as well as vertical guidance systems must be perfected to keep the mining machine in the coal seam; ventilation must be improved; new continuous mining machines must be designed and built; and a method of continuous transportation must be developed.

Some new techniques already are being attempted to improve underground mining productivity, but these efforts are directed largely toward enhancing the safety of the

miner and making better use of existing equipment. A few companies are using mobile bridge conveyors to move coal away from the mine face; others are experimenting with remote control of the mining machine so that the operator can remain under roof that is well supported and offers less danger than in the case when working at the mine face.

One company plans to test a system this year for moving coal out of the mine by pipeline. The longwall mining system, which has been used in Europe for many years, is spreading in this country. One company is experimenting with a shortwall, or modified longwall mining system.

The Bureau of Mines has received a number of proposals for new and innovative mining systems. Some experts believe that the day is near when a technician sitting behind a computer-like console will operate underground mining machinery utilizing advanced electronics techniques. The console operator would direct the cutting and loading of coal while sitting far removed from actual operations. His equipment would give him continuous readings on accumulations of dust and gas, thus minimizing the possibility of an explosion.

Surface mining requires attention, too, if that method of mining is to continue. Much work has been done by industry to develop and establish environmental safeguards. However, we must improve on past performance. This applies especially in areas where terrain, drainage, soil conditions, and other factors pose challenges. Experimental and research efforts now under way should be stepped up so that coal can be recovered by surface mining methods without damage to the environment.

New mining technology obviously, therefore, must have a very high research priority if our coal resources are to be fully utilized. Precise estimates of the money needed for mining research are not easy to come by, largely because so little attention has been given to technological improvement.

The Federal government can, however, help accelerate the production of coal by aiding in research leading to improved efficiency and safety through development of methodology and hardware for coal extraction by new and revolutionary means. In this regard, I would suggest that the Federal government establish experimental mines to test and develop systems—not to produce coal but rather for purposes of demonstrating new, safer, and more productive mining methods. Such mines should be operated in such a manner as to obtain maximum input from the private sector and to assure rapid commercial application of all techniques so developed.

Ultimately underground gasification of coal appears probable, although Bureau of Mines efforts to perfect an underground gasification technique some years ago were not successful. But with new technology, underground gasification of coal is being actively considered once again.

I look toward the not-far-off day when coal will be converted commercially into synthetic gas and oil for non-polluting and highly desirable use. Meanwhile, there are steps which should be taken to enable coal to be burned in its conventional solid form without serious environmental effect. Certainly, there should be increased emphasis on construction of full-scale demonstration plants for the removal of sulfur oxides from stack gases. At present, much of the high sulfur coal in the Eastern half of the United States has been all but ruled out of the market because of the environmental restrictions on the use of high sulfur fuels. It is imperative that Eastern coals be used for power purposes if the nation is to avoid the constant threat of brownouts and blackouts.

To make possible the use of high sulfur coal, the federal government should substantially increase its commitments to the construction of demonstration plants to test the more promising sulfur oxide control processes.

Most of the current R&D into stack gas clean-up systems employs methods that create disposal problems and are costly and impractical for many power plants. What is needed is increased research and development of systems that recover the element sulfur. At least three such systems are now ready for demonstration at a cost of 10 to 29 million dollars each. The government could give impetus to this effort by fostering demonstrations and applications of commercial methods in the most suitable form, either through direct grants or investment recovery through compensatory techniques.

This would serve two purposes: It would result in quicker establishment of reliability in the systems which work best, and it would also result in lower costs for future plants through the development of manufacturing capability for the facilities involved.

The traditional view of research does not cover the indirect subsidy of manufacturing capability, but it is similar to the subsidized work that was followed in the development of atomic power. For example, in 1963 the federal government authorized subsidies of about $13 million each for three different light water reactors of almost identical design and size, to be started simultaneously. That type of assistance was instrumental in bringing the capital cost of atomic power plants to a level considered to be competitive with coal.

It appears entirely possible, I am informed, that an additional expenditure of $30 million by the federal government would contribute to the rapid development of acceptable sulfur control technology—while making our country less dependent on imported oil and scarce supplies of natural gas.

The emerging partnership between coal and gas is of crucial importance to our energy supply. Synthetic gas will cost more than regulated natural gas, but it offers a better and more reliable buy than foreign gas—or even synthetic gas manufactured here from imported petroleum feedstocks.

What the nation must guard against is pitting coal gasification against imports of liquefied natural gas in a fight for a limited number of dollars. Imported LNG is by no means a large economy-size solution to the gas shortage problem. It will cost billions of dollars in remote liquefaction plants, cryogenic tankers, and domestic receiving and regasification facilities—and the American consumer will have to pay those costs in higher gas prices. After all that, the consumer could find himself locked into a gas source over which he has no final control. If we must pay more for gas, let us at least put our money where our security is—in a synthetic gas industry based on our plentiful and reliable reserves of coal.

Ironically enough, the coal that the nation has largely rejected in its enthusiasm for gas can give the gas industry a new lease on life by supplementing its dwindling domestic supply. The nation's proven and economically recoverable reserves of coal represent, by an apt FPC comparison, the energy equivalent of about an 885-year supply of gas at the current rate of consumption. No one anticipates that all of this coal resource will be converted to gas, but a program to speed coal gasification to the commercial threshold is a practical guarantee that coal will become a significant source of new gas—synthetic, but equal to natural gas in cleanliness, heat value, and transportability by pipeline.

While the technology to accomplish coal gasification has existed for a long time, new technology promises to reduce the high cost of producing synthetic gas from coal. Four pilot plants for the conversion of coal into pipeline quality gas are either in operation or are in the construction stage. The next step is to push ahead the date for a demonstration plant as rapidly as can be done within the limits of prudent management.

Another promising approach in the conversion of coal is in low Btu gasification; that is, coal gas that is not of pipeline quality but is of sufficient quality to be used in power plants. Low Btu gas from coal is relatively inexpensive. It can be used more efficiently in combined cycle gas and steam turbines without environmental degradation. Costs involved in the use of low Btu gas should be competitive with any other method of producing electricity. Moreover, a substantial improvement in efficiency through the use of low Btu gas would result in the conservation of fuel resources.

In low Btu gas conversion, gasification will be accomplished at the power plant. Coal supply thus can be drawn from many sources. This is not true of pipeline quality gas, since the gasification plant in such case would be located at or near the mine.

If the low Btu gasification process is successful, as expected, it will mean that for the long-range future, coal, with the assistance of atomic energy, can satisfy our total electric power needs without harm to the environment. It is estimated that $15 to $20 million a year, for a period of 10 years, will be sufficient to bring this concept to maturity.

Coal liquefication also offers a promising avenue for coal research. We need only look about us at the gasoline shortage and the almost certain shortage of heating oils next winter to recognize the absolute necessity of finding a suitable supplement to our oil resources, regardless of the outcome of efforts to bring oil in from Alaska and to find new supplies on the outer continental shelf.

Like the gas industry, the petroleum industry has been living on declining reserves for some years but has been bolstering the supply by increasing imports. For several years, both gas and oil have been displacing coal in industrial and electric utility plants while attempting to keep pace with their own expanding markets. The cumulative effect of our living high on our most convenient oil resources has been the loss of self-sufficiency in oil producing and refining capacity.

One of the more promising research projects now underway is the solvent refined coal process, by which coal can be converted into an almost sulfur-free fuel. A 50-ton per day pilot plant is now under construction at Fort Lewis, Washington, to test this process. A second pilot plant project to explore solvent refining is being built at Wilsonville, Alabama, with funds from utility sources. The heating value of the refined product is about 60,000 Btu's per pound regardless of the quality of the coal feedstock. Large-scale development of the solvent refining process would enable us to use our huge deposits of high sulfur coal with little or no adverse effect on the environment. It is estimated that $25 million might be prudently invested in a solvent refining demonstration plant to establish the commercial feasibility of this process. The pilot plant at Cresap, West Virginia, is available to prove the commercial feasibility by converting coal to a low sulfur boiler fuel.

Finally, Dr. George Hill, director of the Office of Coal Research, has said that we should be planning now for massive coal-based energy producing complexes throughout the country. He envisions giant regional plant complexes that would produce 24 million kilowatt hours of electricity daily, along with a supply of clean fuel gas for power generation, 250 to 300 million cubic feet of pipeline gas for homes, and 75,000 barrels of synthetic oil. He says a commercial coal conversion complex would cover more than 1,000 acres, cost about $450 mil-

lion, and provide up to 2,000 jobs for the mine and plants.

I do not suggest, Mr. Chairman, that this is a complete list of potentially valuable coal research projects. There are other possibilities, such as MHD, which offer substantial promise as new methods of power generation. But for the moment, I believe we should concentrate in four major areas:

1. Improvement in mining technology.
2. Development of sulfur oxide control technology.
3. Gasification of coal for both a high Btu and low Btu fuel.
4. Liquefaction and solvent refining of coal.

These appear to be the most promising coal research projects to pursue in the next five years to improve our energy outlook.

We appear to have learned everything about energy except how to manage it wisely. That failure did not seem crucial so long as a plentiful supply could be tapped from readily available sources. Now, in the midst of real and growing shortages, we must start doing our long neglected homework. Coal is the only resource amply abundant to support positive planning for fuel sufficiency through this century. It is time for us to pay more attention to this long neglected fuel.

We need nothing less than a national commitment equal to that given to nuclear development to improve the production and use of coal, to make it more compatible with a pleasant environment, and to make its energy available in whatever form is desired—solid, liquid, or gas. Coal has its problems with the environment, but they can be, and are being, solved. The danger is that environmental standards—which are already ahead of the complex technology necessary to comply with them—will sap the coal industry's strength for survival. It will be a tragic irony for the nation if coal is made environmentally acceptable only after the industry's productive capacity is eroded.

Also, we must make our nation independent of other nations for energy supply. It is the sheerest of folly to place ourselves at the mercy of unstable, and sometimes unfriendly, foreign governments. Our wealth of coal reserves can assure the United States of a continuing supply of safe and adequate energy without imposing the risks involved in international politics. Without an adequate supply of energy from domestic sources, we can never bring our trade imbalance into balance, we cannot correct our imbalance of payments, we cannot solve our monetary problems, and we cannot long maintain our leadership role in the world. On the other hand, we can tell the world that we are on the road to energy adequacy and energy independence by the prompt development of *our* Middle East—the nation's abundant coal reserves.

ORDER FOR RECOGNITION OF SENATOR PROXMIRE ON FRIDAY, JUNE 8, 1973

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Friday, after the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Wisconsin (Mr. PROXMIRE) be recognized for not to exceed 15 minutes.

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

WORK PLAN FOR THE BANKLICK CREEK WATERSHED, KENTUCKY

A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a work plan for the Banklick Creek Watershed, Kentucky (with accompanying papers). Referred to the Committee on Public Works.

REPORT ON ACTIVITIES UNDER THE LABORATORY ANIMAL WELFARE ACT

A letter from the Under Secretary of Agriculture, transmitting, pursuant to law, a report on activities under the Laboratory Animal Welfare Act, for the calendar year 1972 (with an accompanying report). Referred to the Committee on Commerce.

PROPOSED LEGISLATION FROM DEPARTMENT OF AGRICULTURE

A letter from the Under Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Watershed Protection and Flood Prevention Act, as amended (with an accompanying paper). Referred to the Committee on Agriculture and Forestry.

PROPOSED TRANSFER OF DESTROYER ESCORT

A letter from the Acting Assistant Secretary of the Navy (Installations and Logistics), reporting, pursuant to law, on the proposed transfer of the destroyer escort ex-U.S. *Stewart* (DE 238) to the U.S. Submarine Veterans World War II—Texas, Inc., Galveston, Tex. Referred to the Committee on Armed Services.

PROPOSED DONATION OF CERTAIN SURPLUS PROPERTY

A letter from the Chief of Legislative Affairs, Department of the Navy, reporting, pursuant to law, on the proposed donation of certain surplus property to the Blackberry Creek Railway and Historical Society, Jacksonville, Fla. Referred to the Committee on Armed Services.

A letter from the Chief of Legislative Affairs, Department of the Navy, reporting, pursuant to law, on the proposed donation of certain surplus property to the city of Norfolk, Va. Referred to the Committee on Armed Services.

PROPOSED LEGISLATION FROM GENERAL SERVICES ADMINISTRATION

A letter from the Acting Administrator, General Services Administration, transmitting a draft of proposed legislation to amend the Defense Act of 1950, as amended (with an accompanying paper). Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT OF NATIONAL RAILROAD PASSENGER CORPORATION

A letter from the Vice President, Public and Government Affairs, National Railroad Passenger Corporation (Amtrak), transmitting, pursuant to law, a report of that corporation, for the month of February 1973 (with an accompanying report). Referred to the Committee on Commerce.

REPORTS OF COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "A Single Agency Needed to Manage Port-of-Entry Inspections—Particularly at U.S. Airports," Department of Justice, Department of the Treasury, Department of Agriculture, Department of Health, Education, and Welfare, dated May 30, 1973 (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Analysis of Cost Estimates for the Space Shuttle and Two Alternate Programs," National Aeronautics and Space Administration, dated June 1, 1973 (with an accompanying report). Referred to the Committee on Government Operations.

REPORT OF AVIATION HALL OF FAME, INC.

A letter from the Secretary, Aviation Hall of Fame, Inc., Dayton, Ohio, transmitting, pursuant to law, a report of that organization, for the calendar year 1972 (with an accompanying report). Referred to the Committee on the Judiciary.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders relating to suspension of deportation of certain aliens (with accompanying papers). Referred to the Committee on the Judiciary.

THIRD PREFERENCE AND SIXTH PREFERENCE FOR CERTAIN ALIENS

A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, reporting, pursuant to law, on the granting of third preference and sixth preference classifications to certain aliens (with accompanying papers). Referred to the Committee on the Judiciary.

PROPOSED LEGISLATION FROM SECURITIES AND EXCHANGE COMMISSION

A letter from the Senior Commissioner, Securities and Exchange Commission, transmitting a draft of proposed legislation to amend subsection (g) of section 1407, chapter 87, of title 28 of the United States Code to exempt actions brought by the Securities and Exchange Commission under the Federal securities laws from the operation of said section (with accompanying papers). Referred to the Committee on the Judiciary.

REPORT OF FEDERAL MEDIATION AND CONCILIATION SERVICE

A letter from the Director, Federal Mediation and Conciliation Service, transmitting pursuant to law, a report of that Service for the fiscal year ended June 30, 1972 (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

INSTRUMENTS OF INTERNATIONAL LABOR ORGANIZATION

A letter from the Acting Assistant Secretary for Congressional Relations, Department of State, transmitting, pursuant to law, the texts of ILO Convention No. 131 and ILO Recommendation No. 135, concerning Minimum Wage Fixing (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

REPORT ON PREVENTION AND CONTROL OF AIR POLLUTION

A letter from the Acting Administrator, United States Environmental Protection Agency, transmitting, pursuant to law, a report on the prevention and control of air pollution, for the calendar year ended December 31, 1972 (with an accompanying report). Referred to the Committee on Public Works.

REPORT OF ECONOMIC DEVELOPMENT ADMINISTRATION

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report of the Economic Development Administration, for the fiscal year 1972 (with an accompanying report). Referred to the Committee on Public Works.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

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

A concurrent resolution of the Legislature of the State of Louisiana. Referred to the Committee on the Judiciary:

"SENATE CONCURRENT RESOLUTION No. 90

"A concurrent resolution to memorialize the Congress of the United States to adopt, and submit to the states for ratification, an amendment to the United States Constitution which will guarantee the right of the unborn human to life throughout its development

"Whereas, the United States Supreme Court on January 22, 1973, nullified the laws of the various states, including Louisiana, regarding abortion and interpreted the United States Constitution in a way which allows the destruction of unborn human life; and

"Whereas, the sweeping judgment of the United States Supreme Court in the Texas and Georgia abortion cases is a flagrant rejection of the right of the unborn child to life through the full nine months of the gestation period; and

"Whereas, unborn human life is entitled to the protection of laws which may not be abridged by act of any court or legislature or by any judicial interpretation of the Constitution of the United States.

"Therefore, be it resolved by the House of Representatives of he Legislature of Louisiana, the Senate thereof concurring, that the Congress of the United States is memorialized, requested and urged to adopt, and to submit to the states for ratification, an amendment to the Constitution of the United States which will guarantee the explicit protection of all unborn human life throughout its development, except in such case as such protection would cause the death of the mother; will guarantee that no human being, born or unborn, shall be denied protection of law or shall be deprived of life on account of age, sickness or condition of dependency, and will provide that Congress and the several states shall have the power to enforce the provisions of such amendment by appropriate legislation.

"Be it further resolved that copies of this resolution shall be transmitted to each member of the Louisiana congressional delegation, to the Secretary of the United States Senate, to the Clerk of the United States House of Representatives and to the President of the United States."

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. JACKSON (for himself and Mr. FANNIN) (by request):

S. 1951. A bill to terminate, and to direct the Secretary of the Interior and the Secretary of the Navy to take action with respect to certain leases issued pursuant to the Outer Continental Shelf Lands Act in the Santa Barbara Channel, offshore of the State of California; to explore Naval Petroleum Reserve No. 4, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON:

S. 1952. A bill for the relief of Yolanda Moon. Referred to the Committee on the Judiciary.

By Mr. INOUYE:

S. 1953. A bill to amend title 5, United States Code, to improve the basic workweek of firefighting personnel of executive agencies, and for other purposes. Referred to the Committee on Post Office and Civil Service.

By Mr. STEVENSON (for himself and Mr. MATHIAS):

S. 1954. A bill to provide for public financing of campaigns for Federal elections, and for other purposes. Referred to the Committee on Rules and Administration.

By Mr. HUMPHREY:

S. 1955. A bill to provide financial assistance for the construction and operation of neighborhood service centers, and for other purposes. Referred to the Committee on Government Operations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 1951. A bill to terminate, and to direct the Secretary of the Interior and the Secretary of the Navy to take action with respect to certain leases issued pursuant to the Outer Continental Shelf Lands Act in the Santa Barbara Channel, offshore of the State of California; to explore naval petroleum reserve No. 4, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, I introduce a bill submitted and recommended by the Secretary of the Interior to terminate and to direct the Secretary of the Interior and the Secretary of the Navy to take actions with respect to certain leases issued pursuant to the Outer Continental Shelf Lands Act in the Santa Barbara Channel, offshore of the State of California; to explore naval petroleum reserve No. 4, and for other purposes.

Mr. President, similar legislation was introduced in the last Congress and was referred to the Committee on Interior and Insular Affairs, but no final action was taken with respect to the measure. The letter accompanying the present bill is jointly referred to the Committee on Interior and Insular Affairs and the Armed Services Committee. Although the subject matter of the bill is predominantly within the jurisdiction of the Committee on Interior and Insular Affairs, because of the reference to naval petroleum reserves in the bill, the executive communication was jointly referred.

The staff of the Interior Committee has discussed this measure with appropriate personnel in the Armed Services Committee who brought it to the attention of the distinguished junior Senator from Nevada (Mr. CANNON), chairman of the Subcommittee on National Stockpile and Naval Petroleum Reserves. An understanding has been reached that when the Committee on Interior and Insular Affairs concludes its consideration of the proposed legislation, if the Armed Services Committee desires to consider the bill further, then it would be re-referred to that committee after it is reported by the Interior Committee.

Mr. President, I ask unanimous consent that the text of the executive communication accompanying the proposed bill be printed at this point in the RECORD, together with a sectional analysis and the bill.

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

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., April 18, 1973.

HON. CARL ALBERT,
Speaker of the House,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a proposed bill "To terminate and to direct the Secretary of the Interior and the Secretary of the Navy to take actions with respect to certain leases issued pursuant to the Outer Continental Shelf Lands Act in the Santa Barbara Channel, offshore of the State of California; to explore Naval Petroleum Reserve Numbered 4, and for other purposes."

We recommend that the proposed bill be referred to the appropriate committee for consideration and that it be enacted.

The rationale for this proposed bill is best understood in light of a brief outline of pertinent events in the history of oil and gas development in the Santa Barbara Channel. When lands beneath the Santa Barbara Channel were recognized to be rich in oil deposits concern for the environment led the State of California, in 1955, to declare 16 miles of scenic coastline a sanctuary, closed to all oil exploration and development. The State waters on either side were open to petroleum development. The first Federal lease in the Santa Barbara Channel was issued in 1966, followed by 71 more leases in 1968. At the time of the oil well blow-out of January 1969, oil was being produced from fixed platforms on two Federal leases. Immediately following the blowout the Secretary of the Interior initiated a sweeping review of the Department's management program in the Channel. The Department's regulations and operating orders and the Channel's geology and environment were subjected to intensive scrutiny in this review process. At the same time, a second major action was taken. An order was signed which converted the existing two-mile buffer opposite the Santa Barbara State Oil Sanctuary into a permanent ecological preserve. Until this order was signed, the area, which covers 21,000 acres, had no special legal status.

The Department's concern for the environment of the Santa Barbara Channel area was reinforced with the enactment of the National Environmental Policy Act of 1969, 42 U.S.C. §§ 4321–4347 (NEPA), which directed all Federal agencies to use all practical means to improve their programs in light of the policies set out in NEPA and, to the fullest extent possible, to interpret and administer their policies, regulations, and laws in accordance with policies expressed in NEPA. Acting under this congressional mandate, the Department prepared environmental impact statements on exploratory drilling and on two applications for fixed drilling and production platforms in the Santa Barbara Channel.

The Department's geologic and environmental analysis initiated following the blowout led to conclusions which, in light of the subsequent enactment of NEPA, required that the Department review the implications of operations on existing leases. Moreover, in the course of this review the Department also considered the existing energy crisis and the present pressing need for oil and natural gas. As a result of this review, it has been determined, on a balancing of all national interests, that the overall benefits to the Nation from the establishment of a National Energy Reserve as this bill provides, would outweigh any anticipated benefits which would come from permitting the present development of oil and gas deposits pursuant to these leases. Such a National Energy Reserve would complement both the Federal Ecological Preserve and the adjacent buffer zone and would protect the unique environmental and recreational qualities of the Santa Barbara Channel and the four Channel Islands, which during the 92d Congress were included in a proposal to establish a Channel Islands' National Park.

Several bills covering the Santa Barbara situation have been introduced during the previous two Congresses, but none of them has been enacted. With this background in mind, we turn to an explanation of this bill, which is virtually identical to past proposals by this Department on the same subject.

The bill provides that 35 of the Federal leases in the Santa Barbara Channel will be terminated and the area covered by them, as well as certain other adjacent areas, will be included in a National Energy Reserve. The reserve will be available for lease only as determined by the President. Thus, while continuing to permit production from the geological structure damaged by the 1969 blow-out which underlies adjacent leases, the bill would prevent immediate development of strategic areas of the Channel which are subject to many of the same geological problems recognized after the 1969 blow-out and which lie close to areas widely recognized for their environmental and recreational qualities.

The bill provides a method for payment of compensation to the holders of the leases terminated by its provisions. The amount of compensation would be determined by the United States District Court for the Central District of California in suits initiated by the lessees.

To pay judgments, as certfied by the Department of Justice, the proposal would create a Petroleum Reserve account, to be funded with proceeds from the sale of oil extracted from Naval Petroleum Reserve Numbered 1, California. In the event the Petroleum Reserve account proved insufficient to satisfy outstanding judgment and compromise settlements, the bill authorizes an appropriation to enable the Secretary of the Treasury to advance funds to satisfy such judgments and compromise settlements, with the Petroleum Reserve account subsequently reimbursing the Treasury for such advances.

The bill would authorize the Secretary of the Navy to sell enough oil and gas from Naval Reserve Numbered 1, to provide funds sufficient, as far as possible, to pay the claims arising from terminated leases and certain related expenses. In addition, as a means of exploring the potential oil and gas deposits in Naval Petroleum Reserve Numbered 4, the bill would authorize the Secretary of the Navy to sell sufficient oil and gas from Naval Petroleum Reserve Numbered 1 to provide funds for that purpose.

While considering this bill, the Congress should be aware that in conjunction with a similar Departmental proposal introduced during the 92d Congress, the Secretary suspended operations on the same 35 leases in cluded in the present proposal for the duration of the 92d Congress and extended their lease terms for a period equal to the period of spspension. A similar suspension and extension order was issued by the Secretary concurrently with the transmittal of this proposal to Congress. However, the legality of the Secretary's action in this regard during the 92d Congress was challenged by lessees in the case of *Gulf Oil Corporation, et al. v. Morton,* now before the Court of Appeals for the 9th Circuit, and a companion case now before the District Court for the Central District of California, *Humble Oil Corporation, et al. v. Morton.* The District Court in the *Gulf* case ruled against the validity of the Secretary's suspension and extension order, holding that by so acting he was exceeding the scope of his authority, under the Outer Continental Shelf Lands Act of 1953, 43 U.S.C. §§ 1331–1343, to suspend leases in the interest of conservation.

This Department, through the Department of Justice, is appealing this decision of the District Court. We maintain that the 1971 suspension was in the interest of conservation and that the Secretary has authority under the Outer Continental Shelf Lands Act to extend the terms of leases so suspended. As the Department will continue to maintain this position until a final judicial determination is made otherwise, favorable action on this proposal would be consistent with existing executive department interpretation of the Secretary's authority.

We believe that the proposed bill recognizes and protects the important environmental values of this area of the Santa Barbara Channel, offers an equitable mechanism for determining and paying just compensation to the lessees, and preserves the resources involved.

In support of a similar Departmental proposal introduced in the 91st Congress, President Nixon stated:

"This proposal for Santa Barbara illustrates our strong commitment to use of offshore lands in a balanced and responsible manner . . . This recommendation is based upon the belief that immediate economic gains are not the only, or even the major way of measuring the value of a geographic area. The ability of that area to sustain wildlife and its capacity to delight and inspire those who visit it for recreation can be far more important characteristics. This proposal recognizes that technology alone cannot bring national greatness, and that we must never pursue prosperity in a way that mortgages the nation's environment."

The Office of Management and Budget has advised that this proposal is in accord with the President's program.

Sincerely yours,

JOHN C. WHITAKER,
Acting Secretary of the Interior.

SECTIONAL ANALYSIS OF PROPOSAL

Section 1 terminates several named leases, all rights to which are vested in the United States.

Section 2 provides the methods of recovery for leaseholders, via an action in the U.S. District Court for the Central District of California. The Department of Justice shall certify the judgments awarded to the Secretary of the Interior for payment.

Section 3 creates in the U.S. Treasury a Petroleum Reserve account from which payments are to be made in accordance with the Act. The account will be funded by the sale of U.S. oil and gas extracted from Naval Petroleum Reserve Numbered 1. In addition to compensating leaseholders pursuant to section 2 of the Act, this account may be used to carry out petroleum exploration of Naval Petroleum Reserve Numbered 4, Arctic North Slope, Alaska; to reimburse the general funds for losses occasioned by any reduction in existing oil and gas production on Federal lands caused by production from Naval Petroleum Reserve Numbered 1; and to enable the various Federal agencies involved in the Act to carry out their functions. This section also authorizes the Secretary of the Treasury to make advances to the Petroleum Reserve account.

Section 4 authorizes the Secretary of the Navy to produce sufficient oil from Naval Petroleum Reserve Numbered 1 to meet the requirements of section 3.

Section 5 creates a national energy reserve in the Santa Barbara Channel under the jurisdiction of the Secretary of the Interior.

S. 1951

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That effective on the date of enactment of this Act all of the following described leases, and all rights thereunder issued pursuant to the Outer Continental Shelf Lands Act in the Santa Barbara Channel, offshore of the State of California, shall terminate and the United States shall be vested with all of the right, title, and interest in said leases:

P–0179	P–0171
P–0176	P–0169
P–0178	P–0167
P–0175	P–0199
P–0177	P–0198
P–0174	P–0238
P–0173	P–0232
P–0170	P–0237
P–0172	P–0231
P–0168	P–0223
P–0230	P–0234
P–0222	P–0227
P–0206	P–0219
P–0229	P–0211
P–0221	P–0220
P–0213	P–0212
P–0201	P–0200
P–0228	

SEC. 2(a). The holder of any lease terminated pursuant to this Act shall be entitled as the sole method for the recovery of just compensation for the lease or leases so terminated to bring an action against the United States in the United States District Court for the Central District of California within one year after the date of enactment of this Act. Said court is expressly vested with jurisdiction of any action so brought without regard to the amount of the claim therein. Trial of any such action shall be to the court, without a jury.

(b) The amount of any judgment in any such action or of any compromise settlement of such action and any interest accruing thereon shall be certified to the Secretary of the Interior by the Department of Justice.

SEC. 3(a). There is hereby created in the Treasury of the United States a special account which shall be known as the Petroleum Reserve account from which payments shall be made in accordance with the provisions of this Act. In order to provide the funds for the Petroleum Reserve account, the Secretary of the Navy is directed to offer for sale on the open market under such competitive bidding procedures as he may establish, the United States' share of the oil and gas extracted from Naval Petroleum Reserve Numbered 1 pursuant to the provisions of this Act and to pay the funds realized from such sale into the United States Treasury. In each year, sales proceeds equal to the Government's receipts from Naval Petroleum Reserve Numbered 1 during the twelve calendar months immediately preceding enactment of this Act shall be credited to the general fund and the remaining sales proceeds shall be credited to the Petroleum Reserve account. Any sums remaining in the Petroleum Reserve account after the payments authorized by subsection (b) have been made shall be transferred to miscellaneous receipts of the Treasury, and thereafter the funds realized under this subsection shall be paid into miscellaneous receipts of the Treasury.

(b) There is hereby authorized to be appropriated out of the Petroleum Reserve account to the Secretary of the Interior, the Secretary of the Navy, the Secretary of the Treasury, and the Attorney General, to remain available until expended when so authorized in appropriation Acts, such sums as may be necessary to:

(1) enable the Secretary of the Interior to pay judgments, compromise settlements, and interest thereon, as certified by the Attorney General under section 3 hereof;

(2) enable the Secretary of the Navy to carry out petroleum exploration on Naval Petroleum Reserve Numbered 4, Arctic North Slope, Alaska;

(3) reimburse the general funds of the Treasury for any lost royalties, as determined by the Secretary of the Interior, resulting from a reduction of existing production from existing oil and gas leases on Federal lands caused by production of oil and gas from Naval Petroleum Reserve Numbered 1 under the provisions of this Act; and

(4) carry out the functions and responsibilities required of the Secretary of the Interior, the Secretary of the Navy, and the Attorney General under the provisions of this Act.

(c) In the event the funds in the Petroleum Reserve account are not sufficient to pay any amount so appropriated there is authorized to be appropriated to the Secretary of the Treasury for advance to the Petroleum Reserve account out of any money

in the Treasury not otherwise appropriated, such funds as may be necessary for such payments. The Secretary of the Treasury shall be reimbursed for such advances from funds paid into the Petroleum Reserve account in accordance with this Act, with interest thereon, at such rates as may be determined from time to time by the Secretary of the Treasury.

SEC. 4. Without regard to the provisions of chapter 641, title 10, United States Code, the Secretary of the Navy is authorized and directed to produce by whatever means he deems necessary sufficient oil from Naval Petroleum Reserve Numbered 1 to fulfill the requirements of section 3 hereof. The Secretary of the Navy is also authorized to renegotiate and modify existing contracts relating to production of oil from said reserve in such manner as may in his judgment be necessary or advisable to enable such increased production.

SEC. 5. There is hereby created a national energy reserve on the Outer Continental Shelf in the Santa Barbara Channel, offshore of the State of California, under the jurisdiction and control of the Secretary of the Interior. The said national energy reserve shall be made up of the land subject to the leases terminated pursuant to this Act, plus the land subject to waived lease P–0235 and the following described land as shown on the official Outer Continental Shelf Leasing Map, Channel Islands Area Map Numbered 6B, approved August 8, 1966, and revised July 24, 1967 as:

CALIFORNIA

(Official Leasing Map, Channel Islands Area Map, Numbered 6B)

Block and description:
50 north 66 west—All.
50 north 67 west—All.
51 north 65 west—Northwest quarter of the northwest quarter.
51 north 66 west—All.
51 north 67 west—All.
51 north 68 west—All.
51 north 69 west—All.
51 north 70 west—East half and east west half.
52 north 64 west—All Federal portion thereof.
52 north 65 west—All Federal portion thereof.
52 north 66 west—All Federal portion thereof.
52 north 67 west—All Federal portion thereof.
52 north 68 west—All Federal portion thereof.
52 north 69 west—All Federal portion thereof.
52 north 70 west—All Federal portion of east half and east half west half.
48 north 69 west—All.
47 north 69 west—All Federal portion thereof.
46 north 69 west—All Federal portion thereof.
47 north 68 west—All.
46 north 68 west—All Federal portion thereof.
47 north 67 west—All.
46 north 64 west—All Federal portion thereof.

The national energy reserve shall be available for lease only as determined by the President and under such terms and conditions as he may prescribe in accordance with existing law.

By Mr. INOUYE:

S. 1953. A bill to amend title 5, United States Code, to improve the basic workweek of firefighting personnel of executive agencies, and for other purposes. Referred to the Committee on Post Office and Civil Service.

Mr. INOUYE. Mr. President, The legislation which I introduce is designed to provide equitable relief to those courageous men who protect Federal property from the threat of fire. These Federal firefighters presently work a 72-hour week at salaries well below that of their municipal counterparts.

The average municipal firefighter works a 50-hour week. That is 22 hours less than the Federal firefighter. This legislation will cut that difference to 6 hours, by shortening the Federal firefighters workweek to 56 hours. The 72-hour workweek is an archaic remnant of the past which has survived for 25 years. Its end is long overdue.

Federal firefighters face tremendous danger in their work. If their skill and vigilance in the event of a fire at an ammunition dump or fuel storage facility is not of the highest caliber, the lives of thousands can be jeopardized. This bill will make their work hours more reasonable and may deter the loss of trained personnel from Federal employment.

Although further study and reform are necessary to bring the Federal firefighter force up to the highest standards of job efficiency and personnel satisfaction, this bill represents a beginning for providing equity for deserving Federal employees.

By Mr. STEVENSON (for himself and Mr. MATHIAS):

S. 1954. A bill to provide for public financing of campaigns for Federal elections, and for other purposes. Referred to the Committee on Rules and Administration.

FEDERAL ELECTION FINANCE ACT OF 1973

Mr. STEVENSON. Mr. President, Congress has sought several times to recognize the corrupting potential of money on our politics—notably with the Corrupt Practices Act of 1925, the Federal Election Campaign Act of 1971, and with the tax checkoff law.

Each of these laws, unfortunately, attacked the problem without conquering it. Each proved inadequate, piecemeal, or easily circumvented. And I fear that the campaign reform measures now under consideration are not sufficiently strong or comprehensive to overcome the problem.

The truth is that—despite Congress previous efforts at reform—money still poisons the rivers of our political life.

In 1972, the total amount spent by all political candidates was estimated at $400 million. More than 10 percent of that $400 million was collected for the reelection campaign of the President—about 50 million dollars for one campaign. At current rates of inflation and of increases in campaign costs, campaign spending will reach $1 billion in 1984.

Surely no one can doubt that one condition which made the Watergate scandal possible was the presence of so many dollars, collected by questionable methods, available to be spent in ways both unethical and illegal.

Even if all of the dollars were honestly contributed and honestly spent, they would still have a corrupting effect on our politics. For the vast sums now required for political campaigns raise the unholy specter that politics in the future will be an enterprise for rich people only: For rich candidates, or at the very least, candidates backed by rich contributors—and for public officials beholden to rich benefactors.

So the case for reform is compelling.

It is time to set some limits on the costs of campaigning for public office.

It is time to set some limits—workable and enforceable limits—on campaign spending and campaign contributions in Federal elections.

And it is our considerable challenge to do all this without drying up the campaign money which is essential if we are to sustain a vital and active political debate. This means financing campaigns at least in part with public funds.

The alternative—and we must face it squarely—is a political system in which candidates are beholden to large donors, if not literally up for auction. Such a system invites abuses from the unethical to the criminal.

The absence of strong laws and clear standards means that even the most honest and conscientious citizens in public life will always be vulnerable to false and damaging charges about their campaign financing—unless and until we raise "a standard to which the wise and honest may repair." The overwhelming argument for reform is not that reform will end all abuses and punish all offenders—but that it will protect the great majority of candidates and elected officials who are honest, decent, and law-abiding.

For this reason, Senator MATHIAS and I are introducing in the Senate today the first truly comprehensive campaign reform bill—and the first with bipartisan sponsorship—the Federal Election Finance Act of 1973.

The bill has four main provisions:

First, it establishes an independent Federal Elections Commission to oversee campaign financing and campaign practices in Federal elections.

At present the Justice Department is charged with responsibility for prosecuting campaign financing abuses and for enforcing elections laws.

This system has one overwhelming defect: The temptation to enforce the law in partisan and discriminatory ways, ignoring violations by one's own party members, and either aggressively pursuing violations by the opposition—or holding back for fear that prosecutions will look politically motivated. Even if the Justice Department were capable of absolutely evenhanded enforcement, its every action would be open to charges and insinuations of partisanship.

This is a clear argument for insulating the enforcement of election laws from partisan influences—and our bill, if enacted, would achieve that goal. The Federal Elections Commission it would establish would be removed as far as possible from partisanship.

The Commission would have seven members—the Comptroller General plus six others: Two appointed by the President, two by the President pro tempore of the Senate, and two by the Speaker of the House. No more than three members could be of the same political party, and all would serve staggered terms.

The Commission, which would report to both the President and Congress, would have the power to receive and disburse funds; to issue regulations; to require reports; to make investigations; to subpena witnesses, records, and testimony; to prosecute violators of the law. In short, it would be vested with all the necessary powers to administer and enforce the law.

Under this bill, responsibilities now scattered between several agencies and officials would be united in one agency—the Federal Election Commission. Campaign disclosure reports, now are scattered between the Secretary of the Senate, the Clerk of the House and the General Accounting Office, none of which have enforcement powers. Under this legislation, all reports would go to the Commission and it would have the power to enforce the law. It would have an enhanced power to punish violators who now receive only a slap on the wrist, if any penalty at all. Violations of disclosure laws are at present punishable by penalties of only $1,000 per count and/or 1 year in jail. This legislation would increase penalties to $25,000 and/or 5 years imprisonment per count.

Second, the bill would set up a Federal election campaign fund, which would make disbursements from the Treasury of the United States to candidates for Federal office.

Though the idea of public financing for political campaigns may seem novel and even visionary to some, it is neither; President Theodore Roosevelt proposed public financing as early as 1907.

But though debate about the idea has gone on for years, it always foundered on two questions.

First, there is the difficulty of fairly distributing public funds. In a nation without constitutionally established political parties, how shall we decide which parties and which candidates are eligible for public campaign assistance—and how much shall they get?

Second, there is the question of voluntary participation: Would not a system of public financing stifle the impulse of private citizens to participate in the political process by contributing to candidates of their choice?

Serious questions like these are not easily laid to rest; they merit serious debate. But the difficulty of finding perfect answers certainly is no reason for clinging to our present abuse-ridden system. We believe that our bill, though the answers it offers may not be perfect, provides a generally fair and workable system of public financing—and one which will permit private citizens to support their candidates with their contributions as well as their work and their votes.

Disbursements from the election campaign fund to candidates would be apportioned this way:

A campaign organization or candidate could qualify for assistance as either "major" or "minor", under definitions established in the bill.

It would be defined as "major" or "minor"—and would receive assistance accordingly—either by demonstrating past electoral potency through recent voting statistics or present public appeal through signed voter petitions.

A major party nominee for President could receive from the fund up to 5 cents for every voting age citizen of the United States—one-third of the maximum he would be allowed to spend.

A major party candidate for the House of Representatives or the Senate could receive from the fund up to one-third of the total amount this law will allow him to spend.

A minor party candidate or an independent candidate could receive disbursements from the fund according to a formula based on previous voter performance or on current strength as demonstrated by voter petitions.

The Commission, in administering the fund, would require from all candidates, committees, and parties, reports of all contributions and expenditures for all Federal campaigns.

Third, the bill would establish strict and enforceable limits on campaign spending in Federal elections—limits that apply to all candidates.

In campaigns for the Presidential nomination, the basic requirement would be that candidates could spend no more than 15 cents per voting-age citizen in each State.

In general elections, Presidential candidates would be limited to 15 cents per voting age citizen in the United States. This is the same amount granted by the existing checkoff law to Presidential candidates.

Candidates in general elections for the Senate would be allowed to spend the greater of two sums—either 20 cents for each voting age citizen in his State, or $175,000.

Spending by candidates for the House in general elections would be limited by a similar formula: the greater of two sums—25 cents per voting age citizen in the district, or $90,000. In the case of States having only one congressional district, a candidate would be allowed up to $175,000.

In any primary, a candidate for the Senate or the House would be subject to the same limits as in general elections—and in runoff primaries, to half that amount.

Under this bill, the limitation on personal investment by a candidate in his own campaign would remain the same as under the existing law: $50,000 for Presidential candidates, $35,000 for senatorial candidates, and $25,000 for House candidates.

All disclosures of campaign expenditures on behalf of any candidate would be made, under the law, through a single central campaign committee. This would discourage abuses by lodging responsibility for full disclosure in one person rather than scattering that responsibility as it now is scattered.

Fourth, the bill would set limits on contributions from all donors.

The basic requirement is that no person or group shall contribute, and no candidate shall receive, a donation totaling more than $3,000.

No candidate could collect, in the aggregate, more money than the maximum he would be allowed by the law to spend in his campaign. Any funds collected in excess of the maximum—and any anonymous donation over $25 or apparently illegal contribution shall be turned over to the Federal Elections Commission for incorporation into the Federal election fund.

The only exception to the $3,000 limit on individual gifts would be the respective Congressional Campaign Committees, since donations to them would be directed not to individuals, but to all the candidates of a party. "Earmarking" of gifts to Congressional Campaign Committees for particular candidates would be prohibited.

Finally, cash contributions of more than $25 to any candidate would be strictly prohibited.

These are highlights of a bill that is complex and detailed. But I hope I have made clear that this bill offers a truly comprehensive approach to the various problems of campaign finance. It is not merely another high-minded, unworkable scheme; it is a practical, workable, effective way to end campaign abuses and supply badly needed campaign funds.

Recently the President—whose zeal for campaign reform had not previously been widely known—declared himself in favor of reform. He announced that he would favor a high-level commission which would study and recommend legislation, after months of deliberation.

Certainly we should commend the President for his concern, and not speculate upon the motive for it. I can only say I wish that the President's support had come before the 1972 election—and that I wish the President's hospitality to ideas from high-level commissions in the past had been somewhat warmer.

I submit that what we need is not more lengthy deliberation, but the cleansing therapy of action—action by Congress now.

It is time for us in the Congress to show our own power and initiative.

The legislation we are proposing, if it is enacted, will have four major benefits:

It will end skyrocketing spending for Federal campaigns.

It will make it financially possible for all candidates, regardless of their wealth, to sustain their campaigns—without having to choose between bankruptcy on one hand and dependence on large, corrupting donations on the other.

It will bring order to the chaos of campaign law enforcement.

Finally, and most important, it will restore, in some measure, the confidence of our fellow citizens in the good faith and integrity of the system under which they live, and in the public servants who are its trustees and stewards.

Mr. President, the cost of this legislation would average about $25 million annually or about 10 cents per person in the United States. This is a small price to pay for the integrity of our hallowed but tarnished system of Government.

Mr. President, I ask unanimous consent that a factsheet and a copy of the bill be printed in the RECORD at this point.

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

There being no objection, the bill and

fact sheet were ordered to be printed in the RECORD, as follows:

S. 1954

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 Election Finance Act of 1973".

SEC. 1. Title III of the Federal Election Campaign Act of 1971 is amended as follows:

(a) The title is amended to read:

"TITLE III—FEDERAL ELECTION CAMPAIGNS AND FUNDS"

(b) Section 301 is amended as follows:

(1) Subsection (b) is amended to read as follows:

"(b) 'candidate' means an individual who seeks nomination for election, or election, to Federal office, whether or not such official is elected, and, for purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election, if he has (1) taken the action necessary under the law of a State to qualify himself for nomination for election, or election, to Federal office, or (2) received contributions or made expenditures, or has given his consent for any other person to receive contributions or make expenditures, with a view toward bringing about his nomination for election, or election to such office, or (3) has knowledge or information that any other person or political committee has received contributions or made expenditures for the purpose of bringing about his nomination for election, or election, to such an office and has not notified that person or political committee in writing to cease receiving such contributions or making such expenditures;"

(2) Subsection (d) is amended to read:

(d) "political committee" means:

(1) any committee, club, association, or other group of individuals organized for the purpose of, or engaged in, promoting or derogating the election of a candidate for Federal office;

(2) any national committee, association, or organization of a political party, a State affiliate or subsidiary of a national political party, and a duly organized State central committee of a political party;

(3) any county, city or local committee of a political party which collects, receives, or expends $25,000 or more in a calendar year, any portion of which is directly or indirectly allocable to an election for Federal office;

(4) any committee, association, or other organization which solicits, collects, or transmits contributions as an agent for either the donor, a candidate, or a political committee as otherwise defined in this subsection;

(5) any committee, association, political fund, or other organization sponsored by or affiliated with a corporation or labor organization that is engaged in permissible activities under sections 610 and 611 of title 18, United States Code; but

(6) notwithstanding the foregoing meanings of "political committee," the term shall not be construed to include any organization which maintains tax-exempt status under section 501(a) of the Internal Revenue Code of 1954 (title 26 of United States Code) and is described in section 501(c)(3) of such Code.

(3) Subsection (e) is amended to read:

(e) "contribution" means—

(1) a gift, subscription (including any assessment, fee, or membership dues), loan, advance, or deposit of money or anything of value, made for the purpose of financing, directly or indirectly, the election campaign of a candidate or any operations of a political committee, or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

(2) a contract, promise, or agreement, whether or not legally enforceable, to make a contribution for any such purpose;

(3) a transfer of funds between political committees;

(4) the payment, by any person other than a candidate or political committee, of compensation for the personal services of another person which are rendered to such candidate or committee without charge for any such purpose;

(5) goods, advertising, or services furnished to a candidate's campaign without charge, or at a rate which is less than the rate normally charged for such services;

(6) Notwithstanding the foregoing provisions, the term "contributions" shall not be construed to include—

(A) personal services provided without compensation by individuals volunteering a portion of all of their time on behalf of a candidate or political committee.

(B) communications by any organization, excluding a political party solely to its members and their families on any subject,

(C) communications (including advertisements) to any person on any subject by any organization which is organized solely as an issue-oriented organization, which communications neither endorse nor oppose any candidate for congressional office, and

(D) normal billing credit for a period not exceeding thirty days.

(4) Subsection (f) is amended to read:

(f) "expenditure" means—

(1) a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of financing, directly or indirectly, the election campaign of a candidate or any operations of a political committee, or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States.

(2) a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure, and

(3) a transfer of funds between political committees;

(5) Subsection (g) is amended to read:

(g) "Commission" means the Federal Elections Commission.

(6) Subsections (j), (k), (l), and (m) are added as follows:

(k) "Major party" means either—

(1) a political party whose candidate, or a candidate not affiliated with a political party, who received at least 25 per centum of the total votes cast for all candidates in the last preceding general election for the same office or, alternatively in the case of a candidate for the office of Senator or Representative in the most recent gubernatorial general election in the State in which he seeks election.

(2) a candidate, whether or not affiliated with a political party, who files with the Commission nominating petitions bearing valid eligible voter signatures aggregating at least 8 per centum of the voting age population of the district or State or, in the case of the offices of the President and Vice President of the United States, at least 8 per centum of the voting age population of at least one-half of the States.

(l) "Minor party" means either—

(1) a political party whose candidate, or a candidate not affiliated with a political party who, received at least 10 per centum but less than 25 per centum of the total number of votes cast for all candidates for the same office in the last preceding general election or, alternatively in the case of a candidate for election to the office of Senator or Representative, in the last preceding gubernatorial general election held in that State or District.

(2) a candidate for Senator, Representative, Delegate, or Commissioner, whether or not affiliated with a political party, who files with the Commission petitions bearing valid eligible voter signatures of at least 4 per centum of the voting age population of the district or State, or a candidate for President or Vice President, who submits petitions bearing valid eligible voter signatures of—

(A) at least 5 per centum of the voting age population of at least one-half of the States; or

(B) at least 10 per centum of the voting age population of at least one-third of the States; or

(C) at least 15 per centum of the voting age population of at least one-fourth of the States.

(m) "voting age population" means resident population, eighteen years of age or older. Within sixty days after the date of enactment of this Act, and during the first week of January 1974, and every year thereafter, the Secretary of Commerce shall certify to the Commission and publish in the Federal Register an estimate of the voting age population of each State and congressional district for the last calendar year ending before the date of certification.

(c) Sections 302, 303, 304, 305, 306, 307, 308, 309, 310 and 311 are renumbered as sections 310, 311, 312, 313, 314, 315, 316, 317, 318 and 319 respectively, and new sections 302, 303, 304, 305, 306, 307, 308, and 309 and captions are added as follows:

ESTABLISHMENT OF COMMISSION

SEC. 302. (a) There is hereby established, as an independent establishment of the Government of the United States, a commission to be known as the Federal Election Commission, which shall be composed of seven members consisting of the Comptroller General of the United States, and six appointive members. Two of such appointive members shall be appointed by the President; two of such appointive members shall be appointed by the Speaker of the House of Representatives; and two of such appointive members shall be appointed by the President pro tempore of the Senate. Of the members (other than the Comptroller General) who first take office—

(1) one shall be appointed for a term of two years,

(2) one for a term of four years,

(3) one for a term of six years,

(4) one for a term of eight years,

(5) one for a term of ten years, and

(6) one for a term of twelve years,

as designated by the Comptroller General at the time such members take office; but their successors shall be appointed for terms of twelve years each, except that a person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he succeeds. No appointive member of the Board may be a Member of Congress or an officer or employee of the United States Government. No more than three appointive members shall be of the same political party. The appointive members shall take office on January 1, 1974.

(b) The members of the Commission shall elect a Chairman and Vice Chairman from among their members to serve for terms of two years each.

The Chairman shall be responsible on behalf of the Commission for its operations and shall appoint and fix the compensation of such employees as he deems necessary for the performance of its functions. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman or in the event of a vacancy in that office. A vacancy in the Commission shall not impair the right of the remaining members to exercise its powers. Five members of the Commission shall constitute a quorum.

(c) The Commission may appoint an Executive Director without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, to serve at the pleasure of the Commission. The Executive Director shall supervise the

administrative operations of the Commission and shall perform such other duties as may be delegated or assigned to him from time to time by regulations or order of the Commission. The Commission may obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

(d) The Commission may appoint a General Counsel and attorneys without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and may, in connection with any particular investigation or proceeding, appoint special counsel, whose compensation he may fix without regard to the provisions of chapter 51 and subchapter III of such title.

(e) The principal office of the Commission shall be in or near the District of Columbia, but it may meet or exercise any of its powers at any other place and, during election campaigns, establish field operations as it deems appropriate.

(f) The Commission shall meet at least monthly during any calendar year in which there is a Federal Election and at least quarterly in non-election years.

(g) The Commission shall have an official seal which shall be judicially noticed.

(h) At the close of each fiscal year the Commission shall report to the Congress and to the President concerning its activities and operations during that fiscal year, including the names, salaries, and duties of all individuals employed by it, and the moneys it has disbursed, and may make such additional reports to the Congress and to the President on the matters within its jurisdiction, including recommendations for additional legislation, as it deems desirable.

(i) All officers, agents, attorneys, and employees of the Commission shall be subject to the provisions of section 9 of the Act of August 2, 1939, as amended (the Hatch Act), notwithstanding any exemption contained in such section.

(j) In carrying out its responsibilities under this title, the Commission shall, to the fullest extent practicable, avail itself of the assistance, including personnel and facilities, of the General Accounting Office. The Comptroller General is authorized to make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request.

(k) The members of the Commission, other than the Chairman and Vice Chairman, while engaged in the business of the Commission, shall receive compensation in amount one and one half times the maximum amount payable daily to experts and consultants under 5 U.S.C. 3109.

(l)(1) Whenever the Commission submits any budget estimate or request as otherwise provided by law, it shall concurrently transmit a copy of that estimate or request to the Congress.

(2) Whenever the Commission submits any legislative recommendations, or testimony, or comments on legislation to the President or the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have authority to require the Commission to submit its legislative recommendations, or testimony, or comments on legislation, to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

(m) The Commission shall have power—

(1) to require, by special or general orders, any person to submit in writing such reports and answers to questions as the Commission may prescribe; such submission shall be made within such reasonable period and under oath or otherwise as the Commission may determine and no person shall be subject to civil liability to any person (other than the Commission or the United States) for disclosing any information required by the Commission;

(2) to administer oaths;

(3) to require by subpoena issued by its Chairman or Vice Chairman the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

(4) in any proceeding or investigation to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (3) of this subsection;

(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States;

(6) to accept gifts and voluntary and uncompensated services, notwithstanding the provisions of section 3679 of the Revised Statutes (31 U.S.C. 665(b));

(7) to institute, prosecute, defend, or appeal, in the name of the Commission and through its own legal representatives, any civil or criminal action deemed necessary for the enforcement of any provision of this Act in any district court of the United States in which jurisdiction over the person or subject matter of such proceeding may be lawfully obtained and any such court shall, upon a proper showing and without bond, grant any appropriate relief, including a permanent or temporary injunction, restraining order, or other appropriate order, and may punish any refusal or failure to obey such order, or any noncompliance with any subpoena or order of the Commission, as a contempt;

(8) to prescribe rules and regulations, require the keeping of books and records, and conduct such examinations and investigations as it shall deem necessary to carry out the functions and duties imposed by this title.

(9) to delegate any of its functions or powers, other than the power to issue subpoenas, to any officer or employee of the Commission.

(n) Except as otherwise herein provided, all laws relating generally to the administration of departments and establishments and employees of the Government shall be applicable to the Commission,

(o) Until the appointment and qualification of all the members of the Federal Election Commission and its General Counsel and until the transfer provided for in this subsection, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall continue to carry out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971 as such titles existed on the day before the date of enactment of this Act. Upon the appointment of all the members of the Commission and its General Counsel, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall meet with the Commission and arrange for the transfer, within thirty days after the date on which all such members of the General Counsel are appointed, of all records, documents, memorandums, and other papers associated with carrying out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971.

FEDERAL ELECTION CAMPAIGN FUND

SEC. 303(a). There is established on the books of the Treasury of the United States a special fund to be known as the Federal Election Campaign Fund which shall be available without fiscal year limitation for disbursement to candidates for Federal offices in general election campaigns by the Federal Election Commission and shall consist of such amounts as may be appropriated to it as provided in subsection (b) and such further amounts as may be transferred to it by candidates for Federal office.

(b) There is authorized to be appropriated into the Fund from the Treasury of the United States $40,000,000 in Fiscal 1974 and in subsequent fiscal years such sums as may be necessary to carry out the provisions of this Act.

DETERMINATION OF AMOUNTS TRANSFERABLE

SEC. 304. (a) The amount which may be paid out of the Fund under section 306 to the account of a major party candidate for election to Federal office shall not exceed one-third of the expenditure ceiling applicable to such office under section 308 of this title.

(b) The maximum amount which may be paid out of the Fund to the account of a minor party candidate shall be the greater of—

(1) that sum which bears the same ratio to the maximum amount allowable to a major party candidate computed under subsection (a) as the number of popular votes received by the candidate of such minor party or by that candidate not affiliated with a party in the last preceding election for that office bears to the average number of popular votes received by all major party candidates for that office in that election; or

(2) 20 per centum of the amount allowable to a major party candidate computed under subsection (a).

(c)(1) A minor party candidate who receives more than 25 per centum of the total votes cast for all candidates for election to the office sought may have additional amounts transferred out of the Fund for campaign expenses incurred by him in connection with his campaign. The total amount of such additional transfers may not exceed the difference between the amount to which he was entitled as a minor party candidate and the amount to which he would have been entitled had he been a major party candidate, reduced by the amount, if any, of contributions he received which is in excess of the amount of contributions he could have received as a major party candidate.

(2) A candidate who does not qualify as a major party candidate or as a minor party candidate, but who receives 10 per centum or more (but less than 25 per centum) of the total votes cast for all candidates for the election to the office sought may have amounts transferred out of the Fund to his account in an amount equal to the amount to which he would have been entitled had he been a minor party candidate. If such a candidate receives 25 per centum or more of the total votes so cast, he may have amounts transferred out of the Fund in an amount equal to the amount to which he would have been entitled had he been considered a major party candidate.

The total amount of such transfers shall be reduced by the amount, if any, of contributions he received which is in excess of the amount of contributions he could have received as a major or minor party candidate, as the case may be.

(3) No amount shall be transferred under this subsection to the account of any candidate in excess of the amount by which that candidate's outstanding campaign debts exceed the campaign funds available to that candidate other than under this subsection.

(f)(1) For the purpose of paragraph (2)—

(A) The term "price index" means the average over a calendar year of the Consumer Price Index (all items—United States city average) compiled monthly by the Bureau of Labor Statistics.

(B) The term "base period" means the calendar year 1974.

(2) At the beginning of each calendar year (commencing in 1976) as there becomes available necessary data from the Bureau of Labor Statistics of the Department of Labor,

the Secretary of Labor shall certify to the Attorney General and publish in the Federal Register the per centum difference the price index for the twelve months preceding the beginning of such calendar year and the price index for the base period. Each amount determined under this section shall be increased by one-half of such per centum difference. Each amount so increased shall be the amount in effect for such calendar year.

(g) The amount determined to be transferable to a candidate for Federal office shall be reduced by any amount by which the total amount of money and resources reported by him in accordance with section 305(a)(4) exceeds 66⅔ per centum of the total amount of the limitation on campaign expenditures applicable to a candidate for that office under this Section 308 of title.

(h) For the purpose of determining the amount which is transferable from the fund for any candidate who seeks election to the House of Representatives from a district which has been established or whose boundaries have been altered since the next preceding general election for such office, the calculation of such amount shall be based upon the number of votes cast in the next preceding general election for such office by voters residing within the area encompassed by the new or altered district.

APPLICATION FOR ADVANCES OF FUNDS

SEC. 305(a). In order to receive amounts from the Fund, a candidate shall—

(1) file with the Commission, at such time and in such manner as it shall require a sworn statement in which he agrees to maintain and make available to the Commission such records, books, and other information as it may require.

(2) furnish the Commission a security deposit in an amount equal to one-fifth of the amount which he is entitled to receive from the Fund in connection with the election for which he requests assistance (but in no event to be less than $3,000).

(3) furnish the Commission with evidence satisfactory to it that he has qualified under applicable laws for election to the office which he seeks;

(4) furnish the Commission a sworn statement of all campaign expenditures made prior to the date of such statement, all contributions received and the total amount of money and value of other resources remaining available for campaign usage. The statement shall include the information required under Section 310.

The statement shall also list each amount of the personal resources of the candidate which have been used for campaign expenditures or which remain available for campaign expenditures, the date such amount was made available and the source of the amount; and

(5) furnish a separate statement showing the source of any additional amounts which may have been obtained to post the security deposit required under this section.

(b) The Commission shall promptly notify any candidate who applies for assistance from the Fund whether he is eligible to receive transfers from the Fund, together with a verification of the total amount to which he is entitled.

PAYMENTS FROM THE FUND

SEC. 306(a). Upon application made by a qualified candidate, the Commission shall transfer to the central depository bank account designated by the candidate, the amount to which he is entitled from the Fund for payment of his campaign expenses. The amount to which a candidate is entitled shall be transferred in approximately equal installments paid not less frequently than monthly during the period beginning on the date the candidate is notified of his eligibility and ending on the date of the election. Amounts determined under section 304(e) shall be transferred not later than thirty days after the date of the election.

(b) The Commission may, upon demonstration of reasonable need by the candidate under procedures prescribed by it make transfers to the candidate from the Fund in unequal amounts as requested by the candidate.

(c) Prior to receipt of the second, and any subsequent transfers from the Fund to the candidate's account, the candidate shall furnish the Commission with a report of all contributions received, all amounts made available from the candidate's personal resources to the campaign, and all expenditures made since the last report in the form required under section 305(a)(4).

(d) If, on the date a candidate for election to congressional office becomes eligible for transfers from the Fund, no other candidate has qualified for that Office under applicable law, the eligible candidate shall receive no more than (1) one-third of the amount to which he would otherwise be entitled or (2) the amount of $80,000. If, at any subsequent time prior to the deadline for filing, another person qualifies under applicable law to oppose him, then the Commission shall transfer, in the same manner, the remaining two-thirds of the amount to which the eligible candidate is entitled. No candidate who receives amounts under this title, nor anyone acting on his behalf, shall procure the candidacy of another as an opponent.

(e) Whenever the Commission determines that amounts remaining in, or available to, the Fund will be, or may be expected to be, inadequate to meet obligations arising under this section, it shall—

(1) advise the Congress of its determination, together with a recommendation concerning the amount which must be added to the Fund in order to meet fully such obligations during the current fiscal year; and

(2) notify by registered or certified mail each candidate currently entitled to receive transfers from the Fund that the amount which is available to him under the provisions of this title may be reduced.

(f) Whenever the Commission makes a determination under subsection (e), it shall reduce the amount available for transfer to the account of each candidate by a percentage equal to the percentage obtained by dividing (1) the total amount to which all qualified candidates who have made application at the time of such determination to receive amounts from the Fund are entitled (less any amounts already transferred at such time to such candidates) into (2) the amount remaining in the Fund at the time of such determination. If additional qualified candidates make application thereafter, the Commission shall make such further reductions in amounts transferable as it deems necessary to carry out the purposes of this title. The Commission shall notify such candidates by registered mail of the reduced amounts available to them. If, as a result of a reduction under this subsection in the amount available to any candidate, transfers have been made from the Fund to the candidate's account in excess of the amount to which he is entitled, such candidate shall be liable for repayment to the Fund of the excess under such procedures as the Commission may prescribe by regulation.

PAYMENTS FROM CANDIDATES' ACCOUNTS

SEC. 307. (a) All payments received from the Fund, and all personal resources of the candidate to be used for campaign expenditures shall be deposited in the candidate's central campaign account. Other receipts and contributions may be deposited either in the central depository account or in a secondary depository account as provided for in Section 310. Each deposit made in an account shall be accompanied by a statement in the form prescribed by the Commission, containing such information about the funds being deposited as the Commission may prescribe.

The statement shall be verified as to the amounts deposited by the depository and then transmitted to the Commission within fourteen days after the deposit is made. The depository shall furnish to the Commission at least every fourteen days a statement of all withdrawals made from the account.

(b) No person authorized to make withdrawals from the candidate campaign account shall pay any amount out of that account for goods or services furnished, other than staff salaries, except upon the presentation of an invoice submitted by the person to whom the payment is to be made. The invoice shall describe the goods or services furnished to or for the benefit of the candidate, and shall be accompanied by a statement executed by that person certifying that the charges are not in excess of amounts usually charged by him for similar goods and services, and containing such other information as may be required by the Commission. Such invoices and statements shall be preserved by the candidate and made available for reasonable inspection by employees of the Commission.

(c) Amounts received by a candidate from the Federal Elections Campaign Fund may be retained for the liquidation of all obligations incurred during the campaign for a period not exceeding six months after the date of the election; and all obligations having been liquidated, that portion of any unexpended balance remaining in the candidate's accounts which bears the same ratio to the total unexpended balance as the total amount received from the Fund bears to the total of all deposits made into the candidate's accounts shall promptly be repaid to the Fund.

LIMITATIONS ON CAMPAIGN EXPENDITURES

SEC. 308(a). The maximum amount expendable by a candidate in any general election for the Office of President shall be 15 cents multiplied by the voting age population of the United States.

(b) The maximum amount expendable in any State by a candidate for nomination for the Office of President shall be 15 cents multiplied by the voting age population of the State, or $175,000, whichever is greater. The Commission shall prescribe regulations under which any expenditures by a candidate for nomination for the Office of President of the United States for use in two or more States shall be authorized to such a candidate's expenditure limitation in each such State, based on the number of persons in such State who can reasonably be expected to be reached by such expenditure.

(c) The maximum amount expendable by a candidate for the Office of United States Senate in any general or special election shall be the greater of—

(1) 20 cents multiplied by the voting age population of the State from which he seeks election; or

(2) $175,000.

(d) The maximum amount expendable by a candidate for the Office of Representative, Delegate, or Resident Commissioner in any general or special election shall be the greater of—

(1) 25 cents multiplied by the voting age population of the district; or

(2) $90,000 in the case of a district in a State having more than one district; or

(3) $175,000 in the case of a district comprising an entire State.

(e) The maximum amount expendable by a candidate for nomination for the Office of United States Senator, Representative, Delegate, or Resident Commissioner in any primary election shall be—

(1) In the first primary, the amount expendable by a candidate for that office in the

general election under subsections (c) or (d).

(2) In any runoff primary, one-half of the amount expendable by a candidate for that office in the general election.

(f) Each amount determined under this section shall be increased by one-half of the per centum difference between the price index for the preceding twelve months and the price-index for the base period as determined under section 304(f), of this title.

(g) No amount in excess of 30 per centum of the maximum amount expendable for a particular general election campaign shall be payable as salary, or reimbursement of personal expenses, to all persons employed by or on behalf of that candidate for purposes of that campaign.

(h) Amounts expended unilaterally and independently by any person in support of any candidate, and not at the request or suggestion of the candidate, his agents, or political committees operating in his behalf, nor in cooperation with them, shall not be counted as contributions to or expenditures by the candidate. No person to whom this subsection is applicable shall expend more than $3,000 for the purpose of influencing any election for Federal office.

(i) Amounts contributed to and expended by any candidate for delegate to a national nominating convention or a state convention or caucus which select delegates to a national nominating convention shall not be counted as contributions to or expenditures by a candidate for his party's Presidential nomination to whom the prospective delegate is pledged, bound or otherwise committed unless the amounts contributed to or expended by the prospective delegate are made by or at the request or suggestion of the candidate, his agents, or political committees operating in his behalf, or in cooperation with them.

(j) Contributions exceeding the limits set in section 309(a)(2) of this title may be received, and expenditures exceeding the limits set by this section may be made, for the sole purpose of repaying contributions made in the form of loans.

(k) Contributions to and expenditures by a candidate for the office of Vice President of the United States shall be deemed to have been made to or for (as the case may be) the candidate for the office of President of the United States with whom he is running.

LIMITATIONS ON CAMPAIGN CONTRIBUTIONS

SEC. 309. (a) No candidate for nomination for, or election to, Federal office shall:

(1) receive contributions from any person in connection with his primary election campaign or his general election campaign, which, in the aggregate, exceed $3,000.

(2) receive contributions from all donors which, in the aggregate, exceed the maximum amount expendable by a candidate for nomination for, or election to, that office under section 308, less the amounts received by him from the fund.

(b) No person shall make contributions to any candidate which, in the aggregate, exceed the limitations imposed by this section.

(c) In the event that a candidate, his agent or political committees shall receive either an anonymous contribution in excess of $25, a contribution in violatoin of this section, or a contribution which, in conjunction with other contributions received exceeds the maximum amount of contributions that candidate is permitted to receive under this section and section 308(j) of this title, such contribution or excess portion thereof shall be paid to the Commission for covering into the fund.

(d) The provisions of subsection (a)(1) of this section shall not apply to contributions made to a candidate for nomination for, or election to, the Senate or the House of Representatives by an official Congressional campaign committee of a political party. For purpose of this section "official Congressional campaign committee" means a committee organized by the House or Senate members of any political party having more than 5 per centum of the membership of the Senate or House of Representatives whose chairman files a statement with the Commission, in such form and manner and at such time as the Commission may require, designating the committee as the Official Senate Campaign Committee or Official House Campaign Committee of that party.

(e) No person may make contributions to any official campaign committee which, in the aggregate, exceed $3,000, and no such contribution shall be earmarked, expressly or by informal arrangement, for any particular candidate or group of particular candidates.

(f) Amending former section 302 (redesignated Section 310) to read as follows:

POLITICAL COMMITTEES, TREASURERS AND DEPOSITORIES

"SEC. 310. (a) Each candidate shall designate one political committee as his central campaign committee. The central campaign committee shall receive all reports made by any other political committee accepting contributions or making expenditures for the purpose of influencing the nomination for election, or election, of the candidate who designated it as his central campaign committee. No political committee may be designated as the central campaign committee of more than one candidate.

(b) Notwithstanding any other provision of this title, each statement or report that a political committee is required to file with or furnish to the Commission under this title shall, if that political committee is not a central campaign committee, be furnished instead to the central campaign committee for the candidates on whose behalf that political committee is, or is established for the purpose of, accepting contributions or making expenditures.

(c) Each political committee which is a central campaign committee shall receive all reports and statements filed with or furnished to it by other political committees, consolidate, and furnish the reports and statements to the Commission, together with its own reports and statements, in accordance with the provisions of this title and regulations prescribed by the Commission.

(d) Each candidate shall designate one central campaign treasurer who shall be the treasurer of the candidate's central campaign committee.

(e) Each candidate shall designate one (1) bank insured by the Federal Deposit Insurance Corporation as the central campaign depository for the central campaign treasurer and may designate an additional secondary depository in the District, State, or States in which he seeks election. All contributions and other funds received and all expenditures made by the candidate or his campaign treasurer shall pass through accounts in the central campaign depository or secondary depository. Each political committee as defined in this title shall designate one and only one bank insured by the Federal Deposit Insurance Corporation as its depository for the purpose of depositing in a single account and disbursing therefrom all expenditures made by the treasurer of the political committee.

(f) No contribution or expenditure, including contributions or expenditures of a candidate himself or of his family, or transfer of funds shall be directly or indirectly made or received, in furtherance of the candidacy of any person for nomination or election to political office or on behalf of any political committee except by check through the duly appointed campaign treasurer of the candidate or political committee and the appropriate designated depository except as provided in subsections (g) and (h) of this section.

(g) Notwithstanding the provisions of section 307 and subsections (e) and (f) of this section, campaign and committee treasurers may maintain petty cash funds from which expenditures may be made in amounts not exceeding $100 to one individual for a single purchase or transaction. Campaign treasurers and political committee treasurers are authorized to withdraw each week from the respective depositories $1,000 for the purpose of providing a petty cash fund, except that campaign treasurers of candidates for nomination for, or election to the office of President or Vice President may withdraw $50,000 weekly for this purpose. An accurate summary record shall be maintained showing all expenditures from petty cash funds and they shall be available for inspection upon request by the Commission's authorized representative.

(h) Deputy campaign treasurers designated by the campaign treasurer may exercise any of the powers and duties of a campaign treasurer as set forth in the act when specifically authorized to do so by the campaign treasurer and the candidate in the case of a candidate, or the campaign treasurer and chairman of the political committee in the case of a political committee; *Provided*, the campaign treasurer and candidate or the campaign treasurer and committee chairman are deemed directly responsible for the acts or omissions of any deputy treasurer appointed pursuant to this section.

(i)(1) Every person who receives a contribution in excess of $10 for a political committee, or a candidate shall, on demand of the treasurer, and in any event within five days after receipt of such contribution, render to the treasurer a detailed account thereof, including the amount, the full name, and mailing address of the person making such contribution, and the date on which received. If the contribution is in an amount or $100 or more, the account shall include social security number, occupation, and the principal place of business (if any);

(2) All funds of a political committee shall be segregated from, and may not be commingled with, any personal funds of officers, members, or associates of such committee.

(j) It shall be the duty of the treasurer of a political committee or candidate to keep a detailed and exact amount of—

(1) all contributions made to or for such committee or candidate;

(2) the full name, and mailing address of every person making a contribution in excess of $10 and the date and amount thereof and, if a person's contributions aggregate $100 or more, the account shall include social security number, occupation, and the principal place of business (if any);

(3) all expenditures made by or on behalf of such committee or candidate; and

(4) the full name and mailing address, occupation and the principal place of business if any, of every person to whom any expenditure is made, the date and amount thereof and the name and address of, and office sought by, each candidate on whose behalf expenditure was made.

(k) It shall be the duty of the treasurer to obtain and keep the invoices and statements required by section 307(b) of this title. The treasurer shall preserve such invoices and statements for period of time to be determined by the Commission.

(l) Any political committee which solicits or receives contributions or makes expenditures on behalf of any candidate that is not authorized in writing by such candidate to do so shall include a notice on the face or front page of all literature and advertisements published in connection with such candidate's campaign by such committee or on its behalf stating that the committee is not authorized by such candidate and that such candidate is not responsible for the activities of such committee.

(m)(1) Any political committee shall include on the face or front page of all literature and advertisements soliciting funds the following notice: "A copy of our report filed with the Federal Elections Commission officer is (or will be) available for purchase from Federal Elections Commission, Washington, D.C."

(2) The Commission shall make copies of such reports available to the public at such charges as may fairly reflect the cost of reproducing them.

(n) No person shall make or accept on behalf of a candidate or political committee a cash contribution of $25 or more.

(f) amending former section 303 (redesignated as section 311) by:

(1) striking from the first sentence of subsection (a) the words "which anticipates receiving contributions or making expenditures during the calendar year in an aggregate amount exceeding $1,000" and inserting the words "as defined in section 301(d)";

(2) by striking out "supervisory officer" each time it appears in the section and inserting "Commission";

(3) by striking from the second sentence the words "in existence at the date of enactment of this Act" and insert "on or after April 7, 1972".

(4) by amending subsection (d) to read:

"(d) The filing of a statement of organization required by this section is permanent and establishes the continuing obligation of a covered political committee to file reports under this title unless—

(1) after filing one or more statements of organization the committee disbands, dissolves, or otherwise terminates its operations and notifies the Commission in a manner prescribed by regulation: *Provided*, that no committee which is out of compliance with any provision of this title or which has outstanding debts or obligations shall be permitted to disband or terminate without the express written consent of the Commission.

(2) a committee defined by section 301(d)(1), (4), or (5) determines that it will no longer receive contributions or make expenditures during any calendar year in an aggregate amount exceeding $1,000 and so notifies the Commission.

(3) by adding at the end thereof the following new subsection:

"(e) in the case of a political committee which is not a central campaign committee, reports and notifications required under this section shall be filed with the appropriate central campaign committee, in accordance with regulations prescribed by the Commission."

(f) amending former section 304 (redesignated 312) by:

(1) amending subsection (a) to read:

(a)(1) Each treasurer of a political committee which is required to file a statement of organization under section 304, each candidate for election to Federal office, and each treasurer appointed by a candidate, shall file with the appropriate supervisory officer reports of receipts and expenditures on forms to be prescribed or approved by him. Such reports shall be filed on the tenth day of April, July, and October, in each year, and on the tenth days next preceding the date on which an election is held, and also by the thirty-first day of January. Such reports shall be complete as of such date as the supervisory officer may prescribe, which shall not be less than five days before the date of filings, except that any pre-election contribution of $1,500 or more, received after the closing date of the last report required to be filed prior to the election, shall be reported within twenty-four hours after its receipt;

(2) Upon a request made by a presidential candidate or a political committee which operates in more than one State, or upon his own motion, the appropriate supervisory officer may waive the reporting dates (other than January 31) set forth in the second sentence of subsection (1) above, and require instead that such a candidate or political committee file reports not less frequently than monthly. The supervisory officer may not require a presidential candidate or a political committee operating in more than one State to file more than eleven reports (not counting any report to be filed on January 31 and special reports of contributions of $2,500 or more as required in subsection (1) above) under the provision of this subsection during any calendar year. If the supervisory officer acts on its own motion under this paragraph with respect to a candidate or a political committee, that candidate or committee may obtain judicial review in accordance with the provisions of chapter 7 of title 5, United States Code;

(3) The supervisory officer may waive the reporting requirements for candidates on the basis of a certified statement by the candidate that he will not personally engage in financial transactions involving his campaign funds, including incurring personal debts and obligations for such funds, except through his duly appointed treasurer or treasurers and his designated depository account.

(2) amending subsection (b) by inserting the words "social security number, if any," following the words "mailing address" in paragraph (2) and by striking out the phrase "in excess of $100" wherever it appears in subsection (b) and inserting "of $100 or more".

(3) amending paragraph (12) of subsection (b) to read:

(12) the amount and nature of debts and obligations owned by or to the committee, in such form as the Commission may prescribe, including (notwithstanding the provisions of subsection (a) with respect to filing dates) a continuous reporting of their debts and obligations after the election at such intervals as the Commission may require until such debts and obligations are extinguished, together with a statement as to the circumstances and conditions under which any such debt is canceled; and

(4) amending paragraph (13) of subsection (b) by deleting the words "supervisory officer" and inserting "Commission."

(5) by adding a new subsection (d) as follows:

"(d) Any contribution required to be itemized under this section but submitted without adequate information to make the requisite disclosures hereunder shall be returned to the donor, if ascertainable within 10 days of the date of receipt thereof, if the relevant information needed to make full disclosure is not otherwise obtained within such ten-day period. If the donor's identity and mailing address are not ascertained within ten days of the date of receipt, the proceeds of such contribution shall be paid to the Commission for deposit in the Fund."

(h) striking out "supervisory officer" wherever it appears in former section 305 (redesignated section 313) (relating to reports by others than political committees) and former section 306 (redesignated section 314) (relating to formal requirements respecting reports and statements) and inserting "Commission"; and by striking out "in excess of $100" appearing in said section 305 and inserting "of $100 or more".

(i) striking out "Comptroller General of the United States" and "him" in former section 307, (redesignated section 315) (relating to reports on convention financing) and inserting "Federal Elections Commission" and "it", respectively;

(j) striking out "Supervisory Officer" in the caption of former section 308 (redesignated section 316) (relating to duties of the supervisory officer) and inserting "COMMISSION";

(k) striking out "supervisory officer" in former section 308(a) and inserting "Commission";

(l) amending former section 308(a) by—

(1) striking out "him" in paragraph (1) and inserting "it or a central campaign committee";

(2) striking out "him" in paragraph (4) and inserting "it";

(3) amending paragraph (7) to read:

"(7) to prepare and publish compilations of reported contributions and expenditures for all candidates, political committees, and other persons during the year in such form and detail as it shall deem usefully informative, including aggregate amounts for any contributor of $1,000 or more."

(4) striking out "he" in paragraph (9) and inserting "it";

(m) striking out "supervisory officer" from subsection 308(b) and inserting "commission";

(1) striking out "Comptroller General" each place it appears therein and inserting "Commission", and striking "his" in the second sentence of such subsection and inserting "its"; and

(2) striking out the last sentence thereof;

(n) amending subsection (d)(1) of section 308 by—

(1) striking out "supervisory officer" each place it appears therein and inserting "Commission";

(2) striking out "he" in the first place it appears in the second sentence of such section and inserting "it"; and

(3) striking out "The Attorney General on behalf of the United States" and inserting "The Commission on behalf of the United States";

(o) amending former section 308, redesignated section 316, by adding a new subsection (e) as follows:

"(e)(1) Notwithstanding the provisions of subsection (a)3 any person who violates any provision of this title may be assessed a civil penalty by the Commission under paragraph (2) of this subsection which penalty shall not be more than $25,000 for each violation. Each occurrence of a violation of this title may constitute a separate offense. In determining the amount of the penalty the supervisory officer shall consider the person's history of previous violations, the appropriateness of such penalty to the financial resources of the person charged, the gravity of the violation, and the demonstrated good faith of the person charged in attempting to achieve rapid compliance after notification of a violation."

(2) A civil penalty shall be assessed only after the person charged with a violation has been given an opportunity for a public hearing and the Commission has determined, by decision incorporating its findings of facts, that a violation did occur, the amount of the penalty, and an order requiring that, and the time by which the penalty be paid. Any hearing under this section shall be of record and shall be subject to section 554 of Title 5 of the United States Code.

(3) If the person against whom a civil penalty is assessed fails to pay the penalty within the time prescribed in such order, the supervisory officer shall file a petition for enforcement of such order in any appropriate district court of the United States. The petition shall designate the person against whom the order is sought to be enforced as the respondent. A copy of the petition shall forthwith be sent by registered or certified mail to the respondent, his attorney if of record, and if the respondent is a political committee to the chairman thereof. The Commission shall certify and file in such court the record upon which such order sought to be enforced was issued. The court shall have jurisdiction to enter a judgment enforcing, modifying and enforcing as so modified, or setting aside the decision and order in whole or in part, or it may remand the proceedings to the Commission for such further action as it may direct. The court shall consider and determine de novo all

relevant issues, but upon request of the respondent, such issues of fact as are in dispute shall be submitted to a jury.

(p) striking out "a supervisory officer" in former section 309(a) (relating to statements filed with State officers) and inserting "the Commission".

(q) amending former section 311, redesignated section 319, by deleting the subsection designation (a); by deleting the amount "$1,000 and inserting $25,000"; by deleting "one year" and inserting "five years"; and by deleting subsection (b).

SEC. 2. The Campaign Communications Reform Act is amended by striking out "Comptroller General" where it appears in paragraphs (3)(C), (4)(B), and (5) of section 104(a), and in section 105, and inserting in lieu thereof "Federal Elections Commission".

SEC. 3. (a) Section 5313 of Title 5, United States Code, is amended by adding at the end thereof the following:

"(22) Chairman, Federal Elections Commission."

(b) Section 5314 of Title 5, United States Code, is amended by adding at the end thereof the following:

"(60) Vice Chairman, Federal Elections Commission."

(c) Section 5315 of Title 5, United States Code, is amended by adding at the end thereof the following:

"(99) Executive Director, Federal Elections Commission."

(d) Section 5316 of Title 5, United States Code, is amended by adding at the end thereof the following:

"(133) General Counsel, Federal Elections Commission."

SEC. 4. Title VIII of the Act of December 10, 1971, Public Law 92-178, (codified as chapter 95 of the Internal Revenue Code of 1954) is repealed in its entirety.

SEC. 5. Title I of the Act of February 7, 1972, Public Law 92-225, The Campaign Communications Reform Act, is amended as follows:

(a) Section 102 amended by deleting paragraphs (5) and (6).

(b) Subsections 104 (a), (b) and (c) are repealed in entirety.

(c) Subsection 104(d) is renumbered (a) and amended by deleting paragraphs (3) and (4) thereof.

(d) Subsection 104(e) is amended by deletion of the reference to subsection (c) therein.

(e) Subsections 104(f) is renumbered (c) and amended by deleting paragraph (1)(C) and the reference to subsection (c) therein.

(f) Section 105 is amended to read:

"SEC. 105. The Federal Elections Commission shall prescribe such regulations as be necessary or appropriate to carry out sections 102 and 103(b) of this Act."

SEC. 6. Section 315(a) of the Communications Act of 1934 is amended by inserting ", other than a candidate for Federal elective office (including the Vice-Presidency)," after "any public office".

FACT SHEET—MATHIAS-STEVENSON FEDERAL ELECTION FINANCE ACT OF 1973

I. OVERALL EXPENDITURE CEILINGS

Overall expenditure ceilings are set for all federal elections (primaries, primary run-offs, general elections, and special elections). Although in many cases primaries need not be as expensive as general elections, there are states and districts in which the primary is typically more hotly contested than the general election. For that reason, the expenditure limits for primaries are identical to those for general elections. The expenditure ceilings for primary run-offs are set at one-half the ceilings for primaries. The ceilings apply to all candidates in a federal election, whether or not they receive the public subsidy provided for in this act.

The expenditure ceilings are as follows:

For presidential primaries, fifteen cents per person of voting age population per state, or $175,000 per state, whichever is greater.

For presidential general elections, fifteen cents per person of voting age population (approximately $21 million in 1972).

For Senatorial elections twenty cents per person of voting age population, or $175,000, whichever is greater.

For House elections, twenty-five cents per person of voting age population, or $90,000, whichever is greater. House candidates runing in Disticts encompassing an entire state may spend up to $175,000.

In cases where an individual acting independently of any candidate or his campaign makes expenditures, those expenditures are not charged against the ceilings applicable to the candidates. In order to prevent individuals acting independently from distorting the electoral process by making large expenditures, such individuals acting independently are prohibited from spending more than $3,000 in connection with any election for federal office.

The overall ceilings provided for in this Act supersede the media ceilings in the Federal Elections Campaign Act of 1971.

II. LIMITS ON INDIVIDUAL CONTRIBUTIONS

No person may contribute more than $3,000 to a candidate for federal office. This limitation applies to all individuals and groups except for official Congressional campaign committees. Such committees are in turn prohibited from receiving individual contributions in excess of $3,000. Earmarking of contributions to official Congressional campaign committees is also prohibited.

The limitations on individual contributions do not apply to amounts supplied by a candidate himself from his private resources. Under existing law candidates may spend the following amounts of private, personal resources in furtherance of their candidacies: $25,000 for House elections, $35,000 for Senate elections, and $50,000 for Presidential elections.

All contributions made by an individual to a candidate for Federal office are aggregated. Thus, if a person gives a candidate $1,500 during a primary, that person may give no more than $1,500 during the general election.

The limitations on individual contributions apply to all candidates for Federal office, whether or not they receive the public subsidy.

III. PUBLIC FINANCING

The bill establishes a system of public financing for federal *general* elections. The extension of public subsidies to primaries raises complex questions of allocation among candidates and carries with it a real risk of proliferating primary candidacies. In addition, public subsidies of primaries would very substantially increase the costs of the program. Under the circumstances, it seems advisable to defer a decision on extending public subsidies to primaries until such time as we have accumulated some experience with public subsidies for general elections.

The cost of public subsidies provided for by this bill will be $35-40 million for the 1974 congressional elections. In the 1976 Federal elections, the estimated cost of the program is $45-55 million. The cost of a full set of Federal elections (100 Senate seats, 439 House seats, and one Presidential election) is estimated to be $65-75 million.

The maximum subsidy available under the act is one-third of the overall expenditure limit. A candidate may qualify for the full subsidy either on the basis of a past performance by him or his party of 25% or more in certain previous elections or by submitting petitions signed by eligible voters who constitute specified percentages of the voting age population. Candidates who fail to qualify for the full subsidy may nevertheless receive a partial subsidy of at least 20% of the full subsidy. To qualify for the partial subsidy, a candidate or his party must have received not less than ten per cent of the vote in certain previous elections or secure the signatures of voters constituting certain percentages of the total voting age population.

The public subsidy for Presidential general elections supersedes the subsidies provided for by the 1971 tax checkoff bill.

IV. ENFORCEMENT

The enforcement and administrative activities now divided between the General Accounting Office, the Secretary of the Senate, the Clerk of the House, and the Department of Justice are consolidated in a new Federal Elections Commission. The Commission is composed of the Comptroller General, two members appointed by the Senate, two members appointed by the House, and two members appointed by the President. All members are to serve terms of twelve years. Penalties for violating the Act are increased substantially. Civil penalties are raised from $1,000 to $25,000; criminal penalties from one year and/or $1,000 to five years and/or $25,000.

V. EQUAL TIME REPEAL

In order to enable networks and licensees to provide free television time to candidates in federal general elections, the equal time provision of the Communications Act of 1934 is repealed for Congressional as well as Presiential elections.

VI. TECHNICAL AND ADMINISTRATION PROVISIONS

The bill makes a number of technical and administrative changes in existing law. The principal ones are as follows:

1. The definition of "candidate" is expanded to include individuals who become aware that others are receiving contributions or making expenditures on their behalf and who fail to make written requests that such activities cease.

2. The definition of "polical committee" is expanded and clarified.

3. Each candidate is required to establish a central campaign committee through which all reports to the Federal Elections Commission must be made.

4. Cash contributions of $25 or more are prohibited.

5. All expenditures made by candidates and political committees must be made by check, except in transactions of $100 and under.

6. The Commission is empowered to prevent the disbanding of any political committee which has outstanding debts or which is out of compliance with any provision of law.

7. Contributions of $1,500 or more received after the closing date of the last report required to be filed prior to the election must be reported within 24 hours after receipt. Under existing law, contributions of $5,000 and over received after the closing date must be reported within 48 hours after receipt.

PUBLIC FINANCING OF FEDERAL ELECTION CAMPAIGNS

Mr. MATHIAS. Mr. President, the next election for President of the United States will occur in 1976. In that year we will also celebrate our Nation's bicentennial, the 200th anniversary of our independence. It is most appropriate that in anticipation of these two events we consider the question of electoral reform.

One of the principles that was of major concern to our Founding Fathers was equality of access to the political arena. This ideal was imperfectly met at the founding of our Republic and it is imperfectly met today, but we have made great strides toward meeting it during our history. The great extensions of the

franchise—to blacks, to women, and most recently to our younger citizens—the abolition of the poll tax, the direct election of Senators—all of these events were designed to remove barriers to the participation of our people in the selection of their leaders and to equalize control over political outcomes.

In recent years this concern about equality of political opportunity has found expression in attempts to reform our system of political campaigns. I have long been concerned about this question and I was pleased to have proposed 13 successful amendments to the bill that became the Federal Election Campaign Act of 1971, the first major reform of our campaign financing laws in half a century.

In addition, earlier this year I joined with Senator SCOTT, the distinguished minority leader, and with Senator STEVENSON in introducing a number of further reform proposals.

As important as these steps may be, they are not enough. The need for something significantly different and more effective was foreseen 65 years ago by Theodore Roosevelt, whose early political career was characterized by challenges to corrupt politicians and exposure of the seamy side of politics. I am convinced that it is time we take the giant step toward reform of our system of elections that Roosevelt envisioned—public financing of all Federal election campaigns. I am, therefore, today joining Senator STEVENSON in introducing the Federal Election Finance Act of 1973. In addition, I am joining as a cosponsor of Senator HART's Congressional Election Finance Act of 1973. I cosponsor these two bills not because I think either is perfect as it stands, but because I endorse the concept of public financing of campaigns and because both bills contain major features which I think should be included in a campaign finance law enacted by the Congress.

I would like to emphasize at this point that the idea of financing Federal elections out of public funds has long been recognized as consistent with basic American values and beliefs. Public financing was proposed, as I have said, by Theodore Roosevelt in 1907, and has been more recently endorsed by President Truman and President Johnson. Indeed, the Congress itself has endorsed the concept by twice enacting tax checkoff plans to finance Presidential elections.

A system of public financing would have three major benefits: It would equalize access to the political arena among candidates and among members of the general public; it would permit us to control the incredible growth in campaign expenditures; and perhaps most important it would enable us to remove a large part of the corrosive influence of big money from our political campaigns and our governing process.

Before going into the details of the public financing bills, there are two major objections to the concept of public financing which merit discussion. First, some people ask why their tax money should be spent to fund the campaigns of candidates with whom they disagree. I believe the general public has two interests at stake which justify this expenditure. The first is the issue of equality of access to the political arena which I mentioned earlier. Certainly it is in the interest of every citizen that all responsible, major candidates in an electoral contest have adequate resources to put their case before the voters so that those voters may make an informed choice among the candidates. When only one side is heard, democracy suffers.

Second, it is in the interest of all our citizens to have the integrity of our electoral process restored and insured. Not only must our election system be fair, honest and open, but it must also be believed to be so. Too many of our citizens believe, rightly or wrongly, that the Federal Government is operated mainly for the benefit of the big money interests who contribute such enormous sums to campaigns. Certainly the events surrounding the 1972 Presidential election have further shaken what little faith may have remained among our people. Public financing coupled with a low, strictly enforced, limit on private contributions could do a great deal to restore the confidence of the people in the integrity of the politicians they elect to govern them.

The second objection raises the issue of cost: Can we afford in this era of competing priorities, to spend substantial sums of money on public financing of elections? The answer to this question depends on how much the benefits I have outlined are believed to be worth. A public financing system which provided adequate subsidies to all candidates for Federal office would probably cost something on the order of $1 per person per year. I believe it is worth a dollar a year to insure the integrity of our electoral system.

S. — AND S. 1103

I would now like to offer a comparison of the major features of the two public financing bills. Since I will not attempt to discuss every aspect of these complex and comprehensive proposals, I ask unanimous consent that a section-by-section analysis of both bills be included at the conclusion of my remarks.

Both proposals provide subsidies for some Federal election campaigns. The Stevenson-Mathias bill covers campaigns for the Presidency as well as Senate and House, but subsidizes only general elections and not primaries. The Hart bill covers both primaries and general elections, but only for Congress, not the Presidency.

Both bills, in addition to providing public financing, set total expenditure limits and limits on individual and group contributions. In both, taking the public contribution is voluntary; in the Stevenson-Mathias bill the expenditure and contribution limits cover all candidates for Federal Office—in both primary and general elections—but in the Hart bill the limits apply only to candidates who elect to take the subsidy.

The two bills differ in the amounts they set for the expenditure limits, the contribution limits and the subsidies. Since a comparison of these features is most simply made in tabular form, I have had my staff prepare such a comparison and I ask unanimous consent that it be included at this point in the RECORD.

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

COMPARISON OF HART AND STEVENSON-MATHIAS PROPOSALS

Contribution limits: Hart, $250; Stevenson-Mathias, $3.000.

Limit on candidate's use of his own resources: Hart, $250; Stevenson-Mathias, same as present law.

EXPENDITURE LIMITS

President-primary: Hart does not apply; Stevenson-Mathias, in a given State, the greater of 15 cents per person of voting age or $175,000.

President-general election: Hart does not apply; Stevenson-Mathias, 15 cents per person of voting age.

Senate [1]—primary: Hart, greater of 12 cents per person of voting age or $100,000; Stevenson-Mathias, greater of 20 cents per person of voting age or $175,000.

Senate [1]—general election: Hart, greater of 18 cents per person of voting age or $200,000; Stevenson-Mathias, greater of 20 cents per person of voting age or $175,000.

House [1]—primary: Hart, 17 cents per person of voting age; Stevenson-Mathias, greater of 25 cents per person of voting age or $90,000.

House [1]—general election: Hart, 25 cents per person of voting age; Stevenson-Mathias, greater of 25 cents per person of voting age or $90,000.

SUBSIDIES—MAJOR PARTIES

President—primary: Hart, none; Stevenson-Mathias, none.

President—general election: Hart, none; Stevenson-Mathias, one-third of expenditure limit.

Senate [1]—primary: Hart, greater of 10 cents per person of voting age or $75,000; Stevenson-Mathias, none.

Senate [1]—general election: Hart, greater of 15 cents per person of voting age or $150,000; Stevenson-Mathias, one-third of expenditure limits.

House [1]—primary: Hart, 14 cents per person of voting age; Stevenson-Mathias, none.

House [1]—general election: Hart, 20 cents per person of voting age; Stevenson-Mathias, one-third of expenditure limit.

SUBSIDIES—MINOR PARTIES

Hart: Greater of 20 percent of major party subsidy or the same percent of the major party subsidy as the ratio of the number of votes received by the minor party in the previous election to the number of votes received by the major party receiving the lowest number of votes.

Stevenson-Mathias: Greater of 20 percent of the major party subsidy or the same percent of the major party subsidy as the ratio of the number of votes received by the minor party in the previous election to the average number of votes received by all major parties.

SUBSIDIES—OTHER PARTIES

Hart: Greater of 10 percent of the major party subsidy or the same percent of the major party subsidy as the ratio of the number of votes received by that party in the previous election to the number of votes received by the major party receiving the lowest number of votes.

Stevenson-Mathias: None.

As can be seen in the table, both bills provide some subsidies to minor parties as well as major ones. In the Hart bill,

[1] Both bills treat a candidate for the House in a state which has a single Representative running state-wide as if the candidate were a candidate for the Senate.

the determination of major or minor party status rests solely on previous electoral performance. A major party is one that received 25 percent or more of the vote in a determining election. A minor party is one that received 10 to 24 percent. For a candidate for the House, the determining election is the most recent general election for President, Governor or House; for a Senate candidate the determining election is the most recent general election for President or Governor. In the Stevenson-Mathias bill, major or minor party status is determined by previous electoral performance or the presentation of petitions bearing a certain number of signatures. In regard to previous electoral performance, the percentages are the same as in the Hart bill, but the determining election for the Presidency is the previous election for that office, for the House and Senate it is the previous election for that office or for Governor.

Both proposals provide for increases in the expenditure limits and subsidies to keep pace with inflation. The Hart bill increases those amounts at the same rate as increases in the consumer price index, the Stevenson-Mathias bill provides for increases at one-half of the rate of the consumer price index.

Finally, since the Hart bill provides for subsidies for primary contests, that proposal has provisions to prevent subsidies from going to "frivolous" candidates. The bill requires that all candidates who desire a subsidy must post a security deposit equal in amount to one-fifth of the subsidy for which the candidate is eligible. The security deposit would be raised from private donations, none of which could exceed $250. If the candidate failed to receive 10 percent of the vote in the election, he would forfeit the security deposit; if he failed to receive 5 percent of the vote, he would be obligated to repay the full amount of the subsidy. If the candidate did succeed in receiving 10 percent of the vote, the security deposit would be returned to the people who donated it.

These, then, are the major features of the two bills. Whatever final bill is enacted will be able to profitably adopt features from each of them. Other provisions will probably be suggested by others. I would like to conclude by outlining certain elements that I believe should be included in the final bill.

SOME FINAL PROPOSALS

First, we must guard against creating a self-serving system. That is, the law should not be designed so that it "locks in" incumbents. Therefore, both the expenditure limits and the subsidy should be high enough to permit a vigorous contest for office.

Second, in order to maximize access to the political arena, the campaign finance act should provide subsidies for primary, as well as general, elections, with adequate protection against subsidies going to "frivolous" candidates. I think some requirement of a certain number of petition signatures would accomplish this latter objective. I believe the requirement in the Hart bill that a candidate must repay the full subsidy if he does not receive 5 percent of the vote is unfair, for it makes a candidate financially liable for events over which he has no control. The security deposit concept is, however, a good one and—with certain provisions—should be incorporated in the final bill.

Third, the law should cover all Federal elections, the Presidency as well as the Senate and House.

Fourth, while the subsidy aspect should not be mandatory for all candidates, the expenditure and contribution limits should be.

Fifth, in addition to the subsidies available to major parties, some reasonable amount of money should be available to minor parties, at least in general elections.

Finally, I think there is a tradeoff between the amount of the subsidy and the limit set on private contributions. The larger we make the subsidy, the lower we can reasonably set the contribution limit. Again to equalize access to the political arena, I believe we should set the amount of the subsidy at a relatively high level. This would permit us to set the contribution limit at a level as low as, or lower than, that in the Hart bill.

I think all elected officials are tired of the view now prevalent in the country that all politicians are somehow automatically crooks. A recent poll indicated that the only occupation that ranks lower in public esteem than the politician is the used car salesman. Enacting a system of public financing will not change the public's image of us overnight, but it will go a long way toward restoring public confidence in the government that is supposed to serve them.

Mr. President, today I am also testifying before the Rules Committee on S. 372, which deals with the subject of Federal election campaign reform. I ask unanimous consent that my testimony be printed at this point in the RECORD.

TESTIMONY OF SENATOR CHARLES MCC. MATHIAS, JR., BEFORE THE SENATE RULES COMMITTEE ON BILLS DEALING WITH CAMPAIGN FINANCE REFORM, JUNE 6, 1973

Mr. Chairman, I want to thank you and the other members of the Committee for giving me this opportunity to testify today.

S. 372 is an attempt to take another step in the struggle to reform our system of elections and campaigns. As you know I have long been concerned about this question. Senator Scott and I introduced Senate bill 956 more than two years ago. Many provisions of that bill were contained in the Federal Elections Campaign Act of 1971, plus thirteen amendments which I added on the floor of the Senate.

The 1971 Act went a long way toward correcting problems in our system of campaigns. The bill you have before you today is an attempt to extend that corrective process still further. It contains some important proposals which have considerable merit. I have a number of suggestions for additions to or changes in S. 372 which I suggest for additions to or changes in S. 372 which I will speak to in a moment.

PUBLIC FINANCING OF ELECTIONS

But before I get to those matters, I want to offer an alternative proposal for the Committee's consideration. Either instead of S. 372, or as a replacement for it in the near future, I urge the Committee to consider a comprehensive system of public financing of federal election campaigns.

Today I have joined with Senator Stevenson in introducing the Federal Election Finance Act of 1973.

In addition I have joined as a cosponsor of Senator Hart's public financing proposal, S. 1103, which has been referred to this Committee.

I would like to emphasize at this point that the idea of financing federal elections out of public funds has long been recognized as consistent with basic American values and beliefs. Public financing was proposed as early as 1907 by President Theodore Roosevelt and has been more recently endorsed by Presidents Truman and Johnson. Indeed, the Congress itself has endorsed the concept by twice enacting tax checkoff plans to finance Presidential elections.

A system of public financing would have three major benefits: it would equalize access to the political arena among candidates and among members of the general public, it would permit us to control the incredible growth in campaign expenditures; and perhaps most important it would enable us to remove a large part of the corrosive influence of big money from our political campaigns and our governing process.

For the sake of brevity, I have appended my floor statement on public financing to this testimony. I will now turn to the specific suggestions I have for changes in S. 372.

First, there are a number of provisions contained in S. 1094, introduced by Senator Scott and Senator Stevenson in addition to myself, which I believe should be included in S. 372.

CENTRAL CAMPAIGN COMMITTEE

The most important of these provisions is the proposal that each candidate be required to designate one political committee as his central campaign committee. Under present procedures, each political campaign committee raising or expending over $1,000 must transmit reports to its supervisory office. Each candidate may have more than one political committee. Indeed, the federal gift tax regulations encourage the proliferation of committees. While not outlawing or discouraging the creation of committees, the proposed central campaign committee will correct the reporting confusion caused by the present arrangement by requiring consolidation of each candidate's reports by the central committee prior to transmittal of the reports.

Another provision of S. 1094 relates to amounts to be reported. The present act requires reporting of contributions "in excess of $100," and we proposed that this wording be changed to read "contributions of $100 or more." It would seem logical that a person would be more apt to give a contribution of $100 rather than $101, and if the objective of the law is to disclose to the public contributions of the $100 level, we are defeating the purpose of the act by keeping the present language. Of course, if the Committee chose to report an even lower figure, I would support it.

Next, S. 1094 included a provision that will change the reporting dates to the 10th of April, July, October and 10 days prior to the election, leaving the final report required by January 31 unchanged. There were numerous complaints about the cumbersome process of fulfilling these reporting requirements which this provision would correct. To assure a more accurate and timely accounting of expenses we have moved the monthly reports up a full month from March to April. To alleviate many of the red tape complaints, we have combined the five and fifteen day reports prior to the election. Then, to discourage last minute large contributions, we require that gifts amounting to $2500 or more be reported within 24 hours of receipt, instead of the present law which requires reporting of contributions of $5000 or more within 48 hours of receipt.

Another section of our bill related to the

compromising of campaign debts. Presently, the means or consideration by which a debt is extinguished are not reported. Thus, one can forgive a debt or accept token consideration for its satisfaction, and the report will only indicate that the debt is satisfied or extinguished. The new provision would require that when a debt is cancelled, that the report indicate the amount of money or consideration for which the debt was extinguished or a statement as to the circumstances under which the debt was cancelled.

Another loophole in the 1971 Act which S. 1094 addressed is the shielding of dues-paying members of clubs or organizations not specifically created to influence the outcome of an election.

At the present time, if such organizations contribute more than $1,000 to an election they do qualify as a political committee. Only the names of the officers of these committees must be filed. Our proposal requires the reporting of names and addresses of members of a non-political committee which attempts to influence the outcome of an election. This provision will eliminate some of the so-called pass-through donations we witnessed in the 1972 elections, that is, the shielding of the identity of the original donor so that his relationship with the candidate is not made public.

INDEPENDENT ELECTIONS COMMISSION

Finally, S. 1094 proposed the establishment of an independent elections commission. I am truly pleased to see that the Commerce Committee included an elections commission in S. 372, and that its powers and duties are largely what we had suggested. The independent commission is perhaps the most important of all the election reform proposals. Whatever set of laws we finally adopt to govern our elections, an independent elections commission will be needed to insure compliance. The only major difference between our proposal and the commission as contained in S. 372 relates to membership selection and tenure. While I am not wedded to any specific proposal, further reflection has led me to believe that it would be best if the power of appointment were divided among the President, the Senate and the House. All three will be affected by the operation of the commission, and thus all three should have a direct say in the membership.

The next two proposals I would like to offer for the Committee's consideration are contained in S. 1095, introduced by Senator Scott and myself. The first of these proposals deals with the definition of a candidate as contained in section 102 of the 1971 Act.

The definition of the term "candidate" is particularly significant in title I of the act for it triggers the media spending limitations for the candidate, and would trigger the proposed total expenditure limits in S. 372. In title I of the current law a "legally qualified candidate" is one who first, meets the qualifications prescribed by the applicable laws to hold the Federal elective office and second, is eligible under applicable State law. This narrow definition is contrary to the more inclusive definition contained in titles II and III where a "candidate" is defined in terms of accepting contributions or expending money to influence one's candidacy or having the knowledge of another doing same. To contain a more narrow definition applicable to spending limitations than to the title's dealing with criminal sanctions with reporting and disclosure, seems inconsistent and contrary to the objectives of the act. Furthermore, the FCC contains a definition of a "candidate" which is broader in scope than the one contained in title I and one which is equal in scope at least to the one contained in titles II and III. It could be argued quite persuasively, I think, that the new legislative definition would pre-empt any regulatory one.

It is also perplexing that title II contains a similar definition to that contained in title III, for it is here in title II that the act contains the other spending prohibition—that is, the prohibition of a candidate contributing to his own election beyond certain prescribed amounts.

The narrow definition in title I permits unlimited spending during a time when a candidate might be a candidate in every way except formality. Under the definition contained in title I, a candidate can meet the first criteria of qualifying under Federal law, say, in the case of a Senate election, by merely being 30 years of age and a citizen. The second criteria of qualifying under applicable State law varied, of course, from State to State; however, in some States, it is the responsibility of the candidate to file a petition followed by a period of grace when the petition is considered by State authorities. In this latter case, we encounter the most obvious example of permitting the candidate to have a "Roman carnival." During this interim period, he may spend what he wants without any statutory limitations and only when the State acknowledges the petition and the candidate is registered does he formally come within the purview of the statute.

However, the point is that in this definition, the criteria requires only affirmative action therefore permitting the candidate to be a passive, unannounced, or informal candidate for any period of time—accepting and spending contributions given to influence his candidacy without regard to any spending limitations.

Because of the inconsistent coverage in titles I and III of the act, it would not seem improbable for a candidate, during this unrestrained period, to be required to file reports under title III.

Certainly the application of the law should commence at the first act of candidacy or the last act of noncandidacy. Clearly, however, this definition permits one to act like a candidate in the eyes of the public and, at the same time, hide behind the cloak of loose legislative draftsmanship. Obviously, if all States allowed writein candidates, it could be argued that the problem would not exist for then the candidate, by his mere presence, would, as a matter of law, have qualified under State law; however, this is obviously not the case.

Our proposed amendment would add a new and third criteria to this title I definition of "legally qualified candidate." The new addition would cover the candidate who has publicly announced, or has knowledge that another person or political committee has received contributions or made expenditures in behalf of his candidacy. This addition would restore the public's right to know what the candidate is spending once he begins to act and function like a candidate for Federal office.

REPEAL OF EQUAL TIME REQUIREMENT

The other provision of S. 1095 would repeal the equal time clause of the broadcast law for all federal elections.

I am encouraged that S. 372 provides for repeal for presidential elections, but I remain convinced that the best interests of the electorate would be served by extending the repeal to Senate and House elections as well. For the Committee's information, I have appended copies of S. 1094 and S. 1095 to my testimony.

At this time I would like to draw the attention of the Committee to what appears to me to be another possible loophole in the present law. Section 102(3) of the Campaign Communications Reform Act read "The term 'Federal elective office' means the office of the President of the United States, or of Senator or Representative in, or Resident Commissioner or Delegate to, the Congress of the United States (and for the purpose of section 103(b) such term includes the office of Vice President)." Thus the office of Vice President is not included as a federal office for purpose of either the media spending limit of the present law or the proposed total expenditure limits in S. 372. Therefore, my reading of the law would indicate that unlimited amounts of money could be spent to advancet the election of a candidate for the Vice Presidency. If this is correct, the law should be changed to eliminate this possibility.

Finally, I would like to offer some comments on the proposed expenditure limits in S. 372, and two other matters proposed for this Committee's consideration: limits on case contributions and limits on the amounts of individual contributions to campaigns.

I support a limit on cash contributions. Any contribution of $100 or more should be required to be made by check. This would facilitate enforcement of the reporting requirements in the present law.

CONTRIBUTION AND EXPENDITURE LIMITS

I must confess that I am concerned about the effect of both contribution limits and expenditure limits without also providing for public financing. There is the danger that these limits could turn into an "incumbent protection plan," which would make effective electoral challenges difficult. On balance, however, I think at least individual contribution limits are necessary. The influence of "big money" must be removed from our political process. The Stevenson-Mathias bill proposes an individual limit of $3,000. I think the limits should be set at least this low and perhaps lower, and must apply to groups as well as individuals.

In regard to the expenditure limits in S. 372, I would like to raise two points. First, the twenty-five cents per person of voting age formula seems to have the effect of setting relatively low limits on House races and Senate candidates in the small states and unrealistically high limits on the Presidency and Senate candidates in the large states. For example, in 1972 a Senate candidate in California could have spent a total of almost seven million dollars in the primary and general election combined.

Second, the problem of unrealistically high limits is exacerbated by the fact that limits will increase at the same rate as the Consumer Price Index. I have had my staff prepare projections of the growth of the Presidential expenditure limits for a general election in the future, employing population projections from the Census Bureau and assuming a 3½ percent annual growth in the Consumer Price Index. The projections appear in the table below. While we cannot perfectly predict the future, these projections give us some idea of what the limits will look like in the years to come. We can see that by 1980 a Presidential candidate would be permitted to spend up to $54.5 million in the general election alone, and by the year 2000 the limit would reach the incredible sum of $136.6 million. If we really want to impose realistic expenditure limits, some change must be made in the proposed formula.

PROJECTION OF EXPENDITURE LIMITS FOR PRESIDENTIAL CAMPAIGNS (GENERAL ELECTION)

Year	Population 18 years and over (millions)	Spending limit (millions)
1976	149.4	$44.6
1980	158.9	54.5
1984	166.9	65.6
1990	176.6	85.4
2000	200.4	136.4

In closing, I want to emphasize that while a number of valuable reforms can be made

in our system of federal campaigns through the vehicle of S. 372, the truly necessary and desirable reform would be the adoption of a system of public financing of all federal election campaigns.

SECTION-BY-SECTION ANALYSIS OF CONGRESSIONAL ELECTION FINANCE ACT OF 1973

Section 1. *Title.*

Section 2. *Purposes:*

To provide adequate financing for candidates without regard to the private resources available to them;

To prevent undue influence by the wealthy and the opportunity for such influence which diminishes public faith in the political system;

To determine the degree to which present campaign expenditures are excessive;

To reduce pressures on candidates to become beholden to large contributors.

Section 3. *Definitions.*

"Board"—The Congressional Election Finance Board which administers this Act.

"Campaign Expenditure" and "Campaign Expenditure Period"—The 18-month period preceding the date of the general election for the office sought is the expenditure period. Any expenditure in connection with the campaign made during that period or prior to it for goods or services to be used within the period is a campaign expenditure.

"Candidate"—someone qualifying under state law for the primary or the general election ballot in a House or Senate race.

"Candidate Campaign Account"—is a single bank account into which the candidate must deposit all subsidies and contributions.

"Congressional Office"—the office of Senator, Representative, Resident Commissioner or Delegate.

"Contribution"—is defined to include any:

(1) payment, gift, loan or guaranty to a candidate's campaign;

(2) payment for personal services rendered to the campaign;

(3) payment for any other services or any goods provided to the campaign;

(4) provision of goods or services at less than full value to the campaign;

(5) independent activity carried on apart from the campaign

made for the purposes of influencing the results of a primary or general election. Categories 1 through 4 cover alternative ways of putting campaign resources at the disposal and discretion of the candidate and his assistants. Category 5 covers campaigning done unilaterally on behalf of the candidate. All five categories are treated the same for purposes of individual contribution limits, and they are all aggregated for that purpose. However, category 5 is treated differently in computing the candidate's permitted amount of private financing beyond the subsidy. (See sections 12 and 13, *infra.*)

Volunteer services, internal communications by an organization to its members, communications by an issue group to the general public which do not endorse or oppose specific candidates, and normal billing credit not more than 30 days, are all excluded from the definition of contributions.

"Fund'—the campaign subsidy fund established in the Treasury and administered by the Board.

"Major Party"—a party (or independent candidate) receiving at least a quarter of the vote in any "determining election."

"Minor Party"—a party or independent candidate receiving between 25% and 10% of the total vote cast for that office in any "determining election."

"Determining Election"— in a House race, either the last general election for that office *OR* the last gubernatorial race in that state *OR* the last presidential election. The party candidates in a primary or general election can invoke the party's showing in any one of these three previous elections with regard to House races; either the previous presidential or gubernatorial race can be used to establish major or minor party status in a Senate race.

Thus in a State where the Republican gubernatorial candidate had won at least 25% of the vote in the last election, every Republican candidate in a primary or general election for a House seat from that State would be entitled to receive major party level funding, even though the Republican candidate had not won 25% of the vote in the House race in a particular district in the previous election.

"Party Campaign Account"—a single bank account established by the national committee or a state central committee of a political party for receiving contributions to aid subsidized Congressional candidates.

"Person"—an individual, any form of business association, other organization or group of individuals lawfully entitled to make campaign contributions. An organization and parent, subsidiaries, affiliates and regional branches constitute one "person."

"Personal resources"—funds from the candidate and his immediate family.

"Immediate family"—parents, children, siblings, dependents, spouse, and in-laws.

"State"—D.C., Guam, Puerto Rico, the Virgin Islands and the fifty States. This and other provisions indicate that candidates for Delegate or Resident Commissioner are treated the same as House candidates.

"Voting age population"—the resident population 18 years or older of a State or district, to be certified annually by the Department of Commerce.

Section 4. *Establishing the fund.*

This section tries to make adequate funding available without locking in the Appropriations Committees to its expenditure.

The authorizing legislation, itself, establishes a sizeable fund in the Treasury. However, its transmittal to candidates requires further appropriation legislation.

Section 5. *Establishment of the Board.*

A seven member bipartisan commission is created with staggered six year terms. Members elect a chairman to serve for two years, and the first chairman appoints the staff. Three members comprise a quorum. All members have the status of Executive Schedule Level III, which is the one held by the chairmen of regulatory commissions. The Board makes annual fiscal and operational reports to Congress and to the President.

Section 6. *Board duties and powers.*

Subsection (a) requires the Board to develop appropriate forms, bookkeeping and reporting methods, and a filing and retrieval system. The Board must preserve reports filed with it and keep them available for public inspection.

Subsection (b) directs the Board to consult with the Senate Secretary, the House Clerk, and the Comptroller General in order to utilize *to the greatest extent possible* the reporting and filing and accounting procedures used to comply with the 1971 Campaign Reform Act of 1971. The subsection expressly provides that if possible the Board shall utilize the reports furnished under the 1971 Act and not require additional filings. It might merely obtain copies of such filings from the officers administering the 1971 Act. This eliminates duplication, minimizes paperwork and permits the public and media to familiarize themselves with only one basic reporting system for Senate and for House races.

Subsection (c) directs the Board to conduct a final audit of all subsidized campaigns and report the results. It also authorizes the Board to issue rules and regulations, to require reports and records and to conduct interim reviews. Subsection (d) requires a hearing before any determination that a candidate has received more money from the fund than he was entitled to and must repay it. The same is true with regard to a proceeding for forfeiture of security. The statute of limitations on recouping overpayment is one year.

Subsection (e) gives the Board subpoena power.

Subsection (f) directs the Board to report violations to law enforcement authorities.

Sections 7–14—Sections 7 through 14 set forth the basic financing scheme: Section 7 prescribes how one qualifies for subsidy. Section 8 provides the mechanism for payment from the fund. Section 9 prescribes how the candidate may make payments from his separate candidate account. Section 10 states the formula for determining the subsidy to which each candidate is entitled. Section 11 sets the limits on the private monies which can be added to the subsidy. Section 12 limits individual contributions. Section 13 indicates expressly that the amount a candidate may spend equals the sum of this subsidy and the private funds he is permitted to raise. Section 14 provides a special mechanism for larger amounts of aid from political parties. The specific operation and interaction of these sections are as follows:

Section 7. *Eligibility for Assistance.*

Subsection (a) requires filing a sworn statement; a security bond equal to one-fifth of the subsidy to which he is entitled and proof of qualification for the ballot under State law. The statement obligates the candidate to compile the records and reports required and to repay all amounts received from the Fund in excess of that to which he is entitled. He also agrees to forfeit his security if he fails to receive 10% of the vote in the election for which he is receiving assistance. (That is, 10% of all votes cast in his party's primary, or 10% of the vote cast for all candidates in a general election, as the case may be) and to be personally liable for the repayment of all of the subsidies he has received if his vote falls below 5%. A separate sworn statement details the source and amount of contributions received and the campaign expenditures made prior to the date of the application. The candidate must list separately such information for all contributions used to post the security deposit. If the deposit is not forfeited, the Board returns those contributions to the donors.

Subsection (b) prohibits candidates who have previously failed to comply with the Act from receiving further subsidies.

Subsection (c) prohibits candidates from using unrestricted private funding in the primary, i.e., not coming under this Act, and then receiving subsidies in the general election. He must have either received primary subsidies, or not run in a primary, or have been ineligible because he ran unopposed in his party's primary.

Subsection (d) prohibits candidates receiving primary assistance from then running in the general election outside this Act, i.e., with no restriction on private assistance.

Subsection (e) requires prompt notification by the Board that a candidate has qualified and of the amount to which he will be entitled in the primary, and if he is nominated, in the general election.

Section 8. *Payments from the Fund.*

Subsection (a) provides for payment of the subsidy by the Board in approximately equal amounts monthly into an earmarked account in an FDIC bank, during the period beginning at the time of notification of eligibility. Post-election supplements are paid within 30 days of the election.

Subsection (b) provides for payments in unequal amounts upon request and a justification by the candidate.

Subsection (c) provides that, at the time a primary candidate becomes eligible to receive transfers from the Fund, if no other candidate has qualified under state law, the applicant shall initially receive only one-third of the subsidy for which he is eligible

in such installments. If prior to the filing deadline, at least one other candidate qualifies under state law, then the Board shall transfer the remaining two-thirds of the applicant's primary subsidy in similar installments.

Subsection (d) requires the Board, if it determines there are insufficient monies in the Fund, to pay each candidate the appropriate subsidy, to so advise the candidates and the Congress with recommendation to the latter of the necessary supplemental appropriation.

Subsection (e) requires the Board in such cases to reduce pro rata the subsidy to each candidate and notify them of the reduction by registered mail. However, the amount which a candidate would then be permitted to raise privately under section 11 would be increased by an amount equal to the reduction in subsidy.

Section 9. *Payment from the Candidate's Account.*

Subsection (a) and (b) require the candidate to establish a single campaign account and to deposit therein all subsidies and contributions received. The Board receives statements identifying the amount and source of all contributions deposited and indicating all withdrawals.

Subsection (b) limits the power to withdraw from this account to the candidate and, at most, three other individuals he designates who also each are responsible for compliance with all provisions of the Act.

Subsection (d) prohibits payment, except staff salaries, for any goods or services without an invoice from the payee and a sworn statement certifying the charges are normal and certification shall be preserved by the candidates for inspection and copies shall be furnished upon request to the Board.

Section 10. *Determination of Amounts Payable.*

The amounts are calculated under a formula of so many cents per voting age resident of the State or House district in question. Subsection (a) provides that a major party primary candidate for Senate nomination would receive the greater of:

10¢ multiplied by the voting age population, or

$75,000

and that a major party candidate in a general Senate election would receive the greater of

15¢ multiplied by the voting age population, or

$150,000

Subsection (b) provides that a major party candidate for nomination to a House seat would receive 14¢ multiplied by the voting age population; a House candidate of major party in the general election would receive 20¢ multiplied by the voting age population.

Since the voting age resident population of most House districts clusters around 300,000 this would mean a typical subsidy of $42,000 in a House primary and a $60,000 subsidy in a general election. A candidate for an at-large House district receives the same subsidies as a Senate candidate from that State.

Subsection (c) provides that a minor party candidate would receive 20% of the amount of subsidy to which the corresponding major party candidate would be entitled under subsections (a) and (b). All other candidates who qualified under State law to be on the ballot would receive a subsidy equal to 10% of the amount for major party candidates.

Subsection (d) provides a post-election "bonus" if a minor party candidate's performance in the instant election is of major party proportions—25% or more of the vote. The extra money would be payable, however, only to the extent the minor party candidate had valid campaign debts outstanding; the bonus would not be available simply for the party's general coffers.

Subsection (d)(2) provides for bonuses to candidates who did not even qualify for minor party status before the election. If their actual showing is 10% they are entitled to a bonus bringing the level of their subsidy up to that of a minor party candidate. If they win 25% of the vote they are entitled to a bonus bringing their total subsidy up to the level of major party candidates. In each case the bonus is subject to the same setoff and valid debt limitations applicable to bonuses for minor party candidates.

Subsection (e) provides for funding in runoff elections. The subsidy shall equal the amount available for the election which precipitated the runoff. However, the determination of whether a candidate has major or minor party status for calculating his subsidy in the runoff shall be based on the vote he received in the precipitating election.

Subsection (f) limits the amount of any subsidy which can be used for campaign salaries to 20%.

Subsection (g) provides for determining the subsidy for a candidate in a newly drawn district.

Subsection (h) provides that primary subsidies may not be used after the primary election and that general election subsidies may not be used to retire primary campaign debts.

Subsection (i) provides a cost of living escalator provision for the amount of subsidies and for the amount of private financing each candidate is permitted to raise.

Section 11. *Limitations on Non-Fund Financing.*

Subsection (a) states that a subsidized candidate may also utilize private resources as specified in this section.

Subsection (b) permits a major party Senate candidate to raise privately:

2¢ multiplied by the voting age population for the primary (with a $35,000 minimum).

3¢ multiplied by the voting age population in the general election (with a $60,000 minimum).

Subsection (c) permits majority party House candidates to raise privately.

3¢ multiplied by the voting age population in the primary

5¢ multiplied by the voting age population in the general election

Subsection (d) provides that subject to certain limitations, a minor party candidate can raise private funds such that the sum of the private funding and the subsidy to which he is entitled equals the total funds available to a corresponding major party candidate.

Section 12. Limitation on individual contributions (a) and (b) limit the amount any person may contribute in any manner to an aggregate of $250 per candidate. That is, amounts one makes available for a primary campaign, or for the candidate's general election campaign, or for his posting security to receive subsidies, or on independent activity undertaken to promote his candidacy are all cumulative with regard to these limits. However one spends the $250—or $100 in a House race—he cannot provide more than $250 worth of support.

The candidate, himself, is permitted to contribute the same amounts to his campaign from his own resources (and those of his immediate family). He is also permitted to contribute an additional $250 to raising the necessary security deposit for his subsidy.

Subsection (c) requires that contribution in excess of the limits permitted be returned or covered into the Fund.

Subsection (d) prohibits contributions made in the name of another.

Subsection (e) makes the limitation applicable to any contribution made before the candidate files for subsidies, as long as they were used for "campaign expenditures." (See Definitions, *supra*) or remain available for campaign expenditures.

Subsection (f) prohibits pooling of the contributions permitted each person N.S. This does not bar an organization from having members contribute, although the organization may only give the candidate $250 from its funds, however they are raised. What this subsection does bar is an organization itself giving $250 from its funds, and also arranging for a continuation of the $250 permitted each of its members as individuals, e.g., arranging for each to pay a $250 portion of the cost of a $1 million television broadcast coordinated by the organization. To permit that would defeat the purpose of the individual limitation on the contributions at the disposal of any single organization.

Section 13. *Limitations on Expenditures.*

Subsection (a) provides that the total expenditures a candidate may utilize in his campaign shall not exceed the sum of the subsidy he may receive under Section 10 and the amount of private funds he may raise under Section 11. This does not mean the candidate may take less than the full subsidy to which he is entitled and then raise proportionately more private funds. Section 11 is a firm limit on private financing. Section 12 simply makes explicit the overall limit.

Subsection (b) provides that if the person expends the $250 contribution to which he is limited by section 11, in the form of truly independent activity—made neither at the request nor in cooperation with the candidate's campaign, but on the contributor's unilateral initiative—then such independent expenditures on the candidate's behalf shall not be counted as part of the total private fund raising permitted the candidate. This prevents anyone from wielding undue influence because of large independent expenditures on the candidate's behalf. But it still permits everyone some form of political expression on behalf of candidates whom they favor without having to obtain the approval of the candidate or be excluded from making any such expression once the candidate has spent his limit.

Section 14. *Political Party Campaign Assistance.*

Subsection (a) permits the state central committee or national committee of a political party to underwrite all or a portion of the private financial assistance permitted subsidized candidates.

Subsections (b) and (c) require the national or state committee to establish a single Party Campaign Account for this purpose, registered with and monitored by the Board. Subsection (d) provides that only contributions expressly made to this Account can be used and no other party funds may be transferred to it, but such contributions may not be earmarked for particular candidates. Contributions to this Account are limited to $250 per person.

Subsection (e) requires a record of deposits and withdrawals from Party Campaign Accounts.

Subsection (f) provides that a committee may only aid its party's nominees and only in the general election. A state committee may only aid such candidates in its state.

Subsection (g) states that each committee may give as much as it chooses to any particular candidate, but it may not give more than the total amount of private funds that candidate is permitted to use under this Act, and it may only give a smaller amount to the extent that the candidate chooses also to receive funds from other private sources.

Subsection (h) provides that contributions under this section are permitted in addition to the contribution allowed each person under section 12.

Section 15. *Enforcement Against Violations.*

Subsection (a) empowers the Board to

seek to prevent actions in violation of the provisions of the Act.

Subsection (b) permits private persons to file complaints of such violations.

Subsection (c) requires the Board to notify the person charged and to investigate.

Subsection (d) requires the Board to hold a public hearing on the record if it finds probable cause a violation has occurred or is about to occur.

Subsection (e) permits the Board to make findings and issue an appropriate order. If the order is not complied with, the Board may institute a civil action. If the Board fails to act or to order a cessation of a violation, or to institute suit for failure to comply with an order, then the private party who filed the complaint with the Board may institute such a suit.

Section 16. *Review of Board Determinations.*

Subsection (a) permits a candidate who is receiving or has applied for subsidy to appeal Board determinations affecting his right to a subsidy or the amount of subsidy, or to challenge the Board's failure to act or any other action.

Subsection (b) requires the Board to review the complaint and hold a prompt hearing.

Subsection (c) permits the aggrieved candidate to seek judicial review, if necessary, of the Board response to his complaint.

Section 17. *Jurisdiction of District Courts.*

Subsection (a) vests jurisdiction in the United States District Courts to hear actions under this Act.

Subsection (b) provides for nationwide service of process in such actions.

Subsection (c) requires that such suits be advanced on the docket to the extent possible.

Section 8. *Penalties.*

Subsection (a) provides that for a willful violation of the individual contribution limitations, or the overall spending limitations, or falsification of information, or misuse of federal subsidies, a person may be punished by a fine of not less than $5,000 nor more than the greater of $50,000 or the full amount of subsidies received, and not less than 6 months nor more than 5 years imprisonment.

Subsection (b) punishes all other violations by a fine of not more than $10,000 or one year's imprisonment, or both.

Subsection (c) then provides that information obtained through such reports and records may only be used, directly or indirectly, in the prosecution of a violation under subsection (a) for falsifying information.

This format is designed to meet a possible constitutional problem of self-incrimination.

Section 19. *State Laws Not Affected.*

This is a general disclaimer of any intent to affect state law except where compliance with state law would constitute a violation of this Act. (It then falls under the Supremacy Clause of the Constitution.)

Section 20. *Relationship to Other Federal Laws.*

This section conforms this bill and prior legislation, particularly requiring a report for purpose of the 1971 Campaign Disclosure Act, of any subsidy received under this Act.

Section 21. *Separability.*

Section 22. *Authorization of Appropriation.*

This section authorizes additional appropriations as needed for subsidies and as needed for administration of this Act.

By Mr. HUMPHREY:

S. 1955. A bill to provide financial assistance for the construction and operation of neighborhood service centers, and for other purposes. Referred to the Committee on Government Operations.

THE NEIGHBORHOOD SERVICE CENTERS ACT

Mr. HUMPHREY. Mr. President, I am today introducing legislation to create a system of neighborhood service centers. This legislation would assist in the proper implementation of Government programs by first offering a wide variety of Government assistance and information on Government programs to the residents of the neighborhood, and second, providing the resources to aid in the development of that neighborhood.

Mr. President, government of all levels is now under great pressure from a disenchanted public to make our social programs work. We are told that many programs are ineffective—that they really do not help people. It is to this charge that the Neighborhood Service Centers Act is directed. This act is based on the belief that part of the problem surrounding many programs is the inability of the average citizen to receive prompt, accurate assistance and information from his government.

Today when a citizen needs help or information, or has a complaint concerning government services, his options are truly limited. He can write to Washington or the State capital, or maybe try to call city hall. Instead of the information he seeks, too often what he really gets is the feeling of frustration and helplessness that accompanies an attempt to get information out of a government bureaucracy.

Every day we see more evidence of the growing distrust of the citizen toward his government. In September of last year the University of Michigan's Survey Research Center reported that fully 39 percent of the people distrusted the Government. A major factor contributing to that discontent was a feeling of inability to influence government. A Harris poll taken at the end of 1972 shows similar results—39 percent felt that the "people running the country do not care what happens to people like me," and 46 percent felt that "what I think does not count much." This survey evidence suggests that many people believe that government is often too musclebound—too big to be responsive to the average guy on the street. Government often is isolated—shielded from the people by a massive, inhuman, unreachable bureaucracy. When people find themselves separated from government, good government suffers. When people lose faith in that government, we all suffer.

The Neighborhood Service Centers Act will bring government back into the neighborhoods of this country. It will restore faith in government by making it effective and, above all, accessible. The centers provided for in this act would operate on two levels to realize these goals—first, as a general referral and information clinic, and, second, as a planning and development study center.

In its capacity as an information and service agency, each center would provide the community with a trained staff, bolstered by volunteers from the neighborhood. They would try to help citizens with problems and complaints dealing with Federal, State, and local government services. The information assistant, acting as ombudsman, would either give an answer to the question posed by the citizen, or aid him in contracting the proper agency. Each case would be followed through until satisfactory action was taken. The citizen would have a one-stop source of information about social security, welfare, drug rehabilitation programs, manpower training, education, housing laws, community services, State aid programs, municipal projects, and all the rest. For the first time government assistance would be no farther away than the local service center.

Centers should be located in the heart of the community where government-citizen contact is maximum. These centers are not going to be effective if they are located downtown in the local Federal building or city hall. They have to become part of the living community—as close to the people as possible.

Planning and development is a second function of each center. We have created many programs for our cities and towns, all designed to help solve many serious problems based on our perceptions of general needs. We must now begin to consider the needs of individual neighborhoods.

Programs, whether Federal, State, or local cannot hope to be fully successful if they are not administered according to the needs of individual neighborhoods. Neighborhoods have a character just as people do, so it is only natural that in our efforts to solve our problems, each neighborhood should be treated as an individual case. The plain fact is that if our cities are to survive, our neighborhoods have to survive. A neighborhood focus is therefore essential.

The center's planning staff would engage in an in-depth study of its neighborhood and arrive at recommendations for the improvement of government administration and community development. A coordinated effort among all levels of government, experts in many fields, and members of the community, studying individual community needs would greatly increase program efficiency.

The goals of the planning staff study would include recommendations for future housing, as well as better utilization of present structures; recommendations for retarding community disintegration, both physical and cultural; suggestions for land use; ideas for the improvement of community-based services; recommendations for the general improvement of the health and safety of residents; and coordination and organization of citizen groups to work within the neighborhood. The list of possibilities is endless.

Each center would maintain liason and coordination officers from each government that affect the area. They would be the official links between the government and the people, and would be responsible for passing along to their respective administrations, suggestions for the possible implementation of government programs along guidelines and recommendations set down by the planning staff of the center. They are to be drawn from staff members already at the center.

What this act does is direct the focus of government to a new level. We could call it "street-level government," and neighborhood involvement in the centers is essential to the realization of this goal.

The creation of these Neighborhood Service Centers would be a step forward in our attempt to cure the ills of our Nation's cities and towns.

We could close the gap between government and citizen.

We could improve the effectiveness of our programs by informing the people of the services that are rightfully theirs.

We could improve the efficiency of program administration by providing a channel for public input that would lead right into the heart of Government bureaucracy.

We could let neighborhoods help themselves, and, at the very least, influence their own destiny.

We could find out what our Nation's communities really need.

But most of all, the creation of the centers could restore confidence and trust in a government that has been for far too long, remote, unreachable, and altogether unresponsive to the people it is supposed to represent.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1955

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 "Neighborhood Service Centers Act of 1973."

FINDINGS

SEC. 2. (a) The Congress finds that the Citizens of the United States do not have adequate and necessary access to information and assistance concerning government programs, be they Federal, State, or local, and at present are faced with the impossible task of securing for themselves the information they desire and need.

(b) The Congress further finds that individual neighborhoods are integral parts of the Nation's cities and towns and must survive if the cities themselves are to survive. Neighborhoods are, therefore, a proper focus for attention and study in the intent of improving government administration and community development.

(c) The Congress further finds that a crisis of public confidence in governmental institutions now exists, and is due in part to the unresponsiveness of public agencies and institutions.

DECLARATION OF POLICY

SEC. 3. (a) In order to provide a source of information and assistance for the average citizen, to insure the proper implementation and efficient administration of government programs, and to increase the responsiveness of government to the citizen, the Congress declares that it is necessary to establish in the neighborhoods of the Nation's cities and towns, Neighborhood Service Centers. The responsibility of the Centers to be to act as ombudsmen and information clinics, and to give aid in any other way to citizens having questions, problems, or complaints concerning governmental programs of any kind.

(b) The Congress further declares that as neighborhoods are worthy of serious attention, Neighborhood Service Centers should be established to study the community and its immediate area with the purpose of arriving at recommendations for the improvement of government administration in the neighborhood and the fostering of community development.

SEC. 4. As used in this Act—

(1) The term "construction" includes the preparation of drawings and specifications for neighborhood service centers; erecting, building, acquiring, altering, remodeling, renovating, improving, or extending any facilities to be used as a neighborhood service center; and the inspection and supervision of the construction of any such facility, and such term includes interest in land and offside improvements.

(2) The term "neighborhood service centers" means, pursuant to objective criteria prescribed by the Secretary, any facility designed to provide the following services to residents of the community to be served by a center—

(A) information, assistance, and referral services to assist the residents of a community to obtain the benefits of any government assisted program or service.

(B) preparation of a Planning and Development study to make recommendations to all levels of government for the improvement and development of the neighborhood with particular emphasis on future housing schemes, as well as better utilization of present structures; retarding community disintegration, both physical and cultural; land use; community-based services; general improvement of the health and safety of residents; and coordination and organization of citizen groups.

(C) act as a liaison service with educational, cultural, and municipal institutions.

(3) The term "neighborhood" means any portion of any city, municipality, county, or other political subdivision of a State which is large enough to support activities of a neighborhood service center and which has a commonality of interest.

(4) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(5) The term "State" includes in addition to the several States of the Union, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

TITLE I—CONSTRUCTION GRANTS FOR NEIGHBORHOOD SERVICE CENTERS AUTHORIZATION OF APPROPRIATIONS

SEC. 101. There are authorized to be appropriated for grants for construction of twenty-five (25) public nonprofit neighborhood service centers, $10 million for the fiscal year ending June 30, 1974; $10 million for the fiscal year ending June 30, 1975; and $15 million for the fiscal year ending June 30, 1976.

BASIC CRITERIA

SEC. 102. As soon as practicable after the enactment of this Act, the Secretary shall prescribe basic citeria to be applied by State agencies in approving applications for assistance under the State plan submitted under section 104. In addition to other matters, such basic criteria shall include—

(1) the requirement that in approving applications, priority shall be given to projects which contribute to an equitable distribution of assistance under this title within each state which shall be developed by him on the basis of consideration of the relative need of the community for neighborhood service centers.

(2) the requirements concerning the establishment and operation by each applicant of a neighborhood service center board in accordance with this title.

STATE PLANS

SEC. 103. (a) Any State desiring to participate in the program under this title shall submit to the Secretary a State plan at such time, in such manner, and containing or accompanied by such information as he determines necessary. Each State plan shall—

(1) designate or establish a single State agency as the sole agency for the preparation and administration of the plan:

(2) provide assurances that the State agency will assist in establishing and maintaining neighborhood service center boards which meet the requirements of this title;

(3) set forth a program for the construction or renovation of facilities to be used as neighborhood service centers consistent with the basic criteria established under this title;

(4) provide satisfactory assurances that payments under this title will be used only for projects which have been approved by the State agency;

(5) provide for minimum standards for the maintenance and operation of centers receiving financial assistance under this title;

(6) provide procedures for affording each applicant for a construction project for a neighborhood service center an opportunity for a hearing before the State agency;

(7) provide such fiscal control and fund accounting procedures which will be adopted as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State (including such funds paid by the State to local applicants) under this title;

(8) provide that the State agency will make such reports in such form and containing such information as the Secretary may from time to time reasonably require, and will keep such records and afford such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports; and

(9) provide that the State agency will from time to time, but not less often than annually, review its State plan and submit to the Secretary any modifications thereof which it considers necessary.

(b) The Secretary shall approve ten (10) State plans and any modification thereof which complies with the provisions of subsection (a). The Secretary shall not finally disapprove a State plan except after reasonable notice and opportunity for a hearing to the State.

APPROVAL OF PROJECTS

SEC. 104. Neighborhood service centers may receive a grant under this title for any fiscal year only upon application approved by the appropriate State agency upon such agency's determination, consistent with the basic criteria established by the Secretary under section 102. Each such application shall—

(1) describe the project for which assistance is sought;

(2) set forth plans and specifications for the construction of such project;

(3) provide assurance that title to such site is or is suspected to be vested in one or more State agencies submitting the application.

(4) provide reasonable assurance that adequate financial support will be available for the non-Federal share of the cost of construction of such project and for the non-Federal share of the cost of maintainance and operation of the Center;

(5) provide reasonable assurance that all laborers and mechanics employed by contractors or subcontractors in the performance of work on construction of the project will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5); and the Secretary of Labor shall have with respect to the labor standards specified in this paragraph the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z–15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c). (b) The State agency shall not finally disapprove in whole or in part any application for funds under this title without first affording the applicant

reasonable notice and opportunity for a hearing.

NEIGHBORHOOD SERVICE CENTER BOARDS

SEC. 105. (a) Neighborhood Service Centers desiring to apply for funds under this title shall, in accordance with criteria established by the Secretary under this title, establish and maintain a Neighborhood Service Center Board composed of persons who are representative of the neighborhood to be served by such center, members of the staff of such center, and other appropriate specialists. The resident membership of the Board shall be selected by democratic procedures. In no event shall less than one-half of the members of any such Board be persons who are not residents of the community to be served by the center.

(b) The function of each Board shall be to administer funds allocated by the appropriate State agency as determined pursuant to section 103(a)(1), control center operations, establish priorities and develop programs pursuant to proper implementation of section 3 of this act, and all other appropriate duties.

(c) Each Board shall submit to the appropriate State agency its plans not less than 60 days before the plan is to be implemented.

PAYMENTS

SEC. 160. (a)(1) The Secretary shall from time to time pay to each State from its allotment determined by the Secretary pursuant to section 103(b), in advance or otherwise, an amount equal to the Federal share of the cost of plans approved under section 103.

(2) From the funds paid to it pursuant to paragraph (1), each State agency shall distribute to each neighborhood service center which has submitted an application approved pursuant to section 104 the Federal share of the cost of that application, except that the total amount of grants paid under this title for any fiscal year to the neighborhood service centers in such State shall not exceed an amount equal to the allotment for such State for such year.

(3) For each fiscal year, the Federal share shall not exceed 75 percent.

(b)(1) The Secretary is authorized to pay to each State amounts equal to the amounts expended for the proper and efficient performance of its duties under this title, except that the total of such payments in any fiscal year shall not exceed—

(A) 1 percent of the total of the amounts of the grants paid under this title for that year to the neighborhood service centers in the State, or

(B) $75,000, or $25,000 in the case of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands whichever is greater.

(2) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection.

WITHHOLDING

SEC. 107. Whenever the Secretary, after reasonable notice and opportunity for a hearing to any State agency, finds that there has been a failure to comply substantially with any assurance set forth in the State plan approved under section 103, the Secretary shall notify the agency that fund payments will not be made to the State under this title (or, in his discretion, that the State agency shall not make further payments under this title to specified local agencies whose actions or omissions caused or are involved in such failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no fund payments shall be made to the State under this title, or payments by the State agencies under this title shall be limited to neighborhood service centers whose actions did not cause or were not involved in the failure, as the case may be.

RECOVERY OF PAYMENTS

SEC. 108. If within one year after completion of construction of a neighborhood service center which has been constructed in part with a grant under this title—the facility ceases to be used as a neighborhood service center pursuant to regulations promulgated by the Secretary, the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the then value of the facility (or so much thereof if as constituted an approved project) the same ratio as the amount of such Federal grant bore to the construction cost of the neighborhood service center financed with such grant. Such value shall be determined by agreement of authorities or by action brought in the United States district court for the district in which such center is situated.

TITLE II—GRANTS FOR NEIGHBORHOOD SERVICE CENTER ACTIVITIES AUTHORIZATION AND ALLOTMENT

SEC. 201. (a) There are authorized to be appropriated for grants for 10 pilot neighborhood service centers $10 million for the fiscal year ending June 30, 1974; $15 million for the fiscal year ending June 30, 1975; and $20 million for the fiscal year ending June 30, 1976.

(b) Funds appropriated pursuant to subsection (a) of this section shall be allotted to the extent practicable in the same manner and upon the same conditions as provided in section 103(b) of this Act.

SEC. 202. No State agency may approve applications for grants for neighborhood service center activities pursuant to this title unless the applicant is carrying out such activities in a neighborhood service center assisted under a State plan approved under title I of this Act.

STATE PLAN PROVISION

SEC. 203. (a) Any State desiring to participate in a grant program authorized under this title shall submit an amendment to the State plan required under title I of this Act. Each such amendment shall—

(1) describe the activities to be conducted at neighborhood service centers for which assistance is sought under this Act, including, if necessary, the time in which such activities can reasonably be expected to be furnished to residents after construction is completed;

(2) provide procedures for affording each applicant for assistance under this title an opportunity for a hearing before the appropriate State agency;

(3) provide for such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State (including such funds paid by the States to local applicants) under this title;

(4) provide that the State agency will make such reports in such form and containing such information as the Secretary may from time to time reasonably require for the purpose of this title, and will keep such records and afford such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

(b) The Secretary shall approve amendments to State plans submitted under this section if the amendment meets the requirements set forth in subsection (a).

PAYMENTS

SEC. 204. (a)(1) The Secretary shall from time to time pay to each State from its allotments determined pursuant to section 201(b), an amount equal to the Federal share of the cost of activities of neighborhood service centers to be assisted pursuant to the amendment to the State plan under section 202.

(2) From the funds paid to it pursuant to paragraph (1), each State agency shall distribute to each neighborhood service center the Federal share of the cost of such activities which it has approved, except that the total amount of grants paid under this title for any fiscal year to the neighborhood service centers in such State shall not exceed an amount equal to the allotment for such State for such year.

(3) For each fiscal year, the Federal share shall not exceed 75 percent.

(b) Payments under this title may be made in advance or by way of reimbursement and in such installments as the Secretary may determine necessary.

WITHHOLDING

SEC. 205. Whenever the Secretary, after reasonable notice and opportunity for a hearing to any State agency, finds that there has been a failure to comply substantially with any assurance set forth in the State plan as approved, the Secretary shall notify the agency that fund payments will not be made to the State under this title (or, in his discretion, that the State agency shall not make further payments under this title to specified centers whose actions or omissions caused or are involved in such failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no fund payments shall be made to the State under this title, or payments by the State agencies under this title shall be limited to neighborhood service centers whose actions did not cause or were not involved in the failure, as the case may be.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 237

At the request of Mr. ROBERT C. BYRD (for Mr. MANSFIELD), the Senator from Montana (Mr. METCALF) was added as a cosponsor of S. 237, a bill to authorize the Secretary of the Interior to convey certain lands to August Sobotka and Joseph J. Tomalino of Intake, Mont.

S. 775

At the request of Mr. EAGLETON, the Senator from Iowa (Mr. CLARK) was added as a cosponsor of S. 775, to amend the Public Health Service Act to provide for the establishment of a National Institute on Aging.

S. 909

At the request of Mr. HOLLINGS, the Senator from New Jersey (Mr. CASE) was added as a cosponsor of S. 909, amending the Federal Property and Administrative Services Act of 1949 to permit donations of surplus Federal property to State and local public recreation agencies.

S. 1064

At the request of Mr. BURDICK, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 1064, the judicial disqualification bill.

S. 1348

At the request of Mr. BROCK, the Senator from Maryland (Mr. BEALL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Maine (Mr. MUSKIE), and the Senator from Ohio (Mr. TAFT), were added as cosponsors of S. 1348 to provide for the establishment of safety standards for mobile homes.

S. 1446

MEDICAL DEVICE SAFETY ACT

Mr. DOLE. Mr. President, I wish to announce today my cosponsorship of S. 1446, the "Medical Device Safety Act," which would amend the Federal Food,

Drug, and Cosmetic Act to assure the safety and effectiveness of medical devices. The legislation would provide important protection not guaranteed to consumers today by authorizing the Secretary of Health, Education, and Welfare, acting with the advice and assistance of outside medical experts, to establish mandatory safety standards for potentially hazardous medical devices, and to require those devices used in life-threatening situations to undergo scientific review and be approved for safety and efficacy before they are marketed.

Such legislation clearly is needed to close the gaps in FDA's enforcement authority in this area. The shortcomings in FDA's enforcement tools provided under present law make possible lengthy delays frustrating prompt agency action to improve hazardous medical devices or remove them from the market. Even the most notorious of quack devices at present too often contribute to months and even years of needless harm and even death to consumers while the FDA is bogged down in court battles which it must win before it can take decisive action.

The Medical Device Safety Act is the outgrowth of thorough investigation into the appropriate regulatory framework for medical devices by a task force of the Secretary of Health, Education, and Welfare, undertaken at the specific direction of the President. This bill would provide solutions for the problems posed by medical devices while not stifling their promise for mankind.

S. 1500

At the request of Mr. ROBERT C. BYRD, the Senator from Iowa (Mr. HUGHES), the Senator from North Carolina (Mr. ERVIN), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 1500, to establish the Federal Bureau of Investigation as an independent agency of the executive branch of the Government.

S. 1610

At the request of Mr. Moss, the Senators from Rhode Island (Mr. PASTORE and Mr. PELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Iowa (Mr. HUGHES), the Senator from Indiana (Mr. BAYH), the Senator from New Mexico (Mr. DOMENICI), and the Senator from Michigan (Mr. HART) were added as cosponsors of S. 1610, to require the installation of airborne, cooperative collision avoidance systems on certain civil and military aircraft, and for other purposes.

S. 1625

At the request of Mr. TAFT, the Senator from Tennessee (Mr. BAKER) was added as a cosponsor of S. 1625, to extend until November 1, 1978, the existing exemption of the steamboat *Delta Queen* from certain vessel laws.

S. 1686

At the request of Mr. DOMINICK, the Senator from Nevada (Mr. BIBLE) was added as a cosponsor of S. 1686, the Civilian Science and Technology Act of 1973.

S. 1813

At the request of Mr. DOMINICK, the Senator from Texas (Mr. TOWER), and the Senator from Florida (Mr. GURNEY) were added as cosponsors of S. 1813, relating to the impact aid program.

S. 1829

At the request of Mr. MAGNUSON, the Senator from New Hampshire (Mr. COTTON) was added as a cosponsor of S. 1829, to amend section 14 of the National Gas Act in order to direct the FPC to make certain studies.

S. 1831

At the request of Mr. CURTIS, the Senator from Wyoming (Mr. HANSEN), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) were added as cosponsors of S. 1831, to amend title XIX of the Social Security Act.

S. 1868

At the request of Mr. HUMPHREY, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 1868, a bill to amend the United Nations Participation Act of 1945 to halt the importation of Rhodesian chrome and to restore the United States to its position as a law-abiding member of the international community.

S. 1903

At the request of Mr. HOLLINGS, the Senator from Illinois (Mr. PERCY) was added as a cosponsor of S. 1903, to regulate commerce and conserve gasoline by improving motor vehicle fuel economy, and for other purposes.

ADDITIONAL COSPONSORS OF RESOLUTION

S. RES. 115

At the request of Mr. BROOKE, the Senator from South Carolina (Mr. HOLLINGS), the Senator from North Carolina (Mr. ERVIN), the Senator from Nevada (Mr. CANNON), the Senator from Wisconsin (Mr. NELSON), the Senator from Florida (Mr. CHILES), the Senator from Delaware (Mr. BIDEN), the Senator from Idaho (Mr. CHURCH), the senior Senator from Missouri (Mr. SYMINGTON), and the junior Senator from Missouri (Mr. EAGLETON) were added as cosponsors of Senate Resolution 115, a tribute to the members of the Armed Forces who are missing in action in Indochina.

AGRICULTURE AND CONSUMERS PROTECTION ACT OF 1973—AMENDMENTS

AMENDMENT NO. 199

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

Mr. HELMS submitted an amendment, intended to be proposed by him, to the bill (S. 1888) to extend and amend the Agricultural Act of 1970 for the purpose of assuring consumers of plentiful supplies of food and fiber at reasonable prices.

AMENDMENT NO. 200

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

Mr. MOSS submitted an amendment, intended to be proposed by him, to Senate bill 1888, supra.

AMENDMENT NO. 201

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

AMENDMENT TO PLUG LOOPHOLES IN FARM PAYMENT LIMITATION

Mr. MOSS. Mr. President, I submit an amendment and ask that it be printed and lie on the table.

I believe we have a very good farm bill before us, and I commend the distinguished Senator from Georgia and the entire Agricultural and Forestry Committee which he heads for this fine piece of legislation. The new target-price concept will be a boost to farmers throughout America.

I do believe, however, that the portion of the bill dealing with payment limitations needs further modification. That is the purpose of my amendment.

The question raised by my amendment is simple: Does Congress really want to say that huge Federal handouts to wealthy farmers must be stopped? Or do we continue to pretend that such a limit has been enacted, when we know that loopholes allow fat payments to flow into the pockets of absentee landlords, hobby farmers, and well-to-do agribusiness?

We must say "no" to this practice. I believe Congress intended to enact a solid lid on farm payments in 1970. The intent of Congress was to save the taxpayers of America millions of dollars in farm subsidies handed out to wealthy operators—not small farmers.

My amendment will be necessary no matter what happens to the proposals to reduce the present payment limitation from $55,000 to $20,000 or to any other figure.

The amendment applies to income supplements—not to compensation for resource adjustment, access for recreation, or to the recourse loan program—and would begin operation with the new bill.

Studies by both GAO and the Department of Agriculture firmly conclude that the 1970 payment limitation of $55,000 "caused no significant reduction in the total amount of 1971 cotton, feed grains, and wheat expenditures." Only $2.2 million in 1971 and $2.8 million in 1972, nationwide, were saved out of an estimate of $58 to $68 million possible savings.

Loopholes in the limitation regulations allow individuals to receive payments far exceeding the payment limit. This amendment would plug the main loopholes which allow leasing of allotments and land for excessive payments.

I ask that my amendment be printed at this point in the RECORD, to be followed by a brief question and answer sheet.

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

On page 1, line 5, insert the following: strike out "101(1)" and insert "101".

On page 1, line 6, insert "in paragraph (1)" immediately before and "and".

On page 1, line 7, strike out "and".

On page 2, at the end of line 3, add a comma and the word "and".

On page 2, between lines 3 and 4, insert the following:

(C) adding at the end thereof a new subsection as follows:

"(5) In any case in which the owner or operator of a farm leases any portion of the farm or any portion of the acreage allotment for the farm to one or more persons, the payment limitation prescribed

by this section shall apply in the same manner as if the leasor had not leased such portion of the farm or acreage allotment, except that such limitation may be applied by the Secretary on a pro rata basis (or other basis specified by the leasor) between the leasor and leasee or leasees. In no event may the total payments made with respect to the portion of the acreage or acreage allotment, as the case may be, retained by the leasor and the portion of the acreage or acreage allotment leased by the leasor exceed the total payment limitation established by this section. Nothing in this paragraph shall be construed to authorize the payment to any person of any amount in excess of the payment limitation established in this section. The provisions of this subsection shall not apply to leasing arrangements entered into prior to the date of enactment of the Agriculture and Consumer Protection Act of 1973."

QUESTION AND ANSWERS

PAYMENT LIMITATIONS

1. How much money will be saved with the present $55,000 limit with the proposed amendment?

Department of Agriculture study page 10, exhibit 2: 1971 cotton payments decreases on farm operations of producers who received more than $55,000 in 1970

(In millions)

Programs changes	$22.0
Payment decrease due to change in operations:	
(a) Temporary lease of allotments away from farm operations	18.8
(b) Producer reduced acreage leased to farm, added partners, changed leases, etc	21.8

Potential Savings: $20–30 million.

2. How many changes took place in farming operations by producers who received more than $55,000 in 1970? USDA Study Page 11:

Total changes for 1971	1,184
(a) allotments transfers	510
(b) revised cash or share lease arrangements	126
(c) reduced size of farm	550
(d) forming partnership	216
(e) farming corporation	61

3. How will the amendment make the $55,000 limit more effective? How will it work?

No payment to an existing allotment could receive more than $55,000.

If allotments are leased, the sum total of payments to the lessor and lessee could not exceed the $55,000 limitation.

Lessee would still be able to get full amount under any loan program.

More allotments and land would probably be sold outright which would increase the number of farm operations and decrease the size of the larger farms.

4. What products would be affected?

Same as present bill—upland cotton, feed grains, and wheat.

5. When would the amendment with its new regulations become effective?

The amendment does not need to be retroactive to be effective, since most leases end this year. It would become effective when the 1970 program expires. Any prior agreements or partnerships between producers would remain in effect unless terminated through provisions in the 1970 or 1973 bill.

6. Will compensation for resource adjustment or public access still be excluded?

Yes. Only income supplement will be affected or limited.

AMENDMENT NO. 202

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

Mr. MOSS. Mr. President, the bill before us is entitled the Agriculture and Consumer Protection Act. The amendment which I submit has to do with consumer protection. It applies to the processor and vendors of food products.

I ask unanimous consent that the text of my amendment be printed in the RECORD.

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

On page 51, line 16, strike out the words "This Act" and in lieu thereof insert the following: "Section 1 of this Act".

At the end of the bill add a new section as follows:

SEC. 3. (1) This section may be cited as the "Food Labeling Act of 1973".

(2)(A) The Fair Packaging and Labeling Act (15 U.S.C. 1451–1461) is amended as follows—

(i) by inserting "TITLE I—FAIR PACKAGING AND LABELING" immediately above the heading of section 2;

(ii) by redesignatiing sections 2 through 5 as sections 101 through 104, respectively;

(iii) by striking out "section 3" in section 103(a) (as designated by clause (ii) of this section) and inserting in lieu thereof "section 102";

(iv) by striking out "section 3" in section 103(b) (as redesignated by clause (ii) of this section) and inserting in lieu thereof "section 103";

(v) by striking out "section 4" and "section 2" in section 104(b) (as redesignated by clause (ii) of this section) and inserting in lieu thereof "section 103" and "section 101", respectively;

(vi) by striking out "section 4" in section 104(c) (as redesignated by clause (ii) of this section) and inserting in lieu thereof "section 103"; and

(vii) by adding immediately after section 104 (as redesignated by clause (ii) of this section) the following new titles:

"TITLE II—LABELING OF FOOD PRODUCTS TO DISCLOSE INGREDIENTS

UNLAWFUL ACTIVITIES

"SEC. 201. (a) It shall be unlawful for any person engaged in the packaging or labeling of any food product for distribution in commerce, or for any person (other than a common carrier for hire, a contract carrier for hire, or a freight forwarder for hire) engaged in the distribution in commerce of any packaged or labeled food product, to distribute or to cause to be distributed in commerce any such product if it is contained in a package, or if there is affixed to that product a label which does not conform to the provisions of this title and regulations promulgated under the authority of this title.

"(b) The prohibition contained in subsection (a) shall not apply to persons engaged in business as wholesale or retail food distributors except to the extent that such persons (1) are engaged in the packaging or labeling of such food, or (2) prescribe or specify by any means the manner in which such food is packaged or labeled.

INGREDIENT LABELING PROGRAM

"SEC. 202. No person subject to the prohibition contained in section 301 shall distribute or cause to be distributed in commerce any packaged or labeled food product except in accordance with regulations which shall be prescribed by the Secretary of Commerce pursuant to this title. Such regulations shall require that any food product distributed in interstate commerce bear a label containing a statement specifying all the ingredients contained in such food products in the order of their predominance, that the label on such product appear in a uniform location on the package and that such label—

"(1) appear in conspicuous and easily legible type in distinct contrast (by typography, layout, color, embossing, or molding) with other matters on the package;

"(2) contain letters or numerals in type size which shall be (A) established in relationship to the area of the principal display found on the package, and (B) uniform for all packages of substantially the same size; and

"(3) be placed so that the lines of printed matter included in that statement are generally parallel to the base on which the package rests as it is designed to be displayed.

"TITLE III—NUTRITIONAL LABELING OF FOOD PRODUCTS

"DEFINITIONS

"SEC. 301. For the purpose of this title—

"(1) The term 'nutritional value' means the amount of nutrients contained in the food expressed in terms of the relationship of the amount of each nutrient contained in such food to the total recommended daily requirement of each such nutrient required to maintain a balanced diet as determined by the Secretary of Health, Education, and Welfare.

"(2) The term 'nutrient' includes protein, vitamin A, B vitamins (thiamin, riboflavin, niacin), vitamin C, vitamin D, carbohydrate, fat, calories, calcium, iron, and such other nutrients as may be prescribed by regulation.

"UNLAWFUL ACTIVITIES

"SEC. 302. (a) It shall be unlawful for any person engaged in the packaging or labeling of any food product for distribution in commerce or for any person (other than a common carrier for hire, a contract carrier for hire, or a freight forwarder for hire) engaged in the distribution in commerce of any packaged or labeled food product, to distribute or to cause to be distributed in commerce any such product if it is contained in a package, or if there is affixed to that product a label which does not conform to the provisions of this title and regulations promulgated under the authority of this title.

"(b) The prohibition contained in subsection (a) shall not apply to persons engaged in business as wholesale or retail food distributors except to the extent that such persons (1) are engaged in the packaging or labeling of such food, or (2) prescribe or specify by any means the manner in which such food is packaged or labeled.

"LABELING REQUIREMENTS

"SEC. 303. (a) No person subject to the prohibition contained in section 302 shall distribute or cause to be distributed in commerce any packaged or labeled food product except in accordance with regulations which shall be prescribed by the Secretary of Commerce pursuant to this title. Such regulations shall require that any food product distributed in interstate commerce bear a label containing a statement specifying the nutritional value of the food product contained therein, that the label on such commodity appear in a uniform location on the package, and that such label—

"(1) appear in conspicuous and easily legible type in distinct contrast (by typography, layout, color, embossing, or molding) with other matters on the package;

"(2) contain letters or numerals in type size which shall be (A) established in relationship to the area of the principal display found on the package, and (B) uniform for all packages of substantially the same size;

"(3) be placed so that the lines of printed matter included in that statement are generally parallel to the base on which the package rests as it is designed to be displayed; and

"(4) bear a statement of the nutritional value of each serving if the label appears on a packaged food product which bears a representation as to the number of servings of the food product contained in the package.

"(b) The Secretary may by regulations require additional or supplemental words or phrases to be used in conjunction with the

statement of nutritional value appearing on the label whenever he determines that such regulations are necessary to prevent the deception of consumers or to facilitate value comparisons as to any food product. Nothing in this subsection shall prohibit supplemental statements, which are not misleading or deceptive, at other places on the package, describing the nutritional value of the food product contained in such package.

"TITLE IV—LABELING REQUIREMENTS FOR PERISHABLE AND SEMIPERISHABLE FOODS

"DEFINITIONS

"SEC. 401. For purposes of this title—

"(1) the term 'food' has the meaning prescribed for that term by section 201 of the Federal Food, Drug, and Cosmetic Act, except that such term does not include any fresh fruit or vegetable.

"(2) The term 'perishable or semiperishable food' means any food which the Secretary determines has a high risk of any of the following as it ages:

"(A) spoilage;

"(B) significant loss of nutritional value; or

"(C) significant loss of palatability.

"(3) The term 'expiration date' means the last date on which a perishable or semiperishable food can be consumed without a high risk of spoilage or significant loss of nutritional value or palatability.

"LABELING REQUIREMENTS FOR PERISHABLE AND SEMIPERISHABLE FOODS

"SEC. 402. (a) No person who manufactures or packages a perishable or semiperishable food in the form in which it is sold by retail distributors to consumers may distribute (or cause to be distributed) in commerce for purposes of sale a perishable or semiperishable food packaged by him in such form unless he has, in accordance with the requirements of subsection (f), labeled such packages to show (1) the expiration date of such food, and (2) the optimum temperature and humidity conditions for its storage by the ultimate consumer.

"(b) No person engaged in business as a retail distributor of any packaged perishable or semiperishable food subject to the provisions of subsection (a) may sell, offer to sell, or display for sale such food unless the food's package is labeled in accordance with this title.

"(b) No person engaged in business as a retail distributor of any packaged perishable or semiperishable food may sell, offer to sell, or display for sale any such food whose expiration date, as specified on its package's label has expired.

"(d) No person engaged in the business of manufacturing, processing, packing, or distributing perishable or semiperishable foods may place packages of such foods, labeled in accordance with subsection (a), in shipping containers or wrappings unless such containers or wrappings are labeled by him, in accordance with regulations of the Secretary, to show the expiration date on the labels of such packages.

"(e) No person may change, alter, or remove, before the sale of a packaged perishable or semiperishable food to the ultimate consumer, any expiration date required by this section to be placed on the label of such food's package or shipping container or wrapping.

"(f)(1) The expiration date and the storage instructions required to be on the label of a packaged perishable or semiperishable food under subsection (a) shall be determined in the manner prescribed by regulations of the Secretary.

"(2) An expiration date shall, in accordance with regulations of the Secretary—

"(A) be (i) in the case of the month contained in the expiration date, expressed in the commonly used letter abbreviations for such month, and (ii) otherwise expressed in such combination of letters and numbers as will enable the consumer to readily identify (without reference to special decoding information) the day, month, or year, as the case may be, comprising the expiration date; and

"(B) be separately and conspicuously stated in a uniform location upon the principal display panel of the label required under subsection (a).

"(3)(A) Any regulation under paragraph (1) prescribing the manner in which expiration dates for a packaged perishable or semiperishable food shall be determined may include provisions—

"(i) prescribing the time periods to be used in determining the expiration dates for such food,

"(ii) prescribing the data concerning such food (and the conditions affecting it before and after its sale to the consumer) to be used in determining its expiration dates, or

"(iii) permitting a person engaged in the business of manufacturing, processing, packaging, or distributing such food to determine its expiration dates using such time periods and data as such person considers appropriate.

"(B) If such regulation includes provisions described in subparagraph (A)(iii) of this paragraph, such regulation shall also contain—

"(i) such provisions as may be necessary to provide uniformity, where appropriate, in the time periods used in expiration date determinations; and

"(ii) provisions for regular review by the Secretary of the expiration date determinations and the time periods and data upon which they are based.

"PENALTIES AND INJUNCTIONS

"SEC. 403. (a) Any person who knowingly or willfully violates any provision of section 402, or any regulation made thereunder, shall be imprisoned for not more than one year or fined not more than $5,000, or both; except that if any person commits such a violation after a conviction of him under this subsection has become final, or commits such a violation with the intent to defraud or mislead, such person shall be imprisoned for not more than three years or fined not more than $25,000, or both.

"(b) Any packaged perishable or semiperishable food that is distributed in violation of section 402 or any regulation made thereunder shall be liable to be proceeded against at any time on libel of information and condemned in any district court of the United States within the jurisdiction of which such packaged food is found. Section 504 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 334) (relating to seizures) shall apply with respect to proceedings brought under this subsection and to the disposition of packaged foods subject to such proceedings.

"(c)(1) The United States district courts shall have jurisdiction, for cause shown, to restrain violations of section 402 and regulations made thereunder.

"(2) In any proceeding for criminal contempt for violation of any injunction or restraining order issued under this subsection, which violation also constitutes a violation of section 402 or a regulation made thereunder, trial shall be by the court or, upon demand of the accused, by a jury. Such trial shall be conducted in accordance with the practice and procedure applicable in the case of proceedings subject to the provisions of rule 42 (b) of the Federal Rules of Criminal Procedure.

"(d)(1) Actions under subsection (a) or (c) of this section may be brought in the district wherein any act or transaction constituting the violation occurred, or in the district wherein the defendant is found or is an inhabitant or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found.

"(2) In any actions brought under subsection (a) or (c) of this section, subpenas for witnesses who are required to attend a United States district court may run into any other district."

(3)(A) The Fair Packaging and Labeling Act is further amended by inserting "TITLE V—GENERAL PROVISIONS" above the heading for section 6, and by redesignating sections 6 through 13 as sections 501 through 508, respectively.

(B) Section 501(a) of such Act (as redesignated by subsection (3)A) of this section) is amended by striking out "section 4 or section 5 of this Act" in subsections (a) and (b) and inserting in lieu thereof "section 103, 104, 202, 303, or 402 of this Act".

(C) Section 502(a) of such Act (as redesignated by subsection (3)A) of this section) is amended by striking out "section 3 of this Act," and inserting in lieu thereof "section 102, 201, or 302 of this Act. The provisions of this subsection shall not apply with respect to title IV."

(D) Section 502(c) of such Act (as redesignated by subsection (3)(A) of this section) is amended by striking out "sections 4 and 5" and inserting in lieu thereof "sections 103, 104, 202, 303, or 402".

(E) Section 503 of such Act (as redesignated by subsection (3)(A) of this section) is amended by striking out "section 5(d) and inserting in lieu thereof "section 104(d)".

(F) Section 505 of such Act (as redesignated by subsection (3)A) of this section) is amended by adding at the end thereof the following:

"g) The terms 'food' and 'food product' mean any article used for food or drink for man or other animals, and any article used as a component of such article."

(G) Section 507 of such Act (as redesignated by subsection (3)(A) of this section) is amended to read as follows:

"SEC. 507. It is the express intent of Congress to supersede any and all laws of the States or political subdivisions thereof insofar as they may provide for (1) the labeling of the net quantity of contents of the package of any consumer commodity as provided in title I of this Act; (2) the labeling of the ingredients contained in food products as provided in title II of this Act, (3) the labeling of the nutritional value of food products as provided in title III of this Act; (4) the labeling of perishable and semiperishable foods as provided in title IV of this Act, which are less stringent than or require information different from the requirements of the appropriate title or regulations promulgated pusuant to such title."

(H) Section 508 of such Act (as redesignated by subsection (3)(A) of this section) is amended by striking "This" and inserting in lieu thereof "(a) Except as provided in subsection (b), this"; and by adding at the end thereof a new subsection as follows:

"(b) The provisions of title II, III, and IV shall become effective twelve months after the date of enactment of such title."

AMENDMENTS NOS. 204 THROUGH 206

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

Mr. CLARK submitted three amendment, intended to be proposed by him, to Senate bill 1888, supra.

AMENDMENT NO. 207

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

Mr. MATHIAS submitted an amendment, intended to be proposed by him, to Senate bill 1888, supra.

AMENDMENT NO. 208

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

Mr. AIKEN (for himself, Mr. HUMPHREY, and Mr. DOLE) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1888, supra.

AMENDMENT OF COMMUNICATIONS ACT OF 1934—AMENDMENT

AMENDMENT NO. 203

(Ordered to be printed, and referred to the Committee on Rules and Administration.)

Mr. KENNEDY submitted an amendment, intended to be proposed by him, to the bill (S. 372) to amend the Communications Act of 1934 to relieve broadcasters of the equal time requirement of section 315 with respect to Presidential and Vice Presidential candidates and to amend the Campaign Communications Reform Act to provide a further limitation on expenditures in election campaigns for Federal elective office.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 98 TO S. 1248

At the request of Mr. EAGLETON, the Senator from California (Mr. TUNNEY) was added as a cosponsor of amendment No. 98 to S. 1248, the State Department authorization bill.

AMENDMENT NO. 136 TO H.R. 3153

At the request of Mr. CURTIS, the Senator from Wyoming (Mr. HANSEN), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) were added as cosponsors of amendment No. 136 to H.R. 3153, to amend the Social Security Act to make certain technical and conforming changes.

AMENDMENT NO. 155 TO S. 1888

At the request of Mr. BAYH, the Senator from Iowa (Mr. CLARK), the Senator from Connecticut (Mr. RIBICOFF), the Senator from New Mexico (Mr. MONTOYA), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of amendment No. 155, intended to be proposed by Mr. BAYH to S. 1888, the Agriculture and Consumer Protection Act of 1973.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary: Victor R. Ortega, of New Mexico, to be U.S. attorney for the District of New Mexico for the term of 4 years (reappointment).

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Wednesday, June 13, 1973, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ANNOUNCEMENT OF OPEN HEARINGS BY SUBCOMMITTEE ON PARKS AND RECREATION, SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE

Mr. BIBLE. Mr. President, I wish to announce for the information of the Senate and the public that open hearings have been scheduled by the Subcommittee on Parks and Rereation at 10 a.m. on June 26, 1973, in room 3110, Dirksen Senate Office Building, on the following bill: S. 1638, to authorize the Secretary of the Interior to make certain Federal lands available to State and local governments for park and recreation purposes.

NOTICE OF HEARING ON S. 1786

Mr. JACKSON. Mr. President, I wish to announce that the Subcommittee on Indian Affairs will conduct an open public hearing on S. 1786, the "National Indian Goals and Progress Act," on June 12, 1973.

The primary purpose of the proposed measure is to require the Bureau of Indian Affairs and the Indian Health Service to come before Congress and obtain periodic authorizations for their appropriations. Historically, these two Federal agencies have obtained appropriations for various programs and administrative purposes through open-ended authorizations. This situation has prevented Congress from fulfilling its oversight function over the activities of these two agencies.

S. 1786 would correct these deficiencies and would provide the substantive legislative committees of Congress an opportunity to measure yearly stated goals, objectives, and priorities of the two agencies against actual performance.

The hearing will commence at 9 a.m. and will be held in room 3110 Dirksen Senate Office Building.

NOTICE OF RESCHEDULING OF HEARINGS ON S. 1463 AND S. 1678

Mr. BURDICK. Mr. President, on behalf of the Subcommittee on National Penitentiaries of the Committee on the Judiciary, I announce that the hearings on S. 1463 and S. 1678, previously scheduled for May 15 and May 22 will be held on June 13, 1973, at 9 a.m. in room 457, Russell Senate Office Building. Anyone wishing to testify should contact the subcommittee at extension 225–8994.

ADDITIONAL STATEMENTS

SUMMER JOBS FOR YOUTH

Mr. SYMINGTON. Mr. President, since 1965 low-income teenagers in cities throughout the country have been given employment opportunities through the Neighborhood Youth Corps summer jobs program.

This year, however, the administration proposed that most of the Federal funds to finance such summer jobs be allocated from appropriations for the public employment program, an entirely separate program designed to deal with severe unemployment by providing transitional public service jobs for adults.

As an example of the effect of the administration plan, St. Louis, the largest city in our State of Missouri, would be able to provide only about 3,700 summer jobs for needy youths, a reduction of over 4,300 jobs as compared to the 1972 summer Neighborhood Youth Corps program. In addition, the entire St. Louis program of public service employment is threatened.

To better meet our cities' needs with respect to summer youth employment, the Senate last week approved an amendment to the supplemental appropriations bill for fiscal 1973 increasing the allocation for this summer and thus creating a total of 740,222 summer jobs for low-income youths, of which almost 10,000 would be in Missouri.

On May 23, the Missouri House of Representatives approved a resolution expressing support for this amendment and pointing out the importance of the Neighborhood Youth Corps summer jobs program.

I ask unanimous consent that the text of this resolution be printed in the RECORD.

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

RESOLUTION

Whereas, the Missouri House of Representatives is aware of the extreme shortage of funds which have thus far been appropriated by Congress to provide summer employment for urban youth seeking jobs; and

Whereas, there is currently pending in Congress an amendment to the Labor Department's budget which would provide funds for programs to assure jobs for youth during the summer session; and

Whereas, in past years the Neighborhood Youth Corps and other agencies have provided several thousand summer jobs to young men and women in the greater St. Louis area and proportionate numbers of jobs in other major metropolitan areas of Missouri; and

Whereas, it is estimated that no more than three thousand jobs can be funded this year due to a lack of money from the federal government unless the above-mentioned amendment receive a favorable vote in Congress; and

Whereas, it is the sense of the Missouri House of Representatives that without an adequate job program, serious repercussions may result and be manifest in an increase of juvenile delinquency and crime in general;

Now, therefore, be it resolved by the Missouri House of Representatives of the Seventy-seventh General Assembly that Congress be memorialized to provide the funds for summer jobs sought by the above-mentioned amendment; and

Be it further resolved that the Chief Clerk of the House of Representatives be instructed to send suitably inscribed copies of this resolution to each member of Missouri's Congressional Delegation.

THE RIGHT TO KNOW

Mr. PERCY. Mr. President, S. 1914, to provide for the establishment of a board for international broadcasting and to authorize continuation of assistance to Radio Free Europe and Radio Liberty, was inspired by the splendid report of the Presidential Study Commission on International Radio Broadcasting, headed by Dr. Milton S. Eisenhower.

This report makes the case for continuing the radio stations in the interest of détente, since freer exchange of information is a precondition for genuine, long-term accommodation between East and West.

Today, without objection, I ask unanimous consent to have printed in the RECORD the section of the Commission's report which is entitled "International Broadcasting in the World Today." I believe it will be of great interest to my colleagues as they study S. 1914. Joining with Mr. HUMPHREY and me in cosponsoring S. 1914 are Mr. BROOKE, Mr. BUCKLEY, Mr. GRIFFIN, Mr. JAVITS, Mr. MATHIAS, and Mr. STEVENS.

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

INTERNATIONAL BROADCASTING IN THE WORLD TODAY

To an American acquainted only with medium-wave radio in the United States, the importance and growing volume of international shortwave broadcasting must be startling. In the "muffled zones" of the closed societies of the Soviet Union and Eastern Europe, its function is unique. Some facts that came to the Commission's attention:

A. In 1950, there were 385 shortwave voice broadcast transmitters in operation around the world; by 1972, there were 1,365. In 1961, there were 16 shortwave transmitters with a power of 200 kilowatts or higher; by 1972, there were 185. (Source: Voice of America)

B. The most recent compilation of statistics, prepared by the British Broadcasting Corporation (see table) shows that, based on the 27 countries that do nearly all of the world's international radio broadcasting, the number of program hours per week in 1960 was 130 percent greater than in 1950. Between 1960 and 1970 there was a further increase of 65 percent.

C. According to the most recent estimates, there are about 800 million radio receivers in the world, approximately one-third of which are able to receive shortwave broadcasts. This total is more than twice that for 1960, and the number is expected to double again by 1980. (Source: BBC and Voice of America) Radio Liberty estimates there are about 30–32 million privately owned shortwave receivers in the USSR. In the five RFE audience countries there is a total of more than 14 million receivers—close to one per family—of which an estimated 94 percent is capable of shortwave reception.

Shortwave radio continues to grow largely because it is the only way to communicate with significant numbers of people without respect to national frontiers. A radio signal cannot be refused a visa, confiscated, or otherwise controlled. Jamming has never been totally effective.

TOTAL PROGRAM HOURS PER WEEK OF MAJOR EXTERNAL BROADCASTERS AS ESTIMATED BY BBC[1]

	1950 (December)	1955 (December)	1960 (December)	1965 (December)	1970 (December)	1972 (June)
U.S.S.R.	533	656	1,015	1,417	1,908	1,883
United States of America[2]	497	1,285	1,513	1,877	1,907	1,832
Chinese People's Republic	66	159	687	1,027	1,591	1,584
Warsaw Pact Countries[3] (other than U.S.S.R.)	386	783	1,009	1,215	1,264	1,297
German Federal Republic		105	315	671	779	796
United Kingdom (BBC)	643	558	589	667	723	711
Egypt		100	301	505	540	601
Albania	26	47	63	154	487	487
Spain	68	98	202	276	251	398
Netherlands	127	120	178	235	335	364
Australia	181	226	257	299	350	360
Cuba				325	320	327
India	116	117	157	175	271	307
Portugal	46	102	133	273	295	294
Japan		91	203	294	259	259
France	198	191	326	183	200	196
Israel		28	91	92	158	171
Italy	170	185	205	160	165	168
Ghana				212	186	166
South Africa		127	63	84	150	166
Canada	85	83	80	81	98	121
Yugoslavia	80	46	70	78	76	86
Total	3,222	5,107	7,457	10,300	12,313	12,574

[1] The list includes fewer than half the total number of the world's external broadcasters. Among those excluded are Nationalist China, North and South Vietnam, North and South Korea, and various international commercial and religious stations, as well as clandestine radio stations. Certain countries such as France and Egypt transmit part of their domestic output externally on shortwaves; these broadcasts are mainly also excluded.

[2] Includes Voice of America, Radio Free Europe, and Radio Liberty.

[3] Poland, Hungary, Romania, Czechoslovakia, and East Germany.

We are persuaded, therefore, that to many millions of people shortwave radio is the primary source of information from other countries and a unique alternative source for comparison with what they are told by their governments.

INTERNATIONAL RADIO BROADCASTING BY THE SOVIET UNION AND OTHER COMMUNIST COUNTRIES

Two stations—Radio Moscow and the so-called "independent" station, Radio Peace and Progress, which uses Radio Moscow's facilities—maintain the largest foreign radio service in the world. *Their weekly output is nearly 1,900 program hours in 84 languages.* The increase in Soviet broadcasting is more striking if one examines the record of annual increases from 1948 to the present, as shown in Chart I, page 15. From 1948 to 1960 the total hours of Soviet international broadcasting rose from about 380 to 1,000 per week, with a further increase from 1,000 to about 1,900 per week for the period 1960 to 1972.

To place these figures in the perspective of total communist international broadcasting, the Commission found that 14 countries or divided countries with communist governments engage in international broadcasting at a level ranging from the Soviet Union's 1,900 hours per week (not counting clandestine stations controlled by the USSR, as noted below) to 20 hours per week for Mongolia (see Chart II).

Today, Soviet and Eastern European broadcasts directed at *North America and Western Europe* total about 1,350 hours per week. Soviet broadcasts comprise the largest single share of this output, about 384 hours per week.

Broadcasts from these communist countries beamed to North America total about 250 hours weekly, of which 164 hours are in English and the remainder in a variety of European languages used by ethnic groups in the United States and Canada. Programs directed at *Western Europe* (including Greece and Turkey) and Israel total about 1,100 hours weekly in at least 24 languages. German-language broadcasts account for the largest single part of this effort—311 hours. These include the East German "Voice of the GDR," repeating East German domestic programs 24 hours a day. Billed as a "domestic service," it is nonetheless intended for reception beyond East German borders.

In addition to programs specifically aimed at Western Europe and North America, several countries—the Soviet Union and Poland in particular—transmit programs aimed at "compatriots abroad" and "seamen" in their native languages. These programs, broadcast worldwide, are similar in many respects to the "Voice of the GDR" in that they repeat many regular domestic programs but include some special broadcasts designed for overseas listeners.

The Soviet Union also operates a smaller number of "clandestine" stations broadcasting to Western Europe. While there are some stations purporting to operate in secret in the West, all those identified evidently have their facilities located in Eastern Europe. "Radio Independent Spain," in operation since 1941 and sponsored by the "Spanish Communist Party in Exile," is the oldest and largest such operation, but there are others aimed at Portugal, Greece, and Turkey, and at Greek, Italian, and Turkish workers in West Germany. Chart III lists these stations (along with a similar station in the Middle East, the Radio Iran Courier) and shows the increase in Soviet activity in this field in the past decade.

The Soviet broadcast effort seems motivated by several powerful and interrelated considerations. Ideology is still a formidable factor and a two-pronged ideological struggle is deemed necessary: to counter the spread of "imperialist" ideology and to rebuff challenges from within the world communist configuration. Both aspects are intimately linked with legitimizing the ideological leadership role and the domestic monopoly of power of the Soviet Communist Party.

A second consideration is to portray the USSR as a world military and industrial power whose developmental model is to be emulated—in short, to project the USSR's image abroad as a paradigm for the "Third World."

The support and advancement of foreign policy goals is another impetus behind the large Soviet international broadcasting effort. The Soviet leadership attaches great significance to coordination of policy and propaganda, and, collaterally, to the dissemination of the "correct" line to cadres abroad.

The tone of Soviet broadcasts depends on several variables, including the nature of the target audience, message content, and the prevailing political atmosphere. In recent years, output has reflected a more confident estimate of the USSR's political-military standing vis-a-vis the United States. In sum, Soviet international broadcasts try to create the impression that the principal "historical" forces at work in the world are developing in favor of the USSR and its "progressive" sphere of influence.

BROADCASTING TO THE U.S.S.R. AND EASTERN EUROPE BY PRINCIPAL WESTERN STATIONS

Soviet and Eastern European worldwide international broadcasts, as measured in transmitter hours, increased by 167 percent in the decade 1961–71. In the same period, the principal Western international broadcasts showed a growth of only 51 percent. These figures, it should be noted, reflect not only the growth in programs on the air but also the increased number of transmitters used to beam these programs abroad.

Today, the principal official Western sta-

tions broadcast to the USSR and Eastern Europe a weekly total of 822 program hours in many languages. These stations are the Voice of America, BBC, the official radios of France, Western Germany, Italy, the Vatican, Israel, and the Radio in the American Sector of Berlin (RIAS), which broadcasts to East Germany.

Radio Free Europe and Radio Liberty are not included in this total. RL broadcasts 519 hours weekly in 18 languages of the USSR (as of January 1973); while RFE broadcasts 566 hours in six Eastern European languages. Chart IV compares international broadcasting by the USSR and Eastern Europe with that by the United States and Western Europe.

The Western broadcast effort is less ideologically oriented than the Soviet and East European output and reflects the different foreign policy interests and divergent attitude of free societies toward the communist countries.

In the United States we take pride in the fact that our country is wide open to information. The communist countries can disseminate their messages to the peoples of free societies through many channels—a freedom largely denied to Western countries seeking to communicate with citizens of communist countries.

We have no "jammers" in our ideological arsenal, nor are we operating any stations which purport to be located in communist Eastern Europe or in the Soviet Union.

There are other considerations that must be a part of any comparison of East-West broadcasting, among them the number, strength, and location of transmitters; variety and quality of programming; appropriateness and appeal to audiences; languages; the number of repeats as against original programs; and, of course, the need for Western broadcasters to make a large effort in order to counter jamming.

Jamming is a deliberate effort by the USSR, some Eastern European countries, and the People's Republic of China to interfere with transmissions to their peoples from the outside. It can be constant over the years, as in the case of Radio Liberty, or intermittent, as it has been with VOA and other Western broadcasters. The effectiveness of jamming varies: at times it can block a signal in a city and fail to do so a few miles away in the countryside; the use of high-power transmitters and several frequencies can overcome some jamming; and there are limited periods during the day when propagation conditions give a properly sited broadcaster virtual immunity to jamming.

HERBLOCK ON THE SUPER AND SNOOPER STATE

Mr. CHURCH. Mr. President, America's ablest political cartoonist, Herblock, is also a distinguished speaker. His talk before the National Press Club on May 23 is an excellent and fresh critique on the Nixon administration's use of public relations to enhance its own power, not to further the national interest and welfare. For example, tax dollars have been spent, Herblock notes, "often against you or against your Congressman," and he points out:

It is sort of a switch on the Marshall McLuhan idea that the medium is the message: The administration idea has been that the media should be the messenger boy.

Herblock goes on:

Through more than one administration there's been a trend toward what I've called the Secret Snooperstate—in which the government pries more and more into the lives of private citizens, while keeping more and more of the government's business *from* the people. In the past four years this trend has been stepped up by officials who have acted as if the U.S. government was their private property.

There are many more such gems that Herblock highlights in his unusual address. In order to share his thoughts with my colleagues I ask unanimous consent that Herblock's talk be printed in the RECORD.

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

[From the Washington Post, June 4, 1973]

ON WATERGATE AND SNOOPERSTATE

I hope you don't mind meeting here in this unusual way. I was originally going to follow the normal procedure of asking each of you to go to a telephone booth on a parkway near your home, and to wait for me to put in a conference call under the name of Watson.

After I said, "Hello, Watson, this is Watson speaking," you were supposed to give the code words, "Who's on first?" and then I would proceed to talk.

The job of a cartoonist is not to recite good news or to say, "Let us now praise famous men." A cartoonist should really be the kid in the Hans Christian Anderson story who says, "The emperor has no clothes on."

People keep telling me that I should be having a great time these days, and I wish I were. But it gets to be too much to have to *keep* saying the emperor has no clothes on and to keep adding, "Good grief—the whole bunch have no clothes on!"

Cartooning is an irreverent form of expression—and I think most needed when high officials seem to get higher and higher from inhaling power.

Americans who used to ask each other, "What do you think Roosevelt will do?" or "What's Truman up to?" or "What do you think Eisenhower will say?" now ask each other what they think *The President* will do. In some way the office has become so sacred that any occupant becomes a kind of Mr. President Superstar. And an ordinary mortal name is not good enough any more.

We should have known something was wrong when we heard about a "Committee to Re-Elect the President." If they didn't even want to mention the name of the candidate, we might have guessed they weren't going to want to name his campaign contributors either.

It is 10 months since President Nixon referred to Watergate as a "very bizarre incident," and it is two weeks since he referred to it as a "very deplorable incident." That shows progress. But not very much. And the recent White House comments on the good work of the press are already on the verge of becoming "misspoken" or "inoperative."

In any case I cannot say that I feel gleeful, or even complacent.

For one thing, the present administration is still pushing in Congress what has been called an "official secrets act." The proposed law would make it a criminal offense to disclose anything marked with a classified stamp, however wrongfully it might be classified. It would provide the complete cover-up for all government mistakes and misdeeds. And with 20,000 rubber stamps, it would stamp out the people's right to know about their government.

I don't think our real national security is to be found in the use of rubber stamps—or rubber gloves.

Several people have recently expressed a proper concern for the reputations of public officials. And Vice President Agnew has specifically warned that "many in public life are damaged by snide remarks." Recently he also referred to "personal abuse" and "innuendo."

I think this is certainly something to watch out for; and I can think of some awful examples:

Such men as Cyrus Vance, Sen. Edward Kennedy, Sen. William Fulbright and New York Mayor John Lindsay have been accused of being "sunshine patriots" and "summertime soldiers."

A man who has served his country as wisely and well as Averell Harriman—among the first Americans to warn of the danger of Stalin's policies, and a man highly praised by Winston Churchill—was not spared from the smear-gun. It was carefully implied that he sold out Poland to Stalin for a pair of horses, and that the Ho Chi Minh Trail should be called Harriman's Highway.

The name of Republican Congressman Paul McCloskey, a Korean war hero, was publicly linked to that of Benedict Arnold.

These are among the snide innuendos and reflections on the characters of public officials which came from one source—Spiro T. Agnew.

The constant cry of this administration has been that there is bias in the news and that they want better balance in the media. So do I. Before Watergate, most of what we got in the way of news about government every day, every week, every year, was news *of, by and for* the executive branch of government—and that is the news that has needed to be balanced.

Most of the news from Washington is what the President says, what his press secretary says, what his Vice President says, what his cabinet members say, what the Pentagon says, and so on. I don't recall any of these people talking about the administration not doing a fine job.

I don't know why *any* President should have all three major networks at his disposal any time he chooses to speak, except in case of national emergency. And I've always felt that presidential speeches not only should be analyzed but that the people should be given a chance to hear a reply.

The present administration has not cared much for answering questions from the press or from Congress. But it's been big on giving out statements. It has created *communications* staffs—all of them engaged in one-way communications.

Washington Post columnist Mike Causey has written of how the White House communications department has set quotas for speeches and propaganda material to be filled by information chiefs and department heads. There have been handy-dandy ready-prepared "communications" kits to help out these officials—and also handy aids for the media. Free recorded news items have been provided for radio broadcasting—and free government-produced canned editorials have been sent broadside to small newspapers. In that way, the executive branch not only makes its own news, but also creates its own editorial comment on the news.

These are examples of *your tax dollars at work*—often against you or against your congressmen. It is sort of a switch on the Marshall McLuhan idea that the medium is the message: The administration idea has been that the media should be the messenger boy.

From all its crying about the media you would not know that in the 1968 election, 80 per cent of U.S. newspapers (with 82 per cent of newspaper circulation) endorsed President Nixon, or that more than 92 per cent endorsed him in 1972.

So if the administration had 80 per cent of the press all it wanted was just a fair 50–50 split of the remaining 20 per cent. And then half of the remaining 10 per cent and so on—until it would have 99 44/100 per cent of a not-very-pure press.

Through more than one administration there's been a trend toward what I've called the Secret Snooperstate—in which the gov-

ernment pries more and more into the lives of private citizens, while keeping more and more of the government's business *from* the people. In the past four years this trend has been stepped up by officials who have acted as if the U.S. government was their private property.

Privacy has been for government people. And after reading the disclosures of some of the methods used, it's easy to see why they wanted it. Never did so many people *need* so much privacy.

I recall Mr. Nixon frequently reminding us that he is a lawyer. And he has referred to some of his advisers as "lawyers' lawyers." It's surprising in this law-and-order administration how many of those *lawyers' lawyers* now seem to need *lawyers' lawyers' lawyers* to keep them out of jail.

Incidentally, in the future, newsmen who are sent to jail for not disclosing their sources might find jail a pretty good place to get acquainted with some interesting sources.

Lately there has been a rash of articles anguishing over the possibility of what is called a crippled presidency. The only way the presidency can be damaged is by making the White House a "safe house" for wrongdoing.

The role of the free press in all this has been to do exactly what it was set up to do—to act as a check on all government.

When the Watergate disclosures began, I did a kind of cram course on comparative corruption and read up on the Harding administration, which was widely regarded as holding the record *up to that time*. I discovered that one of the people who took the lead in disclosing Teapot Dome was a man who later became a U.S. Senator, Clinton Anderson—just recently retired.

In the early 1920s Clinton Anderson was reporting and editing on The Albuquerque Journal, published in the home state of Secretary Albert B. Fall. This paper suffered severe reprisals for exposing the scandals. In a book titled "Teapot Dome," by M. R. Werner and John Starr, there is a short description of a brief encounter:

After The Albuquerque Journal began writing about the lease to Teapot Dome, Fall came into the newspaper office one day and asked in his characteristic loud tones, "Who is the son of a bitch who is writing those lies about me?" Anderson, a tall man, stood up and said, "I'm the son of a bitch, and I don't write lies." Fall left the office quickly.

Clinton Anderson certainly knew how to make himself perfectly clear.

CONTINUATION OF STRONG DEFENSE PROGRAM

Mr. THURMOND. Mr. President, an editorial entitled "We Can't Skimp" appeared in the Monday, May 28, 1973, issue of the Augusta Chronicle newspaper in Augusta, Ga. This editorial although fairly brief, drives home very succinctly the importance of maintaining a strong defense establishment.

The editor takes note of a report by the Association of U.S. Army which is deserving of the attention of every Member of the Congress.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD at the conclusion of my remarks.

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

[From the Augusta Chronicle, May 28, 1973]

WE CAN'T SKIMP

As the Congress in its present session considers the security needs of this Nation, concerned Americans should urge their Senate and House members to resist any pressures to cut the Defense Department budget as it is presented.

The budgeted level of expeditures is, in the considered judgment of many informed observers, the lowest level consistent with the national interest. As the Association of the United States Army, a group whose purpose is to support an effective Army, expresses it in a position paper: "The Fiscal Year 1974 budget supporting 2,230,000 men in the armed forces represents the minimum strength for national defense without major changes in the international order and (in) our national commitments."

Note the stress on manpower. Regardless of sophisticated gadgets, it is true, as the AUSA paper puts it, that "nothing has yet been invented nor is it likely to be that will replace a man on the ground as the final determinant of success in battle . . ."

The difficulty is that personnel is an area in which costs are rising critically high. Despite the streamlining of our forces so as to achieve economy, we will still spend this year about 56 per cent of the national defense budget for manpower procurement, retention, pay and related programs.

Other points made by the perceptive AUSA study which merit careful consideration in the Congress are:

An operating Selective Service system with presidential induction authority is essential for possible emergencies, and as a hedge against possible future inability to recruit the necessary manpower.

In getting the numbers necessary for our armed forces, quality of personnel must not be sacrificed.

Reserve components, which are basic to our preparedness, need greater support to attain manpower and training goals.

National security is the first and basic business of a government, and that should never be forgotten.

WHITE HOUSE ASKS POSTCARD VOTE TO SETTLE TRIBAL STRIFE

Mr. McGEE. Mr. President, it was highly encouraging to me, as sponsor of S. 352, the postcard voter registration bill passed by the Senate on May 9, to read in Sunday's newspaper a headline that said in three lines of 36-point type that, "White House Asks Postcard Vote To Settle Tribal Strife."

Mind you, they have asked, not just for postcard registration of eligible, enrolled members of the Oglala Sioux Tribe, but for a postcard vote of tribal members to determine if they want to change their present form of elected government.

This proposal by the administration to the traditional chiefs of the Oglala people demonstrates a new-found faith in the use of the U.S. mail to conduct communications of an official nature. The newspaper account makes it perfectly clear, I think, that the White House Counsel who has suggested the postcard vote does not harbor fears of fraud. He apparently is unconcerned that, perhaps, some ineligible citizens might participate—say some members of the Teton Sioux, some Cheyenne, or even some Navajo or Seneca. Maybe the counsel to the great white father realizes that few, if any, of his representatives could tell an Oglala from a Teton anymore than they could differentiate between a Cherokee and a Pawnee eyeball-to-eyeball. At any rate, I welcome the White House interest in postcard voting.

THE BILINGUAL COURTS ACT

Mr. TOWER. Mr. President, on May 7 Senator TUNNEY introduced S. 1724, the Bilingual Courts Act. This is a most important piece of legislation and I am pleased to join as a cosponsor. The intent of this legislation is to insure that Americans with limited English speaking ability have that type of access to our Federal court system that is guaranteed to them by the Constitution.

All levels of government must become more cognizant of the needs of America's bilingual citizens. The Bilingual Courts Act will, upon implementation, further assure our bilingual population of their constitutional right to equal protection under the law.

The legislation will authorize the Administrative Office of the U.S. Courts to determine whether a Federal district court should be certified as a bilingual district. Such a certification will be made when 5 percent of the residents or 50,000 persons within the judicial district have limited English speaking ability. Upon such a determination, the Administrative Office would be authorized to establish certain procedures for the employment of trained interpreters, and the operation of courtroom facilities capable of simultaneous language translation.

While our Federal rules of procedure, both criminal and civil, and certain Federal criminal statutes provide for the appointment of court interpreters, these provisions are for the most part voluntary and do not seek to effectuate clear procedures implementing basic constitutional protections. Additionally, court decisions have sought to safeguard the sixth amendment rights of counsel and confrontation. Nevertheless, these actions do not conclusively mandate a uniform approach whereby constitutional guarantees will be assured. I believe it to be a much wiser policy for Congress to establish a set system to assure the fair administration of our judicial processes rather than rely upon court interpretations of constitutional issues that even today are open to various doctrinal pronouncements.

Therefore, passage of the Bilingual Courts Act will provide a clear statutory basis allowing our judicial system as a whole to take positive action rather than to simply react to decisions that may only be applicable to particular judicial districts and not to others. This is essential in order that many segments of our bilingual population allay some of the mistrust and anxieties which have been built up against the judicial system. Even though the objective of providing equitable access to the judicial system for all Americans regardless of race and cultural background has been advanced in recent decades, I cannot blame, for instance, many Mexican-Americans in my State of Texas for oftentimes distrusting our judicial establishment. There have been blatant instances of discrimination toward the Spanish-speaking in my State as well as in others.

While there have been notable changes in recent times that have constructively demonstrated the sincere intention to

make the system work in a fair and equitable manner, the Bilingual Courts Act is necessary to focus on and implement the Federal commitment to remove the vestiges of discrimination that still exist today.

THE CONTINUING DETERIORATION OF THE DOLLAR

Mr. SYMINGTON. Mr. President, the U.S. dollar has fallen 19.49 percent in only 20 months, this as against the value of the currency of the 14 other countries that do the most trade with this Nation.

That measure, reflected by one respected index at the close of trading day before yesterday, was based on the official dollar value of gold and other currencies prior to the Smithsonian Agreements of December 1971.

Measured against the parities existing after Smithsonian, the value of our dollar is down 8.84 percent on the same index.

Only last Friday the index figures for those two standards showed a decline in dollar value of 18.68 percent and 8.05 percent respectively; and meanwhile the price of gold soared to $123.50 per ounce on the London Market.

This steady deterioration brings to mind several observations.

Nearly 10 years ago, on the floor of the Senate, I first cautioned of the growing danger that could only result from the continuing large flow of dollars out of this country.

Since then our balance-of-payments problem has steadily worsened, but we continue to spend more in the support of our various foreign adventures abroad.

As but one example, the sound of American bombing had barely stopped in Vietnam before we began again to fly missions in Cambodia; and now the Defense Department is asking us to transfer $500 million in support of that latter bombing effort.

The balance-of-payments problem finally came home to roost in 1971, and was the primary reason for precipitating the first of the two devaluations of the dollar within a 14-month period.

Although our net liquidity balance dropped from a deficit of $22 billion in 1971 to $14 billion last year, it rose back to $6.8 billion for the first quarter of 1973.

At this rate, note that the balance-of-payments deficit could climb to $27.2 billion by the end of this year.

The irony of the present dollar crisis is that many financial experts believe the dollar monetarily strong, and now undervalued. It is supported by the world's strongest economy. Furthermore, our recent trade balance showed a surplus, the first in five quarters.

Monetary considerations, however, are less important to speculators. They base their decisions on their degree of confidence in the currency in question, and the ability of that government to handle currency crisis and inflation.

To that end, let us hope that the Senate vote to forbid the use of funds for further bombing in Cambodia represents an important step toward some meaningful control of our military expenditures abroad.

Let us hope also that opportunity will soon arise to implement some form of wage-price freeze as recommended by the members of the Senate Democratic caucus. This could give more confidence to the problems of our slipping economy, at home as well as abroad.

RECONFIRMATION OF FEDERAL JUDGES

Mr. HARRY F. BYRD, JR. Mr. President, the Virginia Federation of Business and Professional Women's Club, at its 52d annual convention in Roanoke, Va., on May 19, adopted a resolution supporting Senate Joint Resolution 13, a constitutional amendment which I have proposed to require reconfirmation of Federal judges by the Senate every 8 years.

I am deeply grateful to this fine organization for its support of my proposal, which is designed to make the Federal judiciary accountable.

Federal judges now serve for life and are accountable to no one. In a democracy, why should anyone have lifetime appointment?

The resolution adopted by the federation correctly points out that "more and more power is centralized in the Federal Government," and this is a major reason why it is important that Federal judges, who have enormous power, be subject to Senate reconfirmation.

I believe that the action by the federation in Virginia is part of a trend of growing interest in the idea of making our Federal judges accountable. The State Legislatures of Michigan and Alabama have endorsed the proposed constitutional amendment, and much favorable editorial comment has appeared in newspapers around the country. I think this shows that the people want to see reasonable limits placed on the powers of Federal judges.

I ask that the text of the resolution adopted by the Virginia Federation of Business and Professional Women's Club be printed in the RECORD.

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

BUSINESS AND PROFESSIONAL WOMEN'S CLUB,
Charlottesville, Va., May 20, 1973.

Whereas, The new program of the National Federation of Business and Professional Women's Clubs, Inc. is Challenge for Commitment; and

Whereas, We as individuals are concerned with the quality of our appointed and elected government officials; and

Whereas, More and more power is centralized in the federal government, we need to appraise more critically the justification for life appointment of federal judges; therefore be it

Resolved, That the Virginia Federation of Business and Professional Women's Club, Inc. recommends that the National Federation of Business and Professional Women's Club, Inc. adopt a resolution to the effect that necessary support be given on Senate Joint Resolution 13, proposing an amendment to the Constitution of the United States which requires that federal judges be subject to reconfirmation by the Senate every 8 years.

THIS IS THE CITADEL—YOU ARE CITADEL MEN

Mr. HOLLINGS. Mr. President, it is my privilege today to call to the attention of the Senate an exceptionally distinguished commencement address given on May 19 at the Citadel in Charleston, S.C. The speaker was Lt. Gen. George M. Seignious II, Director, Joint Staff of the Joint Chiefs of Staff.

General Seignious spoke eloquently of the great and proud traditions of the U.S. Armed Forces. He spoke of hard work, discipline, duty, pride, and love of country. He spoke of the highest ideals not only of the military services, but of the country. That is what struck me most about this fine address—how, in the final analysis, that which fashions a good soldier also helps fashion a good citizen.

Mr. President, I will not try to summarize General Seignious's message, for he does it far more eloquently himself. But I do call it to your attention and to the attention of all our citizens, as one of the finest orations I have heard in many, many years.

Mr. President, I ask unanimous consent that the text of General Seignious' remarks, entitled "This is the Citadel—You Are Citadel Men" be printed in its entirety in the RECORD.

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

THIS IS THE CITADEL—YOU ARE CITADEL MEN

(By Lt. Gen. George M. Seignious II)

President Duckett, General Clark, Colonel Holliday and members of the board of visitors, distinguished guests and my classmates of 1942, Alva Chapman, Floyd Walters, parents, and cadets—and the class of 1973.

As a son of the Citadel I'm deeply honored to share today with you—31 years between Citadel degrees—4 years to earn the first—14 minutes the second. I like that difference to graduates!

Hanging in old Saint Paul's Church, Baltimore, is a plaque dated 1692, from which I've extracted a thought.

"If you compare yourselves with others, you may become vain or bitter, for always there will be greater or lesser persons than yourself."

This old and wise counsel means well—for it is directed at the individual personality, the individual man, the individual human being—it recognizes that each of us have, strengths and weaknesses. I can agree that there are dangers inherent in pressing competitive and comparative evaluations on a person to person basis—for there is the danger of vanity if the comparison is favorable or self pity, if unfavorable. However, I do not fear examination of virtues and principles that lead to a purposeful and rewarding life. This I intend to do.

Your happiness and elation today—so abundantly shared by your family and friends—is, I suspect, tempered just a little by uncertainty. It need not be. Two men looked at the sun at high noon: one said the sun has reached the peak of its glory—the other said "the sun has now begun to set." *Your* confidence should be at high noon! This is the Citadel—you are Citadel men.

You have served with honor and dedication in a spartan, disciplined environment when your contemporaries have enjoyed the so-called permissive life. Surely it's looked tempting—surely you've joined in it over some weekends—surely you've asked your selves a hundred times "why am I here?" Why am I here in a military uniform when the military are villified and scorned? Was it worth it? You know the answer or you will.

You know you're in a great institution where dedication and courage are engrained in you from the day you arrive—you take pride in this achievement—you know that in the days ahead that by the discipline—yes the self-discipline of cadets days—you will have the courage to discern with clarity right from wrong—you know that you'll steadfastly hold to the good and cast aside the worthless.

You know the meaning of honor—can you imagine a Citadel man—who nightly responds 'all right sir' to the officer of the guard, becoming envolved in the sordid and shameful Watergate affair? I cannot. Dreams and fantasies may have no limits but the *real* world has *real* limits—we must therefore distinguish between our dreams and aspiration and the tough, demanding world of reality where progress and accomplishment are accompanied by self-sacrifice and self-discipline—a commitment or dedication—in the form of work and accountability for our actions. Cadet life has provided you the foundation on which to build. In these dynamic and trying times our nation cries out for leaders of your training and devotion—your Citadel character.

Since you sat here a year ago to see the seniors graduate, we have been witness to major events of transcending importance to America, and to the world. In restrospect it is truly amazing that they all happened in the short span of just over one year.

I ask you to think back for a moment to early March of last year. Our President has just completed his historic visit to Peking, ending a 25-year period of hostility between our country and the Peoples Republic of China.

The North Vietnamese had yet to launch their full-scale invasion of South Vietnam. Our President had yet to make his courageous decision, prompted by that invasion, to mine North Vietnamese waters and to resume bombing throughout North Vietnam. He had yet to make his visit to Moscow which resulted in the signing of agreements by the U.S. and the U.S.S.R. on certain aspects of limiting strategic armaments. Not only did the American people have yet to elect their President for the coming four years, they had yet to choose the candidates.

Above all, we had yet to engage in serious negotiations for a peace agreement in Vietnam and, I would add, at that time the prospects for such negotiations were certainly less than favorable.

In the course of just over twelve months we have progressed quite rapidly through each of those major events—with each event contributing in its separate but complementary way to the point in history where we stand today—a nation holding a new hope for peace not yet achieved. Certainly, if there is one national objective which all Americans will wholeheartedly support, it is the objective of world peace. But when we begin to discuss the ways and means to achieve and maintain peace, opinions and concepts begin to diverge—at times in opposite directions.

One major reason for our diverse thought on how best to achieve peace may stem from the fact that we have had little experience with it—a fact that is quite apparent to the cadets gathered here.

Many, if not most of you, were born during a time when the United States was engaged in the Korean conflict. During almost half of your lifetime this nation was involved in the longest war in our history in Vietnam.

Looking at peace on a worldwide basis, the noted author "Will Durant" wrote in 1968 that "in the last 3,421 years of recorded history only 268 have seen no war."

To be sure, all of the historical evidence seems to support the view that the achievement of lasting peace is truly one of the most mocking challenges to mankind.

Of one fact I am certain—peace will not be achieved by good will alone. For your generation and mine, attaining and maintaining peace will require the earnest dedication of our energy, resources and will.

The Vietnam peace agreement is now in hand—fragile though it be—an accomplishment for which everyone in this country is grateful. During the course of this long and bitter struggle, there developed in this country the most deep anti-military feeling in the history of our country. Such deep feelings are not easily abated. And one of my grave concerns for the future is the possible translation of anti-militarism into our post-war national attitude. Let me be more explicit on this point.

As an aftermath of Vietnam, there is a strong possibility in my view, that some of our people will wish to turn inward; to disengage from or avoid international involvements and commitments which might serve as the source or cause of future tension or confrontation; to let others go about their own business as we go about ours. Such attitudes have already been expressed and I believe the tenor will mount in intensity as the debate over Vietnam in retrospect continues. The desire for "no more Vietnams," "no more confrontations," can easily become a persuasion for those who will advocate that the best way to avoid confrontation is to reduce the ways and means to confront—reduce overseas military presence, reduce weapons which feed the so-called military-industrial complex, reduce defenses which are allegedly too costly anyway.

Such warnings, no matter how well intended, are misleading, for military forces and weapons are not the cause of confrontation: confrontation is caused by conflict of national interests, and the real key to world peace is the peaceful resolution of conflicting national interests through negotiation. The United States is involved throughout the world in interests which may, from time to time, be in conflict with others. As President Nixon stated in his foreign policy report of three years ago, "we are not involved in the world because we have commitments; we have commitments because we are involved."

It is unrealistic to think that this Nation can withdraw from the world, live in isolation, and at the same time live in peace unthreatened by those who want what we have. Our interdependence with the other nations of the world simply will not allow us to embrace any such "dream world" attitude. We cannot be immune to the consequences of events beyond our national boundaries.

These issues may seem to you to be too broad in scope. Too great in dimension and too staggering for solution.

Like it or not, believe it or not, accept it or not—as of today you become inescapably a part of these issues—a hope for these challenges, and "guardian at the gate" of our national purpose. Your deeds, your leadership, your skills, will either strengthen or weaken our national fiber—the very fiber it takes to weave a national posture of character, strength and power. We here believe in you. This is the citadel—you are citadel men.

By exercising courage and self-discipline you have learned what integrity means. By deed, by act, by silence, by word, by omission, by commission you know that you must be truthful to yourself as a man, to your subordinates and to your superiors, life as a cadet with honor cannot be sustained otherwise—you know and I know that a fellow cadet can spot a phony like a three dollar bill. To permit lax discipline in the name of popular leadership is just as phony as being an unreasonable martinet in the name of military discipline. As leaders, civilian or military, in the years ahead the virtue of integrity still holds. Honest mistakes are admissible and correctable, devious ones are intolerable. One cadet asked me not long ago about "apple polishing" on the road to success. My answer can only be—"phonies" in life whether at the citadel or in later life do not succeed. It is the man who is courteous and tactful but genuinely honest with himself and others that reaches his goal.

One part of integrity that I believe you understand and have the courage to face has to do with responsibility. Today the unflinching and proved patriotism which guided so many of our forefathers seems to be under question. Today the responsibilities to preserve our freedom seems to be someone else's job, today the love and devotion to institutions—the church, the family, our colleges are being questioned—to have devotion to a cause and a tradition gives value to a responsible life.

Abused also are our Viet Nam veterans—patriotic men who have unswervingly served their Nation while lesser men ridiculed them.

A few weeks ago I was privileged to attend a briefing to the Joint Chiefs of Staff by fourteen of our Ex-POWs—They described the organization and discipline that they evolved to sustain themselves in this heavy and torturous travail. Responsibility, leadership and devotion to a cause got them through—their motto was "return with honor." Honor to their country, their flag and to themselves—five of them citadel men, the senior member of the first group of returning prisoners of war sent the following message to the chairman of the Joint Chiefs of Staff from the Philippines just after he was released. It stated, "as the senior member of the first group of returning POWs, I wish to report that after a good night's sleep and two good meals, we are ready for duty."

In reply, the chairman sent the following: "The receipt of your fine message was an inspiration to me as well as to the Joint Chiefs of Staff. I am extremely gratified—but not surprised—that the men you have led are ready now for duty. I personally thank God that you and your fellow officers and men are on our team and have, in fact, never ceased performing your duty under the most trying of circumstances." We here believe these things—this is the Citadel—you are Citadel men.

Yes, the courage and integrity that has formed the basis of cadet life will, indeed, be the hallmark of your life. But the whole man, the Citadel man needs another tribute—one that grows with the realities of life—the virtue of humility .

No man can see brave men die without finding compassion—no man can be a parent and a father and experience the miracle of children without the humble realization of a supreme and miraculous God—no father can have a son in battle and helplessly wait and pray without humility—no man can experience a mother's love or the devotion and love of a wife and feel worthy of it—no man can be sustained by friends like you and I have made here at the Citadel and not be grateful to them. Cherish them—this is the Citadel and you are Citadel men.

I challenge each of you in the class of 1973 to use the virtues of courage, integrity and humility that are your heritage. As Alvah Chapman said two years ago in ending his great commencement address. You are a Citadel man, and as in the parable of the talents "to whom much is given is much expected."

ADMINISTRATION POSITION ON FOOD STAMPS, SSI, AND THE ELDERLY

Mr. PERCY. Mr. President, one provision of the pending farm legislation which has aroused a good deal of discussion relates to an amendment to the Food Stamp Act of 1964. I am referring to section 808(b) which restores the eligibility of recipients of benefits of the sup-

plemental security income program for food stamps.

No Senator, least of all this one, wants to see our elderly any worse off under the provisions of SSI than they are under the existing programs which SSI is designed to replace.

And again, no Senator, least of all this one, wants to see the elderly in a position in which they cannot assure themselves of a nutritionally adequate diet.

I have no quarrel with the basic thrust of the SSI program and I agree that it is better to have cash with which to make one's own choices than to face the constraints of what we can call an in-kind program. And I do not want to do anything which would endanger a speedy and complete and fully State supplemented program.

And that is the crux of the problem: Will States fully supplement the basic Federal payment in order to assure recipients a payment no less than what they are now receiving. To do this, States must have an incentive, according to the Department of Health, Education, and Welfare, to add the value of the food stamp bonus to SSI payments. The Department is fearful that this change in the Food Stamp Act will act as a disincentive for the food stamp cashout by States. On the other hand, the Department cannot guarantee what States will do, and thus some of our elderly may be in a nutritionally vulnerable position come January 1, 1974.

In all fairness I believe we should put on the record the position and reasoning of the Department in this matter. This, as I understand it, is how they view the situation at present.

The Department believes it is important that every incentive be given to the States to include the cash value of food stamps in their supplementary payments to individuals under the SSI program.

The possibility that Congress may reinstate eligibility for food stamps and commodities for these individuals would, they believe, have a detrimental effect on State decisionmaking currently taking place. Including the cash equivalent of the bonus value of food stamps in the SSI checks would theoretically benefit substantially greater numbers of recipients eligible under the adult assistance program and would be consistent with the philosophy that older people would probably prefer to have extra available cash rather than stamps or commodities.

The Department believes that consideration of the following points would support the continuation of the food stamp cash-out as now authorized by Public Law 92-603:

First. Through the SSI program and the food stamp cash-out, a potential 6.2 million aged, blind, and disabled persons could receive the bonus value of food stamps as part of their monthly check. This contrasts with the low percentage of participation by current recipients in the adult categories—18 percent receive commodities and 28 percent purchase food stamps.

Second. It has been stated that 1.5 million persons currently receiving food stamps or commodities would be disadvantaged. This—according to HEW—is not true. It is possible that most, if not all, of these persons would receive in their monthly SSI check the same bonus value they now receive. Furthermore, an additional 4.7 million individuals would be eligible to receive the bonus value. The cash would be sent to them as part of their monthly check.

Third. It is critical that checks be mailed to the needy aged, blind, and disabled citizens on time under the new Federal program beginning January 1, 1974. Planning is underway between the Department and the States. Federal decisions on State supplementation have just been announced. States will begin to make final decisions on payment levels very shortly. This process, the Department believes, may be slowed by possible legislative change. Further, the Department believes that if the States think that SSI recipients will be eligible for food stamps, they very likely will not include the cash equivalent of the bonus value in their supplementary payment.

The problem, Mr. President, is that nobody has solid evidence at this time about what the States will finally decide to do. What we do know is that many States are in a position to act quickly while others may require a longer time. I would like to have incorporated in the RECORD at the conclusion of my remarks a chart prepared by HEW which indicates the status of the States with respect to taking action on State supplementation of SSI payments.

This is an extremely complicated situation. Available information is not very good or very precise. I do know, however, that all of us—Members of the Congress as well as the representatives of the Department of Health, Education, and Welfare with whom I have discussed this matter—want to do what is best for our senior citizens.

Mr. President, I ask unanimous consent that the chart I referred to be printed in the RECORD.

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

STATUS OF STATES WITH RESPECT TO SUPPLEMENTATION OF SSI PAYMENTS

1. No food stamp program:

Delaware	New Hampshire

2. In session could do something about food stamp program:

California	Michigan
Colorado	Missouri
Connecticut	New Jersey
District of Columbia	Ohio
Florida	Oregon
Illinois	Pennsylvania
Iowa	Tennessee
Louisiana	Vermont
Maine	Washington
Massachusetts	Wisconsin

3. Have adjourned but have done something that appears to take care of food stamp program:

Arkansas	New York
Maryland	Utah
Nevada	

4. Have adjourned but can be called back in special session:

Arizona	Kentucky*
Georgia	Minnesota
Idaho	Mississippi
Indiana	Montana
Kansas	Nebraska
New Mexico	South Dakota
North Carolina	Virginia
North Dakota	Wyoming
South Carolina	

5. Can do something administratively under own motion:

Alabama	Oklahoma
Alaska	Rhode Island
Hawaii	West Virginia

6. Texas: precluded from doing anything in their Constitution.

*Kentucky had no legislative session in 1973—meets every two years.

CARL ROWAN SPEAKS ON CHANGES NEEDED IN U.S. ATTITUDES TOWARD LATIN AMERICA

Mr. McGEE. Mr. President, in last Friday's, June 1, Evening Star News there appeared a very thoughtful piece on Latin America written by Columnist Carl Rowan.

The thrust of Mr. Rowan's observations is that there has to be a wide-range change in attitudes not only on the part of the American people but also on the part of U.S. corporations and the Government as well.

Mr. Rowan noted that even well-educated Americans know woefully little about "trends and developments within the countries of Latin America."

He further contended that:

U.S. businesses especially seem to plod along in an ideological, intellectual fog, assuming that no matter what goes wrong, the CIA, or the Marines or some branch of the U.S. government will bail them out.

He is highly critical of the administration's continued hard-line policy toward Castro's Cuba, an attitude which he notes has brought a "greater loss to U.S. prestige and leadership when, one by one, Latin countries abandon the—OAS—sanctions."

I am in full agreement with Mr. Rowan's thesis that there is a need for a sweeping reevaluation of not only our relations with Latin America but also how we perceive new developments in that area of the world.

I ask unanimous consent that the column be printed in the RECORD.

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

LATIN COMPASS POINTS LEFT

(By Carl T. Rowan)

A Bell & Howell executive telephoned me from Chicago a couple of months ago for help in settling an argument about what the elections in Argentina really meant.

This executive was having trouble convincing some of his colleagues that in choosing Dr. Hector J. Campora as president, Argentina had taken a giant stride to the left.

Because Campora is a Peronist, and Peron is remembered as a dictator of alleged pro-Nazi sympathies, some executives thought it must mean that Argentina was moving toward right-wing totalitarianism.

I assured the caller that Campora's election was a major move to the left and that, based on what I had seen and heard in Argentina, the world wouldn't be long discovering that.

Campora took office a week ago and wasted no time in freeing "political prisoners," lifting the ban on the Communist party and resuming diplomatic relations with Cuba. He gave a hero's welcome to Cuban President

Osvaldo Dorticos and to Chile's Marxist President Salvador Allende.

I mention that telephone call from Chicago because it illustrates how woefully little even well-educated Americans know about trends and developments within the countries of Latin America.

U.S. businesses especially seem to plod along in an ideological, intellectual fog, assuming that no matter what goes wrong, the CIA, or the Marines or some branch of the U.S. government will bail them out.

What American businessmen need to face up to is that not just Argentina but *almost all* of Latin America is moving left politically, a reality that is obscured by the fact that military governments hold sway in so many places. The irony is that even Latin military leaders (many of them trained in the United States) are moving left when it comes to developing their economies or their dealings with the United States.

American big business must share with our government the major responsibility for the fact that U.S. prestige is down, capitalism is cursed, the Soviet Union has made remarkable inroads and Castro Cuba is scoring one quiet triumph after another in the hemisphere.

Secretary of State William Rogers has just completed a tour of Latin America that was badly needed but, thanks to Watergate and other evidence of domestic malaise, got about the same attention in the American press as would a trip to the bathroom.

Rogers sought to convince Latin leaders that the era of U.S. paternalism in dealing with smaller, weaker countries of the hemisphere is over. Campora's swift resumption of relations with Cuba was a test as to whether Rogers was announcing a genuinely new policy or just dealing in rhetoric.

It is the poorest-kept secret in Latin America that but for paternalistic "guidance" and outright pressures by Uncle Sam, all the Latin countries but Brazil, Bolivia and Paraguay would long ago have welcomed Cuba back into the family of American states. After all, the president of Venezuela states flatly that the original reason for banishing Cuba (attempts to subvert Venezuela) vanished long ago and that Venezuela has established fairly good relations with Cuba.

But the Nixon administration, busy courting the giant Communist powers, Russia and China, has a mind set against any change of attitude toward the Cuban Communists. So we sit obdurately as Peru, Chile, Jamaica, Trinidad and Tobago, Guyana and now Argentina join Mexico in full relations with Cuba.

The more the United States twists arms to try to maintain sanctions against Cuba, the greater the loss to U.S. prestige and leadership when, one by one, Latin countries abandon the sanctions.

Yet feelings about U.S. governmental paternalism and pressure are minor compared with the burgeoning Latin hatred for U.S. business, especially the multi-national corporation. The kidnapings of executives of international corporations and the extortion of a million dollars' worth of charity from the Ford Motor Co. only begin to illustrate the rising feeling that foreign corporations are not developing Latin America, but in fact bleeding it of wealth and resources to the point of making development all the more difficult.

Violent Trotskyite rebels in Argentina have warned Campora that they will continue their attacks on "imperialistic corporations."

It will take more than gift ambulances and charitable donations to convince Latin activists that giant American corporations no longer are exploiting Latin America. The grave challenge is for U.S. business interests to fashion new policies and procedures to give Latinos that kind of assurance.

GENOCIDE: THE UNITED STATES SHOULD EXERCISE MORAL LEADERSHIP

Mr. PROXMIRE. Mr. President, the United States prides itself on being a moral leader in the world. We have always considered ourselves at the forefront of humanitarian causes. However, we are lacking in at least one respect. Scores of nations have ratified the Genocide Convention; the United States has not.

Twenty-four years ago this month, President Truman transmitted to the Senate the Genocide Convention. Three years ago, President Nixon repeated the Executive's support of ratification, which the President said "will demonstrate unequivocally our country's desire to participate in the building of international order based on law and justice." The Attorney General and the Secretary of State then also agreed that "there are no constitutional obstacles to U.S. ratification."

Ratification of the Genocide Convention will help buttress the moral leadership of the United States—a leadership which has been called into question by some during the past few years of foreign and now internal strife.

I urge the Senate to act quickly on the Genocide Convention. We cannot afford to pass up this opportunity to demonstrate our sense of morality and belief in international law.

The reasons Arthur Goldberg enunciated several years ago in support of the Genocide Convention still stand. The Convention outlaws activity repugnant to the American people. Failure to ratify is an unnecessary diplomatic embarrassment. Our ratification and adherence to the Convention can make a practical contribution to the long and difficult process of building a structure of international law based on human dignity.

These reasons are still sound. Let us proceed with ratifying the Genocide Convention.

THE UNITED STATES AND EUROPE IN AN AGE OF DÉTENTE

Mr. MATHIAS. Mr. President, there is a growing concern both in Europe and in the United States of the long-term stability of the Atlantic Alliance. This concern has been acute among those of us in this body who believe that a firm relationship with Europe should be the cornerstone of a viable U.S. foreign policy.

Recently, Senator EDWARD BROOKE, of Massachusetts, considered the immediate problems facing the NATO Alliance in a commencement address to the graduates of the Boston University overseas graduate program at Mannheim, Germany. In my view, Senator BROOKE's cogent and timely observations deserve our study and consideration. I ask unanimous consent that Senator BROOKE's speech, entitled "The United States and Europe in an Age of Détente," be printed in the RECORD.

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

THE UNITED STATES AND EUROPE IN AN AGE OF DÉTENTE

(Commencement address by Senator BROOKE)

It is indeed an honor for me to be with you today. I salute you for making the choice that your presence here bespeaks. The increasing complexity of modern life necessitates a commitment by all of us to a continual process of education, formal or otherwise. Your decision to seek an advanced degree has, hopefully, helped you to develop your own philosophy and opinions and to recognize their derivative sources. I would also wish for you the ability to develop and marshall your arguments truthfully, the eloquence to express them forcefully and the humility to alter them when better arguments so demand.

If your education has endowed you with these capacities, your efforts have been well rewarded.

It is common for those of us who enter the commencement pulpit to flatter the graduating class by assuring that it represents the hope of the future. Such statements do reflect an excess of rhetoric. Yet they hold an important kernel of truth. A single human being—certainly an intelligent group of committed individuals—can make a difference to and in this world. They may not be able to fashion a "golden age" or solve mankind's basic problems. But, through focused, dedicated and disciplined use of acquired knowledge, they can tilt the scales in decency's direction; and ameliorate some of the suffering and injustice far too prevalent in our world. That is a modest but attainable goal, worthy of your embrace and pursuit.

These are transitional days in the most literal sense for men and nations. Traditional values and relationships are under scrutiny and attack. I should like to focus today on one such relationship experiencing the ofttimes contending claims of the traditional and the transitional—I speak of the Atlantic Alliance and its future.

Power centrifugal pressures exist today in the Atlantic relationship. These pressures could inhibit the capacity of the Alliance to sustain—even to retain—the level of security sought by its member. How are these pressures manifested? First and foremost, there is the inadequacy, thus far, of Alliance efforts to cope with and compensate for the altered nature of the threat to Western European security.

In the past, fear of a military attack by the Soviet Union on Western Europe provided the ultimate rationale for the existence of the Atlantic Alliance. It mobilized public and congressional support for an extensive American involvement in West European security affairs. That simplistic though, in many ways, factual view of the Soviet threat to Europe has ceased to be a tenable one. The spectre of world communist revolution no longer haunts the West. Fear of a conventional Soviet military thrust into Western Europe is almost non-existent on either side of the Atlantic even though the military capabilities of the Soviet Union targeted on Europe are greater than ever.

But it is important for us to recognize that the Soviet threat to the security of Western Europe has not disappeared. Rather, it has become far more subtle and therefore more potentially dangerous. It encompasses a Soviet determination to use political and economic means and the long shadow of military ascendency to increase its capabilities to influence and, if possible, control political development in Western Europe. It is a threat posed by a Soviet willingness to engage the West in a "protracted struggle" for ultimate political influence on the continent. The contest will determine which side has the greatest capacity to "stay the course."

Unfortunately, many in the Western Alliance feel that "events are in the saddle and

ride man." I believe such a perception endangers Western abilities to adjust and respond to these new realities.

In the United States there are growing pressures for a substantial unilateral reduction in U.S. forces stationed in Europe. Those demanding such action fail, in my view, to adequately take into account our overall priorities and other developments in East-West relations that would be negatively affected by precipitous withdrawal. Too many Americans assume that the first cautious steps taken to achieve a relaxation of tensions in Europe represent the substance of an already established détente. Such a view mistakes what might be for what is. The United States would be unwise to unilaterally reduce its military forces at a time when that very presence can be used to influence the Warsaw Pact states to reach an accord on a mutual reduction of force levels by East and West in Europe.

While pressures for a U.S. unilateral force reduction have grown, Western Europe has sought to cling to an outmoded military status quo. This preference for the existing state of affairs is understandable. However both the altered nature of the threat to Europe's security and the growing likelihood of some form of extensive reduction of U.S. forces stationed in Europe make such a preference both unwise and unrealistic. This "head in the sand" approach to the problem is as dangerous for Alliance stability as the demands for immediate and unilateral U.S. troop reductions. Neither conforms to the realities of today and tomorrow. Europe cannot escape the need to assume an increasingly greater portion of the burden of its own defense. Nor can the United States escape, except at its own peril, the need to time adjustments in its force posture in Europe to coincide with increased European defense capabilities.

The upcoming negotiations on mutual and balanced force reductions are of crucial importance in providing the Western allies the opportunity to synchronize their efforts to adjust to the new security realities. Alliance members have a unique opportunity to alter the present military posture on a cooperative basis. Coordination of Western efforts in such negotiations rather than unilateral initiatives by individual states can do much to alleviate tensions within the Alliance over the troop reduction issue.

The viability of the Atlantic Alliance is also closely linked to the altered superpower relationship. While developments such as the SALT agreements have received the verbal support of our allies, they have also increased uncertainties within the Alliance. Strategic parity and its implications have increased European fears of a decoupling of the extended American strategic guarantee from Europe, thus weakening the psychological web of confidence that is a crucial determinant of Alliance cohesiveness. This, in turn, has led to anxious questioning by many Europeans of the long term efficacy of the Atlantic connection. It has also led to a growing demand by some European security planners for an upgrading of existing nuclear forces in Europe as a hedge against such a decoupling of the U.S. security guarantee. The kind of European political unity which would enable Europe to fashion a feasible alternative to reliance on the nuclear shield provided by the United States is nowhere in sight. It would therefore seem, that for the foreseeable future, Europe will have to endure a continual sense of uncertainty as to the ultimate credibility of the U.S. security guarantee. The burden is on the United States—by word and deed—to try to alleviate this uncertainty.

It was perhaps inevitable that this growing doubt would be a side effect of the rapprochement of the superpowers. There has always existed in Europe fears that the United States would sacrifice European interests in order to create and maintain some form of superpower condominium with the Soviet Union. Such "fears" have never been grounded in fact. The United States has no intention of sacrificing its close and historical affinity with Wetsern Europe as it seeks a suitable level of accommodation with the Soviet Union. Our "opening to the East," like the overtures of the Federal Republic, is compatible with an increased commitment to the Atlantic connection.

I would be the first to concede, however, that no words will totally allay these fears. Friends of the Alliance, on both sides of the Atlantic, should not ignore their potential or actual effects. They form a part of the perceptual setting within which efforts to maintain the viability of the Alliance must take place. To mitigate the debilitating effects of these anxieties, every effort must be made to maintain and solidify a linkage between developments in the superpower relationship and the evolving politics of détente in Europe. Two areas of interest are crucial in this regard: the SALT II negotiations and East-West Trade relations.

In SALT II there is every reason to believe that the Soviet Union will insist that the issues of U.S. forward based weapons systems in Europe and nuclear technology transfers between allies be a part of these negotiations. These questions, of course, go to the heart of West European security interests. It is crucial, therefore, for the members of the Atlantic Alliance to discuss these problems among themselves before and during substantive SALT II negotiations. Prior and on-going consultations with the West Europeans and substantive commitments to protect their interests must be key aspects of the U.S. approach in SALT II.

In the area of East-West trade, Congress and the Administration are currently engaged in establishing guidelines for future trade negotiations with the Soviet Union. I assume that similar preparations are taking place within the European Community. It would be extremely unfortunate if the Soviet Union was given the opportunity to encourage divisive tendencies in the Alliance by exploiting possible competition between the United States and the European Community for access to Soviet markets.

The key to forestalling such a development will be found in extensive and candid discussions within the Alliance regarding trade with the East. This is easier said than done. The United States and Europe are finding it almost impossible to reconcile their own trade and monetary differences, let alone evolve adequate and meaningful limits to their competition for Soviet markets. But some means must be found to maintain open channels of communication if crippling antagonisms are not to escalate in the Alliance while the trade opening to the East is taking place.

The trade and monetary tensions I have just mentioned are naturally a major source of centrifugal pressures in the Alliance. In America there is growing apprehension over what the enlarged European Community portends for United States trade and investment interests in the future. It is apprehension based on justified uneasiness over various Community practices, such as the Common Agricultural Policy, the Preferential Membership Policy for Third World countries, and the contemplated Common Industrial Policy. Many Americans perceive these aspects of the European Economic Community as designed to limit United States access to foreign markets, both in Europe and elsewhere.

Many in the United States do not know the realities of the United States—European Community trading relationship.

Far too few people realize that trade with Europe has been, over the long run, a plus item in the United States trade account. Ignorance of this fact has often led to a rather distorted picture of Europe as one of the main contributors to the growth of U.S. trade deficits. On both sides of the Atlantic the supporters of the Alliance must make special efforts to alter this erroneous assumption.

Dissatisfactions over Atlantic trade and investment relations are also evident here on the Continent. Europeans point to the inherently discriminatory nature of "buy America" policies as one example of America's trade "sins." Moreover, there is European discontent with investment policies of U.S. multinational corporations that appear to be designed to make European industry little more than an adjunct of American business interests.

Monetary tensions also increase divisive tendencies. Apprehension exists on both sides of the Atlantic over the inability of the United States and Western Europe to find some form of stability in their monetary relations with each other.

I wish I could advance a panacea which would reduce these tensions. I have no such easy solution. But patience, compromise, consultation and good will are surely the ingredients of success. Unless these qualities are brought to bear—and soon—the fabric of the Atlantic structure may be irreparably damaged. We cannot allow tensions in the trade and monetary relationships of Alliance members to escalate indefinitely if we are to maintain the stability of the overall security linkage. If one withers and dies so will the other.

I assure you that I have not focused on these problems confronting the United States and Europe in order to be a harbinger of the dissolution of the Atlantic Alliance. I am by nature an optimist, believing that such an approach is the only tenable one for those who wish to accomplish something meaningful in this life. Therefore, I believe fervently that the problems facing the Alliance are soluble if the will exists to work for their resolution. That being assumed, certain issues should be given priority consideration in Alliance relationships in the immediate future.

First, there must be a recognition that security for Alliance members cannot be maintained by outmoded military postures. I have stated this fact in several ways today. It bears restating and remembering. Adjustments must be made in the military posture of the Alliance that reflect the changed perceptual climate in both the United States and Europe and compensates for the altered nature of East-West relations. These necessary modifications must result from decisions jointly arrived at in intra-Alliance consultations, rather than as forced reactions to unilateral initiatives by one or more Alliance members.

Secondly, there must be a concerted effort by both the Europeans and the Americans to maintain open and extensive channels of communication with each other during the upcoming East-West negotiations. Western initiatives in the various forums must reflect a high degree of consensus if the West is to limit Soviet opportunities to use the various negotiations to promote discord within the Alliance.

The United States will likely assume the dominant position for the West in mutually balanced force reduction negotiations as well as the only position for the West in SALT II. To be maximally effective in these forums, the United States will need the extensive support of its European allies. I am convinced that one way to merit this support is to accept the primacy of European interests and the leadership of the Western Europeans in the European Security Conference. The discussions in this forum will have the direct and immediate relevancy for our European

allies, and we should accommodate ourselves as much as reasonably possible to their preferences.

The acceptance of a West European lead in the European Security Conference would be a direct and powerful manifestation of United States security in seeking to develop a true partnership of equality with Western Europe.

Thirdly, some workable balance must be achieved between the desire of each member of the Alliance to protect its trade and monetary position and the necessity to cooperate on military security matters. It would be foolish to believe that a perfect balance can be found. However, it would be equally absurd to assume that the United States and Western Europe can continue to cooperate closely on security matters while their trade and monetary relations continually deteriorate. Some form of interim stability must be found if the cohesiveness of the Alliance is to be maintained.

I am disappointed that some members of the European Community do not feel the time is right for a top-level American-European summit designed to reconcile the common needs of military security with these growing trade and monetary tensions. Such a meeting would be a useful indication to various audiences that the Alliance members are intent on maintaining and strengthening the Atlantic relationship in spite of the existence of these immediate problems. Hopefully, in the not too distant future, conditions will be such as to make possible the convening of such a summit.

Finally, an alliance can only remain viable so long as its members have a high degree of confidence in each other's willingness and ability to fulfill mutually agreed upon obligations. I am deeply troubled, therefore, by expressions of doubt as to America's ability to execute its responsibilities in the Alliance and the world in light of its present domestic predicament. I am convinced that these doubts are based on the false premise that individuals rather than institutions are more important in providing continuity for American policies, foreign or domestic. I believe the reverse to be true. It is the institutional structure that provides the unique strength of our system of policy formation and execution. It is that structure that has stood the United States in good stead in all times of foreign or domestic crises.

In the present situation, individuals have clearly betrayed the public trust. Possessing misconceptions as to the acceptable scope of their exercise of power, they have, by their actions, dealt a severe blow to the functioning of our governmental processes. However, I believe the debilitating effects of this "blow" will be short-lived. Our institutional structures possess sufficient capacity to absorb the current shock waves without experiencing irreparable or long-term damage. The recuperative capacity of the system will allow the United States to fulfill its commitments to the Atlantic Community and to press on in the search for a true and lasting détente between East and West.

DÉTENTE AND HUMAN RIGHTS

Mr. JACKSON. Mr. President, it was my privilege to give the commencement address at Yeshiva University in New York on June 4.

I ask unanimous consent to print the text of my remarks in the RECORD.

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

DÉTENTE AND HUMAN RIGHTS

(By Senator Henry M. Jackson)

For many of you, my remarks today will be the last lecture that you will be obliged to attend—and perhaps the first on which there will be no final exam. Better still, I shall be brief. As Henry VIII remarked to each of his wives, "Don't worry—I won't keep you long."

At no time since the end of World War II has the Western democratic world been more hopeful, nor the struggling democrats in the East more apprehensive, at the prospects of the developing international détente. And nowhere should the fears and apprehensions of those whose love of freedom has survived behind the Iron Curtain find a more receptive and thoughtful consideration than on the campus of this great university. So my remarks this morning are devoted to the question of détente and human rights.

As I stand before you today to receive, with great pride, your honorary doctorate. I cannot help but think back to 1937. In that year the great German writer, Thomas Mann, then in exile in Switzerland, received a letter from the dean of the University of Bonn informing him that "the faculty finds itself obliged to strike your name off its roll of honorary doctors."

So Thomas Mann replied. In his letter he asked of the Nazi Government he had fled:

"Why isolation, world hostility, lawlessness. intellectual interdict, cultural darkness, and every other evil? Why not rather Germany's voluntary return to the European system, her reconciliation with Europe, with all the inward accompaniments of freedom, justice, well-being, and human decency, and a jubilant welcome from the rest of the world? Why not? Only because a regime which, in word and deed, denies the rights of man, which wants above all else to remain in power, would stultify itself and be abolished if, since it cannot make war, it actually made peace."

Thomas Mann, who moved from an abhorrence of politics to, as he later described himself: ". . . an emigre, expropriated, outlawed, and committed to inevitable political protest," knew that a regime that denies the rights of man can never be reconciled to membership in the community of civilized nations.

I was at Buchenwald three days after its liberation in 1945, when it was still an occupied camp. I knew then in my gut what before I had known only in my head—that the holocaust is the central political experience of our time and that it must never happen again. The greatest mistake of the Western world was the failure of Britain and France and America to heed the warnings of Winston Churchill and to stand, firm and early, for the defense of individual liberty—not merely for territorial security, which proved illusive and nearly catastrophic, but for the spiritual security of the individual.

I would like to hope, as would free men everywhere, that what Thomas Mann knew to be true of Germany in the 1930's will not turn out to be true of the Soviet Union in the 1970's. But I am bound to say that I share the apprehensions of those who remain doubtful. This much is certain—how we design and implement the emerging policy of detente, the weight we assign to human rights in the development of relations with the communist world, and the depth of our own commitment to individual liberty will prove decisive.

Too often, those who insist that the pace and development of detente should reflect progress in the area of human rights are accused of opposition to detente itself. Nothing could be further from the truth. The argument is not between the proponents and detractors of detente, but between those who wish a genuine era of international accommodation based on progress toward individual liberty and those who, in the final analysis, are indifferent to such progress.

We will have moved from the appearance to the reality of detente when East Europeans can freely visit the West, when Soviet students in significant numbers—not the 25 who are here now—can come to American universities, and when American students in significant numbers can study in Russia. When reading the Western press and listening to Western broadcasts is no longer an act of treason, when families can be reunited across national borders, when emigration is free—then we shall have a genuine detente between peoples and not a formula between governments for capitulation on the issue of human rights.

Without bringing about an increasing measure of individual liberty in the communist world there can be no genuine detente, there can be no real movement toward a more peaceful world. If we permit form to substitute for substance, if we are content with what in Washington is referred to as "atmospherics," we will not only fail to keep our own most solemn promises, we will, in the long run, fail to keep the peace.

The early signs are not encouraging. Last week the United States Senate voted to sustain a foolish and short-sighted cut in the budget of the United States Information Agency. As a result the future of our Voice of America broadcasts to millions of persons who live in countries where—in George Orwell's memorable phrase—"yesterday's weather can be changed by decree," is in doubt. I hope that the House of Representatives will prevail in the forthcoming legislative conference and that these funds, so vital to our effort to assure the free flow of ideas, will be restored. One can only lament the suggestion, in the report of the Senate Foreign Relations Committee, that the USIA in its role is a "cold war anachronism."

I am concerned that in our relations with the Soviet Union we have not pressed with sufficient weight our demand that there be an end to the jamming of Western radio broadcasts. For millions of people the Voice of America, Radio Free Europe and Radio Liberty, along with the BBC and Kol Israel are not only a source of news, but a source of hope. I am moved as well as impressed by the ingenuity with which millions of radios in the Soviet Union have been modified, despite Soviet regulations, to enable them to receive broadcasts from the West. How much more convincing is the willingness to risk jail in order to hear the Voice of America than the shallow argument of Senator Fulbright that our broadcasts impede detente? How much better would be the prospects for a more peaceful world if men everywhere were free to read what they like and hear what they like?

If there is "a cold war anachronism" in this situation, obviously it is not the pursuit but the *obstruction* of freedom of communication and movement among peoples of East and West. In acquiescing to the jamming of our broadcasts, we do not improve the climate of detente. Rather, we abdicate our central responsibility to the encouragement of a genuine relaxation of tensions. In the denial of human rights, to say nothing of the breaking of agreements, silence is complicity.

Of all the human rights contained in the Universal Declaration of the United Nations none is more fundamental than that in Article 13—the right to free emigration. And as we assess the developing detente there is no more basic measure than its impact on the free movement of people. The importance of free emigration stems from the fact that whatever other liberties may be denied—speech, press, religion, employment—any and all of these can be restored by emigration to the free countries of the West. Of human rights, free emigration is first among equals. Moreover, emigration has a special international character that necessarily places it in the context of international relations—for the state that wishes to receive emigrants has at least as much of a stake in free emigration as the state from which they come.

Every day I receive in my office the appeals—often written and communicated at great risk—of innocent men and women whose only desire is to emigrate from behind

the Iron Curtain. As you know, a great many of these appeals come to me from the Jews of the Soviet Union—men and women whose courage and determination is of historic proportions. In the exodus of the Russian Jews, in their awakening and their struggle, those of you who study The Prophets have a whole new dimension to examine, and those of you who study history can take pleasure in seeing history arrive at Lod Airport day after day.

So the appeals arrive daily. And I am proud as an American that it is to America that these brave people have turned. For us, a nation of immigrants, to turn our backs on them in the interests of the most shallow notion of detente—or, worse yet, in the blind pursuit of profits from trade—would be a betrayal equalled only by our abject silence in the 1930's. I will not turn away from a challenge I am honored to meet. I will not be silent.

The economy of the Soviet Union is in desperate straits, and we have been asked to extend to Russia the benefits of our markets on a most-favored-nation basis, of our capital at preferential rates, and of our superlative technology. Now, there are those who argue that we must make these trade concessions in the interest of promoting detente but that we ought not to attach conditions that would, at the same time, promote human rights in the Soviet Union. This is the argument of the Kremlin. It is, I am sorry to say, the argument of many in high official circles in this country. But it is, also, I am pleased to say, an argument that we in the Congress have clearly rejected. The overwhelming support for my amendment—77 cosponsors in the Senate and some 280 in the House—to make these benefits conditional on free emigration is, in my view, not only the best hope for the survival and freedom of the Russian Jews, it is a sound and proper way to manage the emerging detente.

I'm not against trade with the Soviet Union. Long before President Nixon went to Moscow, I cosponsored the East-West Trade Relations Act to promote trade with the Soviet Union and other communist nations. But I believe that such trade should serve our larger interests as well as Soviet economic interests. So when we talk of free trade, let us also talk of free people. When we bring down the barriers that keep manufactured goods from communist countries out, let us also bring down the barriers that keep their people in.

I say to you—we are going to pass the Jackson Amendment in the Congress. We are going to add a new law to the statute books and a new life in a new land to those thousands of men and women who desire only to be free.

Now, the White House prefers to use "quiet diplomacy," and with that they dismiss the tough bargain that the Jackson Amendment calls for. Well, we have seen that sort of "quiet diplomacy" before. It got us a grain deal in which the Russians purchased cheap wheat subsidized to the tune of $300 million by the American taxpayer while the American housewife ended up paying for more expensive beef and grain-based products. It got us a strategic arms limitation agreement in which the Soviets obtained a three-to-two advantage in land and sea-based missiles. It got us a new wave of repression and trials following the Moscow summit. It got us the infamous education ransom. It brought about the appearance of détente and the reality of an even lower Soviet tolerance of individual liberty.

That is not the sort of diplomacy we need and it cannot produce the sort of detente that we need. And as long as I am able to influence policy—as long as I have something to say about the foreign and trade policy of the United States—I shall do what I can to see that we develop the sort of detente that can lead to genuine peace, a detente based on freedom and individual liberty.

Now that your studies are completed I call upon each of you, in the spirit of the ideals and values that this great university represents—to join me in that effort.

HUNGER IN AMERICA—1973 "PRESCRIPTION: FOOD"

Mr. HUMPHREY. Mr. President, the Senate Select Committee on Nutrition and Human Needs has just issued its report entitled "Hunger—1973."

The report points to a threefold expansion of Federal food programs designed to feed America's hungry poor during the last 5 years. While this is important progress in a critical area of need, the battle against hunger and malnutrition in the United States is far from won.

According to census data, the incidence of poverty—and by definition of hunger as well—has actually risen since 1969. While the data show a constant reduction in the number of people in poverty in the United States from 39.9 million in 1960 to 24.3 million in 1969, this trend in fact was reversed after 1969, with the number of poor people rising to 25.4 million in 1970 and 25.6 million in 1971.

The committee's statistics also show that much additional work is needed to bring the benefits of our food programs to all of those in need.

According to "Hunger—1973," fully 48 percent of the poor are not currently receiving food assistance. We must make a greater effort to assure that hunger is eliminated in our Nation. We simply cannot afford the waste in human resources and the misery that results from hunger and malnutrition.

Ultimately it is the U.S. Department of Agriculture that is responsible for the degree to which the food programs serve those for whom they are intended. We need a redoubling of effort by USDA to make certain that all the poor know about and are brought into the food programs.

I cannot agree with USDA's claim that the job of feeding the hungry is substantially done, despite impressive figures on program expansion. The figures on poverty and participation noted above indicate that more effort is needed.

The statistics in "Hunger—1973" reinforce my conviction of many years that a greater national effort to eliminate hunger and improve nutrition is needed.

Once again I call for a national commitment to the following food assistance program goals:

To end hunger and malnutrition in America;

To provide every American schoolchild with at least one free meal per day and to provide a school breakfast for every child that needs or wants one on a free or reduced-price basis;

To provide for a nutrition education program within our Nation's school system—tied, if possible, to a national nutrition labeling program;

To provide for a supplemental feeding program for infants, preschool children and low-income pregnant women;

To provide those schools having either no or inadequate school cafeteria services with the financial resources to acquire the equipment and personnel to establish such services; and

To further expand the food stamp program and facilitate establishment and expansion of nutrition programs for the elderly to reach all those who are in need of such assistance.

To meet these objectives we need a national nutrition program. It would include the following:

A universal child nutrition and nutrition education act—which would completely overhaul the existing patchwork of child feeding programs and would establish a national child nutrition education program. Every child, regardless of parent's income, would be provided with at least one free meal per day while he is attending school;

An expansion of Baltimore experimental project utilizing "formulated" foods to meet the nutrition needs of infants, preschoolers, and low-income pregnant women;

An increase in Federal reimbursement rates and funding for school lunch, breakfast, and summer feeding programs;

An expansion of the food stamp program to guarantee every locality sufficient funds for a program; and

An expanded program of nutrition for the elderly, so that all those in need are reached.

Two important legislative actions designed to move us toward these goals are my Child Nutrition Education Act of 1973 and the Universal Child Nutrition and Nutrition Education Act which I introduced last year and will soon introduce again.

The first bill, which I introduced on March 1 of this year, would establish a program of nutrition education for children as a part of the national school lunch and child nutrition programs and strengthen the existing child nutrition programs. This legislation is essential to the continuing effort to improve the nutritional health of the Nation's schoolchildren.

The second piece of legislation would establish a national food policy guaranteeing that every child and adult, regardless of income, shall have access to a diet which will sustain a normal, healthy life. Whether the administration cares to face the fact or not, there are still hundreds of thousands of children in America who are poorly fed.

The passage of this legislation would be an important additional step toward the elimination of the tragic irony of hunger and malnutrition in the midst of the abundance known by most Americans.

One crucial need in regard to American hunger and nutrition problems is for greater public awareness of just how serious the problem still is in this country.

Last night a significant contribution to this effort of public education was made with the presentation by WMAL–TV in Washington, D.C., of a documentary film, in prime time, entitled "Prescription: Food."

This is a compelling filmed statement on the impact of infant malnutrition on American society, and more devastating-

ly, its occurrence on a scale far greater than the public has been aware of.

WMC–TV in Memphis, Tenn., and WMAL–TV in Washington are to be complimented for this example of local public service programing at its best.

The film documents, through a series of interviews with staff members of St. Jude's Children's Research Hospital, their recently completed 3-year study of the effects of malnutrition on pre-school-age children in a low-income area of Memphis—and one inexpensive method this research team found for the solution of the problem.

I ask unanimous consent that a brief description of this outstanding film and a letter commenting on the film by Robert S. Frazier, M.D., the executive director of the American Acadmey of Pediatrics, be printed in the RECORD.

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

PRESCRIPTION: FOOD

From a 3-year study recently completed by a medical research team at St. Jude Children's Research Hospital in Memphis (Tennessee), *malnutrition of epidemic proportions* was found to exist among the preschool age children who lived in a low-income area of South Memphis. More than half of the children were severely stunted in growth, anemic and suffered from colds and skin infections. And, perhaps most startling, was the fact that 15 percent of the children had been undernourished to such a degree that their brains were severaly retarded in growth, with an indication that the children might well suffer some type of mental disability as they matured.

St. Jude's doctors, finding themselves with hundreds of young patients who were abnormally small, weak and anemic, began an unusual "food by prescription" program using surplus food provided by the United States Department of Agriculture and augumented by a prescription baby food with an iron-enriched infant formula (Similac). About 2,500 South Memphis children have been receiving the food supplement for more than two years now, and—in most cases, with dramatic therapeutic effects. The children in the program are more active and alert, and they have started to grow. *Some of the very young children who were near starvation a year ago are healthy today.*

The *story of the successful results* of this important research program has been captured in a powerful and moving television film documentary, "Prescription: Food", produced by the staff of WMC–TV, the Scripps-Howard television station in Memphis.

THE COMMUNICATIONS CONCEPT

The film came to the attention of Harold M. Pingree, Jr., Vice President and Director of Special Projects Division of John Blair & Company, the national sales representative of WMC–TV. He realized that the film contained a strong message and should be seen, not only by the television audience in the Memphis area, but by concerned people everywhere in the medical, nutrition and educational fields, and by leaders in government and civic organizations. It was his view that the program's messages could best be brought to the public's attention by television . . . supported by a company with specific interests in the health care field, and with a special concern and involvement in the area of nutrition. He contacted Abbott Laboratories, where the potential of "Prescription: Food" was quickly recognized.

SYMPTOMATIC TREATMENT AND SPIRALING COSTS

In every metropolitan community throughout the United States, we face the spiraling costs of supporting expanded service; police forces, court facilities, prison systems, mental institutions and welfare programs . . . all related to our efforts to contain the symptoms of this ever-growing situation of concern. Within our grasp is an opportunity to attack a specific cause and reallocate our nation's human and fiscal resources to those productive activities that energize the growth of our society.

A CURE AND NATIONAL OPPORTUNITY

Medical research has quietly uncovered evidence that a major cause of many of our social problems may be far simpler in nature than previously thought, and that the preventive for it may be far less expensive and far more effective than anyone had suspected. *Sound nutrition in early childhood (the first year) and proper environment are the key elements.*

PRODUCTIVE PEOPLE OUR NATION'S GREATEST NATURAL RESOURCES

The general health, education and welfare of our nation's population is without a doubt one of our most urgent priorities. And, as demonstrated by the successful results of the recently completed malnutrition research project at St. Jude Children's Research Hospital in Memphis, these cares and needs begin before we are born. For serious malnutrition in the very young can result in severely retarded brain growth . . . indicating that these children would probably enter the mainstream of society in later life with some type of mental disability that frequently leads to non-productive and antisocial behavior.

NATIONAL OPPORTUNITY

A recent editorial in the Memphis "Commercial Appeal" put the problem quite succinctly.

"The worst bureaucracy in the world could not begin to waste the resources that are lost forever by society's neglect of the children of the poor. Millions of these children are born each year in the United States with their opportunities for healthy, constructive lives either destroyed or drastically limited by the lack of proper care. . . ."

"The loss of human potential caused by malnutrition is even more tragic because it is needless. The nation has the capacity and ability to give almost every child a healthy start in life—a start that is indispensable for normal growth and development. . . ."

AMERICAN ACADEMY OF PEDIATRICS,
Evanston, Ill., February 25, 1972.

Mr. HAROLD M. PINGREE, JR.,
Vice President, Director, Special Projects Division, Blair Television, New York, N.Y.

DEAR MR. PINGREE: Thank you again for taking the extra time to review with our staff and our Committee on Public Information the documentary film, "Prescription Food."

We all felt this was an outstanding production that vividly portrayed an epidemic social health problem, and effectively pointed up workable solutions for reducing malnutrition in this country.

I particularly feel this film encompassed and communicated many of the principles to which the American Academy of Pediatrics has dedicated itself in seeking to improve the health and welfare of children. The Academy would therefore be proud to have you include at the end of the documentary the seal of the AAP and wording signifying our approval.

We believe this film can be used effectively in many ways to communicate to the general public and the medical community about programs for reducing and eliminating malnutrition. As a first priority, the film should be shown on television stations throughout the country, thereby providing a large segment of the general public an opportunity to see it. The film would also be ideal for showing before civic organizations, neighborhood health centers, national and state legislators, appropriate congressional committees, parent teacher groups and a multitude of other organizations.

Similarly I feel that the medical community should be exposed to the message contained in "Prescription Food." In this regard the documentary should be shown in hospitals, to intern and resident groups, before medical societies, and at national medical meetings. For example, the Academy would like to schedule this documentary at our annual meeting next fall in New York.

It is obvious that we support extensive distribution of this excellent documentary. We therefore hope that our approval of this effort will assist you in obtaining funding to distribute "Prescription Food" as widely as possible, and if our staff or Committee on Public Information can be of any additional assistance, please let me know.

Sincerely yours,

ROBERT G. FRAZIER, M.D.,
Executive Director.

READING

Mr. EAGLETON. Mr. President, I have long been interested in the problems related to illiteracy and reading deficiencies in this country and in seeking a solution to the problems. Last year I introduced the National Reading Improvement Act of 1972, and I intend to introduce a revised version of that bill in the very near future.

I have been convinced by many reading experts that all children can learn to read. But the fact remains that each year schools are turning out children, not just as drop-outs, but high school graduates and even college graduates, who cannot read. There are no easy answers as to why this is happening in our so-called advanced educational system. But it is clear that a concerted effort must be made by the Federal Government, by State education agencies, by local school officials, and by individual teachers to meet the problem and to overcome it. I believe the necessity for this is best expressed by Dr. Thomas C. Little, superintendent in Richmond, Va.:

The level of literacy has always been a measure of the progress of a civilization. . . . [I] is reading—the ability to see a printed word, to comprehend its meaning, to evaluate its contents—which is the one historic path upward and outward for the civilized man.

Mr. President, this morning's Washington Post carried a column by William Raspberry entitled "Teach Them to Read."

Mr. Raspberry's column deals with a WMAL–TV special entitled "Teach Them To Read," to be aired Friday evening from 8–9 p.m. The program attempts to demonstrate why so many of our schools are failing to teach children to read, and to show how other schools are able to teach reading successfully. I ask unanimous consent to print the column in the RECORD so that my colleagues will have the opportunity to know something about this important program in advance. I urge that every Member who is able watch the special so that he may have a better understanding of the most crucial problem facing our educational system today.

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

[From the Washington Post, June 6, 1973]

TEACH THEM TO READ

(By William Raspberry)

If you care about public school education—and particularly education in the big-city low-income neighborhoods—you ought to spend an hour this Friday watching the WMAL–TV (Channel 7) special: "Just Teach Them to Read!" You'll learn some things.

You will learn a good deal about the personalities of the people who have tried and are trying, without overwhelming success, to improve the schools: former D.C. School Board president Anita Allen; Teachers Union President William Simons, associate superintendent James Guines, Title I director Anne Pitts, and others.

You will be privy to some interesting and revealing set-tos between Mrs. Allen and Guines, or between former school board member Ben Alexander and Simons.

You will begin to see why so many of our schools are failing. And you will learn that some of them aren't—notably Benning Elementary School, which is supposed to be a major focus for the special.

But you won't come away with any clear feeling of why Benning is succeeding where so many others are failing. And that is the principal weakness of the show.

Here and there are the rudiments of an interview of Benning principal Alice L. Rhodes. But the interview, conducted by George Weber, associate director of the Council for Basic Education, never really takes shape. That may be because the editors chose dynamism over information, or maybe it wasn't there to begin with.

But the abbreviated interview segments, the talks with Benning teachers, the film of school scenes, never answer the question that keeps nagging: Why is Benning different?

Somehow I *knew* the question wouldn't get answered when I heard the introduction by WMAL's Jim Clarke, who narrates the special:

"In recent years, Washington has had a steady diet of gloomy news about its public schools—most reading and math achievement scores fall below national averages. George Weber, associate director of the Council for Basic Education, researched the Benning School in Northeast Washington to find out how it successfully teaches children to read. He found that one reason is 'high hopes.' The principal and teachers expect the students to achieve.

"Unfortunately, programs that should generate this type of attitude throughout the school system are lost in the politics of reorganization."

The italics are mine, and indicate where I think the show goes wrong.

Clarke and his collaborators apparently expect to learn what secret formula Mrs. Rhodes has discovered so that somebody in the Presidential Building can mass-produce it and distribute it throughout the school system, along with blackboard chalk and requisition slips.

The secret formula, they soon learn, is that Alice Rhodes believes—*really* believes—that her children can learn; and because she believes it she is able to infect her teachers with that faith.

It is as simple as that.

I don't mean to say that faith can be effective without technique. But there is nothing to suggest that the teachers at Benning are better technicians than their colleagues elsewhere. Faith is the difference—the belief that teachers can teach and children can learn.

And as Guines says, more in exasperation than in explication, "You know, I can't mandate high expectations."

That's profound. It explains why George Weber can't find what he's looking for any more than the WMAL crew could find it. I've previously reported on a study Weber did of four inner-ctiy schools in different parts of the country that are succeeding where most are failing. Weber was able to put his hands on several things the four successful schools had in common—strong leadership, high expectations, good atmosphere, strong emphasis on reading, additional reading personnel, use of phonics, individualization, and careful evaluation of pupil progress. But he couldn't, and still can't, reduce his observations to a formula.

Some things, alas, just don't behave that way. And one that doesn't is the faith that says "I can teach and my children can learn."

You can get large numbers of teachers to say it, of course; but you can run Alice Rhodes through the office Xerox and parcel out as many copies as you need.

And you can't watch television Friday night and mimic what you see Alice Rhodes doing and expect it to work.

One thing may be possible, though no one mentions it during the special: It may be that Alice Rhodes and a few others like her can find the time and inclination to try to teach other principals the faith and methods for promulgating it.

And maybe even that isn't possible. It may well be that even Mrs. Rhodes doesn't know how she does it.

Watch the show, anyway. It may be useful just to discover that it can be done.

MORE ECONOMIC BAD NEWS

Mr. HUMPHREY. Mr. President, actions yesterday, at home and abroad, brought more bad economic news for all Americans. And, it brought a further indictment of the Nixon administration's economic program.

Large banking institutions are reported to be on the verge of increasing the prime lending-rate from 7¼ to 7½ in the immediate future. Chauncey E. Schmidt of the First National Bank of Chicago called for a rate "in the range of 7¾ to 8 percent."

Mr. President, this "creeping interest" spells more trouble for the American consumer—and higher profits for the big banks.

Consumer credit cost will increase and housing mortgage cost will increase—about this there can be no doubt. There is a possibility of a "credit crunch" setting in, as the Nixon administration blindly acquieses in the upward bound of interest rates.

At the same time, Mr. President, the dollar took its biggest plunge in overseas markets in recent months while the price of gold on the Zurich market soared to $123.75 an ounce. Country national banks are selling dollars as if there were no tomorrow. And, things are likely to get worse.

Four years ago, the German mark was worth 25 cents. Today, the dollar buys 2.50 West German marks. The Nixon administration does not want to speculate on what the dollar will be worth in the future.

Amidst the economic disaster besetting our country, the Nixon administration's chief economic spokesman states that he is "puzzled." Secretary of the Treasury George Shultz claims that the weakness of the dollar in the international currency markets is a "puzzling matter." And, he echoes the same old tired administration theme that an end to inflation is just around the corner, that there will be a leveling off of cost increases, and that things are going to get better.

Mr. President, what we need is not more propaganda from the administration. We need action. Hard, tough, fair action.

Mr. President, I ask unanimous consent that three articles from the New York Times, "Dollar Plunges in Europe; Gold Soars $6 An Ounce," "Dollar Weakness called Puzzling," and "Bankers Expect Prime Rate Rise," be printed in the RECORD.

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

DOLLAR PLUNGES IN EUROPE; GOLD SOARS $6 AN OUNCE

(By Clyde H. Farnsworth)

PARIS, June 4.—The dollar took its biggest one-day plunge in recent months, falling 1 and 2 per cent against leading European currencies, and the price of gold soared by more than $6 an ounce to another new high.

The steady pounding of the dollar reflected the growing uneasiness of money managers at disclosures in the Watergate scandal, as well as the general distress caused by the large amount of dollars abroad because of the United States balance-of-payments deficit.

The price of gold, inversely reacting to the agitation in the currency markets, closed at $123.75 in Zurich, up $6.25 from last Friday's close. In early May the price was $90 an ounce, and in January it was around $65.

VOLUME NOT DISCLOSED

Gold traders never disclose the volume of sales, but it is estimated that upwards of $50-million would be involved in a day like today.

Currency dealers said they did not know when the dollar selling would end. Some bankers in Frankfurt see the dollar falling under 2.50 West German marks and approaching a level of only two marks. Four years ago a mark was worth 25 cents.

The Morgan Guaranty Trust Company's latest world currency survey tends to support the position of the dollar pessimists by forecasting little improvement in the basic balance-of-payments deficit of the United States this year. It notes that as long as large deficits remain in a floating-rate system, the equalizing element will be an ever-lower dollar exchange rate.

DECLINE IN FRANKFURT

In Frankfurt the dollar dropped from 2.6750 marks on Friday to 2.6025 today, or slightly more than 2 per cent. The dollar is already 8 per cent lower than it was last February, after a devaluation of 10 per cent, the second devaluation in 14 months.

Against the French franc the dollar fell from 4.29 commercial francs to 4.21. This also represents a fall of around 2 per cent. The decline was less steep against the strong Swiss franc. The dollar closed at 3.03 Swiss francs against 3.06875 Friday. The pound rose more modestly still, from $2.5740 to $2.5825.

Between March and early May, the initial period of the world's new floating-rate system under which currencies are left to find their own value in the marketplace, there was relative currency stability. The dollar in this period actually gained strength against some of the European currencies rising as high as 2.85 West German marks, for example.

WATERGATE STIRS DOUBTS

Then Europeans became aware of Watergate. The disclosures in the unfolding scandal cast doubt on Presidential authority in the United States, leading many money managers to lose confidence in the Administration's ability to overcome America's economic problems.

The dollar buys more in New York than 4.2 French francs buy in Paris or 2.6 marks buy in Frankfurt, which indicates that in economic terms the dollar is becoming an undervalued currency.

But in the marketplace, the law of supply and demand, rules.

"There are just too many dollars, and nobody wants to hold them," one Zurich foreign-exchange dealer said.

American monetary authorities, led by Secretary of the Treasury George P. Shultz, are coming to Paris this week to the American Bankers Association's international monetary conference. Many foreign commercial and central bankers will probably subject the American officials to intensive examination.

Foreign-exchange dealers will be watching this meeting for clues to future action of the currency markets.

BANKERS EXPECT PRIME RATE RISE

(By H. Erich Heinemann)

The upward surge of short-term money costs in the open market is likely to force an increase in the prime lending rate of the nation's largest banks to 7½ per cent from 7¼ per cent within the next two or three days, informed bankers said yesterday.

Such an increase would be the sixth quarter-point jump in this key minimum charge on large business loans so far this year. The previous increase was sparked by the Chase Manhattan Bank on May 24.

Previously bankers had been waiting about three weeks between prime-rate actions, in deference to the Nixon Administration's Committee on Interest and Dividends, which has asked banks to go "as slow as possible" in bringing their lending rates in line with the market.

HELD BELOW MARKET

The prime rate was held below the market earlier this year by the committee, which was apparently trying to head off action by Congress to impose mandatory interest-rate controls.

The effort to hold down the prime was officially abandoned in mid-April, but, despite several increases in the rate since that time, bankers say that the prime rate should now be about 8 per cent, rather than 7¼ per cent.

Chauncey E. Schmidt, vice chairman of the First National Bank of Chicago, said yesterday—in announcing that First Chicago would keep its prime rate at 7¼ per cent for another week—that his bank's "floating-rate formula" for its prime, now called for a new "in the range of 7¾ per cent to 8 per cent."

Bankers said yesterday that the timing of prime-rate increases was being accelerated because of the intense pressure from the rising cost of money. Major banks were reported yesterday to be paying 8 per cent for large-denomination certificates of deposit (a major source of lendable funds), and 8½ per cent to 8¾ per cent for overnight interbank loans in the Federal funds market.

COST OF RESERVES CITED

The effective cost of the certificates of deposit, bankers were quick to point out, was even higher with the added cost of mandatory reserves that must be held against these deposits and assessments for Federal deposit insurance.

Separately yesterday, it was learned that major banks in California had encountered serious problems in the residential mortgage market, where the guidelines of the Committee on Interest and Dividends have forced them to hold their mortgage lending rate at 7½ per cent, while savings and loan associations and other lending institutions in the state have raised their rates to 8 per cent or 8¼ per cent.

Franklin Stockbridge, executive vice president of the Security Pacific National Bank in Los Angeles, said in an interview that this closed the door of the savings associations and "diverts all the demand into the banking system."

"Arthur F. Burns, chairman of the Federal Reserve Board and of the interest committee says we can't raise the rate," said an outspoken San Francisco banker who asked not to be identified, "and I don't know any other way to turn it off. What we're going to do is redefine what's a prime."

DOLLAR WEAKNESS CALLED PUZZLING

(By Eileen Shanahan)

WASHINGTON, June 4.—Secretary of the Treasury George P. Shultz indicated today that he saw no good reason for the dollar and the stock market to be as weak as they are.

He told the House Ways and Means Committee that he would buy stock now if his Government position did not limit his investments because "I think there are bargains galore."

Mr. Shultz said that he found the weakness of the dollar in the international currency market's "a puzzling matter" because the prospects that the United States will limit inflation "are better than most other countries."

He appeared before the committee to request a $20-billion increase in the temporary ceiling on the Federal debt, which would bring the ceiling to $485-billion. This would permit the Government to continue to borrow to meet its bills, at the pace that is currently foreseen, through next June.

QUESTIONS ARE ASKED

Members of the committee, including the chairman, Wilbur D. Mills, Democrat of Arkansas, asked questions that indicated they might agree to a new ceiling of $475-billion.

Among the many other topics covered in the hearing were the following:

Mr. Shultz asked Congres to remove the statutory interest ceiling of 5½ per cent on savings bonds and 4½ per cent on the larger-denomination marketable Government bonds.

He said the Administration was also thinking of doing something to make it more attractive for individuals to invest their income-tax refunds in some sort of Government bonds. The option of taking the refund in savings bonds has not been used by many people, he said.

The Secretary indicated that the Administration was still considering the possibility of asking for an increase in the Federal tax on gasoline but said that any such tax would be aimed at conservation of gasoline and development of new energy sources, and would not constitute an attempt to slow the business boom by draining off consumer purchasing power.

In answer to a question from Mr. Mills, Mr. Shultz said the Administration "would not object" to a Mills proposal to reduce or eliminate the withholding taxes that foreigners pay in interest or dividends they earn from investments in the United States.

The acceleration of inflation since the end of most mandatory price controls in January brought criticism from a number of committee members.

Representative Al Ullman of Oregon, the second-ranking Democrat on the committee, said that he would not vote to remove the interest-rate ceiling on Government bonds until the Administration had re-imposed stricter controls.

Strong criticism of the idea of trying to reduce gasoline consumption by increasing the price through an additional tax came from Representative Martha W. Griffiths, Democrat of Michigan.

RATION STAMPS FAVORED

If there is really a gasoline shortage, she said, "then you'd better get ready some ration stamps." She called it "unconscionable" to ration gasoline, in effect, by adding to its cost, thus pricing some people out of the market, but permitting others "to drive any place they wish if they can pay for it."

Mr. Shultz replied that an unregulated market always rations, in effect, through the price system.

Mr. Mills, who has consistently supported the Administration's drive to keep a tight hold on Government spending, hinted that he might be thinking of some sort of spending ceiling as an addition to the debt-ceiling bill.

Without disclosing exactly what he had in mind, he asked Secretary Shultz whether he would like something put into the bill that could "be used to strengthen your hand and that of the President?" Mr. Shultz indicated that he would like it.

FEDERAL AID TO PRIVATE SCHOOLS

Mr. TUNNEY. Mr. President, the subject of school financing is one which has caused great concern to me and to my fellow Senators. Schools throughout the country, both public and private, are facing increasing financial difficulties as the costs of providing an education rise at a rapid rate. Many concerned parents and educators feel that private, alternative sources of education are a vital part of the American educational tradition which may now be faced with extinction, because they cannot meet the increasing financial demands placed upon them. Parents who choose to send their children to private schools, for whatever reason, face the very real problem of having to pay two tuitions: One to the private schools which they have chosen, and one to the public school system in the form of educational taxes. The private schools themselves face a double problem: Not only are the costs of education going up, but, in addition, the revenues from tuition are going down as more and more parents withdraw their children from private schools—either because they no longer wish their children to attend private schools, or because, quite simply, they no longer feel that they can afford the double burden of taxation and tuition.

Legislators at both the State and the Federal level have given thought to this problem. Many feel that the private schools are indeed vital to the American tradition, and must be aided by public funds in order that they may continue to fulfill their role in American society. At the college level, of course there are already a large number of State and Federal programs which provide aid both directly to colleges and universities, and to hte students who attend these institutions.

The problem is more complex at the level of elementary and secondary education because, as things are at present, the vast majority of the private schools are operated by religious oganizations. The most extensive network of private schools, enrolling roughly 83 percent of all private elementary and secondary students, is that of the Catholic Church. The question of aid to private elementary and secondary schools cannot be separated, therefore, from the question of the interrelationship of church and state. The first amendment to the U.S. Constitution forbids the Government to take any action to establish any church or religious activity.

The constitutional prohibition against establishment of religion has led the U.S. Supreme Court to set very strict rules over the kinds of aid which governments may provide to schools affiliated with religious organizations. State laws providing for aid to parochial schools have been declared unconstitutional, because they were deemed to constitute

establishment of religion or to engender excessive intermingling and potential entanglement of the church and the state. Only those limited programs of aid to parochial schools for the express purpose of providing nonsectarian services to the pupils in the schools, and some aids directly to private school pupils, have been allowed to stand.

In view of these strict constitutional requirements and the close scrutiny which the Supreme Court may be expected to devote to any program of aid to parochial schools, Congress is obliged to proceed very cautiously in this area.

Two types of aid which could possibly be developed to bring financial relief to the parochial schools—as well as to other private elementary and secondary schools—are the voucher system and the tax credit or tax deduction system.

The Office of Economic Opportunity is currently conducting an experiment with a voucher system. Under this system a local school board gives each student in the school district a voucher valued at some sum of money, perhaps the average annual expenditure per pupil in the local public schools. The student is then free to use this voucher to pay the full cost of his education at any school he chooses, so long as that school meets requirements for participation laid down by the school board and also agrees to accept the voucher as full payment for educational services over the school year.

Another possibility lies in providing tax deductions or tax credits to parents who pay tuition to send their children to private elementary or secondary schools. Under this system, the parent, when he filed his Federal income tax form each year, would be allowed either to deduct some proportion of his tuition payments from his taxable income, or to subtract some fixed amount from the actual tax which he must pay. The amount of tuition which he could deduct or which he could credit against his final tax liability would be determined, probably, in relation to the number of children for whom he is paying tuition, and his total family income.

This is a difficult problem, one which vitally affects the education of our children. America has always paid careful attention to its educational system and has developed one of the best systems in the world. We must now find a resolution to this pressing problem, but we must find a solution that will be consistent with our legal as well as our educational traditions—and which will assure the long-range health and vitality of all our Nation's schools.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the conference report on S. 2246.

Mr. ROBERT C. BYRD. Mr. President, I submit a report of the committee of conference on H.R. 2246, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. NUNN). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2246) to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for a 1-year period; having met, after full and free conference, have agreed to recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of June 5, 1973, at pages 18144–45.)

RECESS UNTIL 1:21 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess for 15 minutes and that the time for the recess not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senate stands in recess for 15 minutes.

At 1:06 p.m. the Senate took a recess until 1:21 p.m. of the same day; whereupon, the Senate reconvened when called to order by the Presiding Officer (Mr. NUNN).

AMENDMENT OF PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MONTOYA. 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. MONTOYA. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on Public Works be allowed the privilege of the floor during the consideration of the conference report on H.R. 2246, including any votes thereon: Barry Meyer, John Yago, Phil Cummings, Bailey Guard, David Sandoval, Judy Parente, and Richard Herod.

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

Mr. MONTOYA. Mr. President, today the Senate is considering the conference report on H.R. 2246. This bill extends for 1 year the programs authorized by the Public Works and Economic Development Act of 1965; continues the moratorium on the de-designation of redevelopment areas for an additional year provides 100-percent funding to Indian tribes for administrative expenses under title III of the act; and requires reports from the Interagency Economic Adjustment Committee, the Department of Commerce, and the Office of Management and Budget concerning Federal programs and responses to various short- and long-term economic problems.

Authorizations for the programs under the act as recommended in the conference report are as follows: $200 million for direct and supplementary public works grants under title I; $55 million for public works and development facilities loans under title II; $35 million for technical assistance and research under title III, $45 million for loans and grants to growth centers and for bonuses to economic development districts under title IV; and $95 million for the regional commission programs under title V. Total authorizations for fiscal year 1974, therefore, are $430 million. This amount compares with an authorization of $1.2 billion for fiscal year 1973.

The recommended reduction in authorizations is in no way a reflection on the performance of the Economic Development Administration or the title V regional commissions. Indeed, independent investigations have shown that in terms of cost-benefit effectiveness, the programs of the Economic Development Administration rank among the most efficient in Government. The reduction is offered, rather, in a spirit of cooperation with the President and in recognition of the need for fiscal vigilance.

The Subcommittee on Economic Development, of which I am chairman, has long maintained legislative and oversight responsibilities over the programs initiated by this important and innovative act, and over the programs created by the similarly historic Appalachian Regional Development Act. Senator JENNINGS RANDOLPH, chairman of the Committee on Public Works, helped create these programs and has these past 8 years led the effort to provide the mechanisms and the assistance required to secure economic integrity for all of our citizens. We in the committee have been particularly concerned over the economic struggle being waged in the so-called lagging areas of our country, areas that are struggling for their very existence. The Subcommittee on Economic Development has constantly reviewed public and private efforts to correct persistent economic shortcomings in distressed areas, holding extensive hearings throughout the country and in Washington, D.C. It has listened to and learned from persons and organizations with firsthand experience in the economic development process. As the result of this study and investigation, the subcommittee formulated last year legislation that would provide the basis for a new regional development program. Hearings on this bill (S. 3381) plus changing circumstances—such as enactment of general revenue sharing—suggest the need for further investigation and further refinement before a new public works development program can be launched. Hear-

ings on this final stage of preparation will begin early in the fall, and the new legislation should be presented to Congress shortly thereafter.

The struggle for economic integrity goes on, however, and those of us who have a particular interest in the struggle and who represent areas that are plagued with insufficient income and chronic unemployment realize that poverty will not take a respite while Congress and the administration consider new approaches. This battle must go on. For this reason, we in the Senate Public Works Committee have joined with our counterparts on the House side in support of an extension of existing and proven economic development programs. We do this now with H.R. 2246 as we did last year with H.R. 16071. This year we present a simple 1-year extension at minimal authorization levels, stripped even of the worthy improvements suggested last year under H.R. 16071.

On January 18, Senators RANDOLPH, MUSKIE, BURDICK, and I introduced S. 467, a bill to extend current economic development programs for 1 year at existing authorization levels. A hearing on this bill was held on February 21. At that hearing the subcommittee received testimony from many witnesses in support of the programs and in support of the 1-year extension. Particularly strong and articulate in his support for programs to assist economically distressed areas was Gov. Patrick J. Lucey of Wisconsin. The Governor further demonstrated his belief in and enthusiasm for these programs by taking time out of a busy schedule last May to personally conduct a 2-day tour of the Upper Great Lakes region and the economic efforts being undertaken there.

Governor Lucey is one of many Governors throughout the land who wholeheartedly supports these programs, but this support does not stop at the State house. County and local officials have registered their support for these programs over and over again. Local citizens, the grassroots, are the strongest supporters, for they are the ones that face the problems on a day-to-day basis, and they are the ones that need solutions now.

The Subcommittee on Economic Development, in executive session, agreed to report the House companion of S. 467, H.R. 2246, but reduced total authorizations of that bill by approximately one-half to $635 million—again to find some common ground with the administration. In full committee, authorizations were further reduced, this time to $362.5 million. In order to save these needed programs, we cut deep. We cut down to the bone, and a skeleton of a program was presented to the Senate on May 8. It passed by a resounding vote of 81 to 16, with efforts to further restrict the programs in time and in substance rejected.

Considerable concern was voiced during the Senate discussion of this bill for those areas of the country that would bear the immediate economic shock resulting from the defense facility and activity realinements announced last April. An amendment was added to the bill, therefore, that would require the Interagency Economic Adjustment Committee to submit to Congress within 30 days of its enactment a report listing defense facilities that could be turned over for civilian use, measuring economic impact, and outlining the Federal response to such base closings. A second amendment called for the examination by the Secretary of Commerce and the Office of Management and Budget of current and past Federal efforts to secure balanced national economic development and for a proposal for the restructuring of the various Federal economic development programs. These studies would complement the work being undertaken by the respective Economic Development Subcommittees, and the suggested Senate amendments were maintained in the conference report.

In conference, it was agreed to add flesh and substance back to the programs of the Economic Development Administration by raising authorizations to levels sufficient to cover actual appropriation levels during fiscal year 1973. Authorizations were also raised for the title V regional commissions in order to allow the two new commissions, the Pacific Northwest and the Old West to lend assistance to their respective regions. These commissions and the five other commissions have worked hard. They have identified many problems and have proposed workable solutions. They must be given an opportunity to fulfill their mission.

As is true of the regional commissions, the economic development districts initiated by the act have grown steadily over the years, both in numbers and in effectiveness. Their value as planning and coordinating agencies at the substate level has been recognized by State governments and by other Federal agencies. The Department of Housing and Urban Development, the Department of Health, Education, and Welfare, the Department of Labor, the Environmental Protection Agency, and many other agencies have used the district program to coordinate their development planning. This program and the commission program are important ingredients in the development process. Reasoned and proper development will continue to require this type of structure, both at the substate and at the multistate levels.

As during the discussion on the original committee bill, I strongly emphasize to my colleagues in the Senate the need to continue a focused effort on the economic problems confronting this Nation. There still exists unnecessary economic stagnation in the land. That over 1,000 communities qualify for assistance under this act is ample testimony to the sad fact. In addition, we will continue to have economic disruptions caused by such inevitable circumstances as changing technology, competition, and dwindling resources. Public policy can also have a devastating impact on local economies, to which the States of Rhode Island and Massachusetts can well attest. Up to 10 percent of Rhode Island's economy could be affected as the result of scheduled base closings.

The authorization under title III was raised to $35 million in order to help lend needed and timely assistance to areas that will suffer as the result of base shutdowns. Similarly, natural disasters can cause severe economic disruption, witness tropical storm Agnes.

We need a continued effort at the Federal level that addresses itself to long-term economic problems as well as to abrupt economic changes. The programs authorized by the Public Works and Economic Development Act are directed at these problems. They aim at these special problems with special tools, though too often with limited resources. Through these programs, the Department of Commerce had built up valuable experience and expertise in the field of regional economic development. They have searched and encouraged research to find solutions to our most difficult cases of unemployment and underemployment.

Yet, unemployment remains at 5 percent today. Four and a half million persons are out of work. Unemployment has remained above the 5-percent level for close to 3 years, since mid-1970. A booming economy has not provided employment for all who seek it. The young, minorities, the uneducated are overlooked. The task now is not to add fuel to the boom. The task is to aim specific and concentrated assistance to the troubled areas. The programs authorized by this act do just that. I urge the Senate to extend these programs until better methods and procedures are ready to take their place. I urge adoption of the conference report.

Mr. President, I ask unanimous consent to have printed in the RECORD a tabulation of the current authorization in the act, the bill as passed by the House and by the Senate, the conference report figures, and the actual 1973 appropriation.

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

H.R. 2246 TO EXTEND THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT THROUGH FISCAL YEAR 1974

[In millions of dollars]

	Current authorization in act	Bill as passed by House	Bill as passed by Senate	Conference report	Actual 1973 appropriation
Title I. Public Facility Grants	$800.0	$800.0	$200.0	$200	$166.5
Title II. Business Development	170.0	170.0	50.0	55	53.5
Title III. Technical Assistance	50.0	50.0	25.0	35	31.5
Title IV. Growth Centers	50.0	50.0	12.5	45	50.0
Title V. Regional Commissions	152.5	152.5	75.0	95	41.7
Total	1,222.5	1,222.5	362.5	430	343.2

Mr. MONTOYA. Mr. President, let me add the following statement: In presenting this conference report to the Senate on the public works and economic development program extension, the Senate committee, with the support of the Senate, tried to develop an authorization that would be realistic and in conformity with what we thought then might be the expectations of the White House, so that we could present it to the White House without fear of any Presidential veto.

The bill as it had been presented to us by the House carried a higher authorization. Then the Senate sustained the Public Works Committee on the bill as reported by the Senate committee, and we reduced the authorization and went into conference with the House on it.

During the conference the question whether or not this would meet with Presidential approval was gone into very thoroughly by the Republicans and Democrats who constituted the committee of conference. It was in this spirit that we tried to comply with the expectations of the White House, and we arrived at a figure which was a little above the Senate figure but much below the House figure as it had been submitted to us in the original bill as passed by the House. So I say that now the bill contains a total authorization of $430 million. The bill as passed by the Senate contained an authorization of $362.5 million, compared to the original authorization in the House bill of $1,222,500,000.

It is my feeling that, if the Senate concurs in the conference report, we stand a very good chance of getting it approved by the President and we will have an extension of the Economic Development Act for another year.

The PRESIDING OFFICER. Who yields time?

Mr. MONTOYA. Mr. President, the other side has time, and I ask unanimous consent that the Senator from Vermont (Mr. STAFFORD) be in control of 15 minutes of the time which is allotted to the other side.

Mr. STAFFORD. Mr. President, I think the time on our side should be controlled by the Senator from Idaho (Mr. McCLURE).

Mr. MONTOYA. Or the Senator from Idaho.

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

Mr. STAFFORD. Mr. President, I ask the Senator from Idaho to yield me 4 minutes.

Mr. McCLURE. Mr. President, I yield 4 minutes to the Senator from Vermont.

Mr. STAFFORD. Mr. President, I am pleased to join in support of the Public Works and Economic Development Act Amendments of 1973 (H.R. 2246) as agreed upon by the Committee of Conference of the Senate and the House yesterday.

I might say it was a real pleasure to serve under the leadership of the chairman of the subcommittee, the Senator from New Mexico (Mr. MONTOYA) and under the leadership of the chairman of the full committee, the Senator from West Virginia (Mr. RANDOLPH), as well.

I can join with other members of the Senate conference committee in reporting that the conferees from both Houses were quick to reach agreement after we received information that the administration would look with favor on a bill that contained appropriate spending constraints.

I think the conference report reflects the best efforts of the conferees to meet the administration more than half way on the matter of expenditures. Approval of the bill by the Congress and by the President will also give us a year to make an appropriate transition to improved programs to aid the cause of economic development.

Neither the Congress nor the President can afford to let the EDA program die before we have had a chance to develop useful and effective alternative institutions. I believe the measure approved by the committee of conference provides us with the opportunity to continue necessary efforts at the same time we are working to develop new methods and programs to achieve goals on which we are all in agreement.

This is a minimum program for the transition period. We owe the Nation no less than this effort.

I urge adoption of the conference report.

I yield back the remainder of my time.

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

I want to join in the commendations that have been made to the chairman of the full committee, the Senator from West Virginia (Mr. RANDOLPH), and the chairman of the subcommittee, the Senator from New Mexico (Mr. MONTOYA), for the good work they have done and the spirit of compromise and willingness that has been of value to all the members of the committee, and also that same spirit of willingness to hold with other interests in trying to achieve something that could indeed be passed by the Congress and be accepted by the administration.

I say that with some sincerity in spite of the fact that I think the compromise which has been achieved is not a sufficient compromise to gain my support, and I reluctantly rise at this time in opposition to the conference report.

I cannot support the conference report on H.R. 2246, the Public Works and Economic Development Act Amendments of 1973. I believe the authorization in this report for $430 million is excessive for a 1-year extension which is acknowledged to be a transitional bill. This is particularly true at this time when Congress is trying to establish an overall spending ceiling and reassert some measure of control over the budget.

The legislative committees have a particular responsibility at this time to set realistic program authorizations, which establish priorities and give some guidance to the appropriation committees and the Executive. As I have said, I believe unrealistically high authorizations have contributed to the state of affairs where the Executive has control over which programs are funded and at what levels. The setting of priorities should begin in the legislative committee with closer oversight of program operation and needs.

I recognize that the conference report is a move toward a more responsive position—bringing the authorizations more into line with actual funding levels, but I do not believe the conference report meets the other criticisms of the present program. Many of the criticisms are valid, I believe, and should be addressed in an extension bill.

In this respect I believe the substitute proposal, introduced by Senator BAKER and myself, is a better bill. Our substitute would have sharply focused the EDA program, avoided duplication with other Federal programs, and provided $167 million to carry out the transitional phase of the program.

I understand the administration has indicated a willingness to fund a bill near the level provided in our substitute. This bill would provide an orderly transition from EDA to other development programs, primarily the Rural Development Act of 1972.

The bill now before us, however, authorizes $67.5 million more than the Senate bill and $263 million more than the substitute and I will vote against the conference report.

Mr. President, I ask unanimous consent that there be printed in the RECORD immediately following my remarks a statement by the Senator from Tennessee (Mr. BAKER), ranking Republican member of the Public Works Committee.

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

STATEMENT BY SENATOR BAKER

I support the House-Senate Conference Report on HR 2246, authorizing $430 million for a one-year extension of the Public Works and Economic Development Act, and urge its adoption by the Senate. The only difference between the Conference Report and the Senate passed bill is the $67.5 million increase in the authorization. The Conference figure is $792 million less than the current level of authorizations and the bill originally passed by the House in March. I believe this Conference Report reflects the sincere effort on the part of both bodies to write a bill which could become law and thus secure an extension of the existing programs without interruption.

I commend the members of Conference and the Committee for their work. The Chairman of the Public Works Committee, Senator Randolph has approached the bill with his customary fairness and leadership. The fact that we have this Conference Report is attributable to his leadership. I commend Senator Montoya for his efforts in Committee and his able presentation of the Senate position in Conference.

I particularly want to acknowledge the contribution and constructive thinking of Senator Stafford, who served on the Conference, and Senator McClure, the ranking minority member on the Economic Development Subcommittee.

It is my position, after reviewing the Administration's alternatives to the ongoing EDA program, that EDA would be dissolved before valid alternatives are operational, and I believe that some extension of EDA activities is necessary, at least for another year. I will vote for the Conference Report and urge that it be signed into law.

The Administration has recently been in touch with Senate and House Committee members, and has indicated it could support a sharply reduced bill with an appropriation not to exceed $200,000,000. The Administra-

tion also indicated that this $200 million would not be impounded, but would be obligated.

The McClure-Baker substitute has certainly been helpful in bringing forth this result which can be beneficial to many areas of the country. Under the provision of the Conference Report, public facility grants, business development loans and technical assistance grants will be available to communities in need of this assistance to create jobs and stimulate development. The Title V regional commissions and multicounty districts will continue to serve the lagging regions of the country.

This bill is agreed by all to be a transitional vehicle. The Administration has made clear its intent to pursue the Rural Development Act, and other proposals, as alternative programs and to terminate EDA at the end of this one year extension. I do not know at this time what will occur at the end of this year—whether the transition will be a relocation of useful EDA functions in other programs or agencies or whether the transition will involve the development of new economic development legislation by the Public Works Committee or other committees. But I think we are all committed to enactment of improved economic development legislation in the coming year.

As everyone knows, I am a supporter of the concept of providing special economic assistance to lagging areas of the country. There are, however, a wide range of programs and delivery systems which could provide this assistance. I agree with the Senate Committee report that EDA has fallen short of our expectations in some respects and should be reevaluated based on the experience we have gained in the area of economic development and in view of the other development activities undertaken by the Federal government in the past eight years.

I reiterate my support for Administration efforts to consolidate and streamline our present categorical aid system and to return more of the policy making and day-to-day program operations to the States and local communities. There is evidence that many of the programs conceived and written in the 1960's are not appropriate today and the Congress must fully reexamine our objectives, our policies, the implementation of programs and their effectiveness. We must make changes in these programs where necessary to provide a better response to evolving development needs.

Mr. MONTOYA. Mr. President, I yield such time as he may desire to the chairman of the full committee, the Senator from West Virginia (Mr. RANDOLPH).

Mr. RANDOLPH. I thank my colleague, the chairman of the Subcommittee on Economic Development.

I can understand the Senator from Idaho (Mr. McCLURE) in his continued opposition to the bill. His opposition is based upon—and I ask him the question—the amount authorized for fiscal 1974. Is that correct?

Mr. McCLURE. That is correct. Some of the reasons for my figure were detailed in the debate on the floor at the time this measure came up for consideration. It is the amount which is in difficulty here as we start to try to achieve some kind of authorization.

Mr. RANDOLPH. Mr. President, I would add, understanding full well the commitment of conscience that has been made by the Senator, that on May 8 in this body we passed, by a rollcall vote of 81 to 16, the extension of the Public Works and Economic Development Act. The authorization in the Senate bill was $362.5 million.

We have to keep in mind that when we went to conference with the House we were faced there with its authorization of more than $1.2 billion. When the House came to conference with Members of the Senate, two-thirds of the money they would have authorized was cut out and reduced to $430 million. I think it is the desire of the Senate conferees to keep the authorization in the conference report at the lowest possible figure, knowing the unemployment figures in this country that have stretched over a span of 8 years, and knowing of the contribution of this program to practically all areas of the country.

We come to the Senate with the realization that, as far as I know, the White House has given us no indication of its approval of the figure agreed on, $430 million in the conference report. We must act first. We have given to the President and his advisers the opportunity to reevaluate the opposition they have had to this program and its extension for 1 year.

Mr. President, it is just my feeling—and I have no facts to buttress this expression—that the President will give very careful consideration to the matter before he vetoes this conference report with our authorization of $430 million.

I commend the Senator from New Mexico, the Senator from Idaho, and all other members of the Subcommittee on Economic Development of the Committee on Public Works for their careful attention to this subject matter over a period of months.

I trust we can vote very quickly and agree to the conference report and expect the House to take subsequent action.

Mr. President, there is a sense of urgency connected with the conference report before the Senate today. This legislation authorizes the extension of the Economic Development Administration for 1 year, through fiscal year 1974. Without enactment of this legislation, Economic Development Administration programs will come to an end in just over 3 weeks. With that termination will end the opportunities afforded by the Economic Development Administration for many American communities to provide the basic facilities and the expertise needed to strengthen local and regional economies.

The pending expiration of Economic Development Administration programs gave this legislation a priority position on the calendar of the Senate Public Works Committee when the 93d Congress convened in January. Legislation to affect this extension was introduced early in the year and on March 29 the committee ordered reported an amended version of H.R. 2246. On May 8 the Senate passed this measure and thus gave its strong endorsement to the continuation of this important program.

There are several reasons why Economic Development Administration programs must not be permitted to die at the end of this month. This activity was established under legislation I sponsored in 1965 in response to a very real need. We recognized then that there were areas in the United States that were subjected to chronic and persistent unemployment and underemployment. The Public Works and Economic Development of 1965 was intended to give these areas added assistance to improve the base on which a better life could be built for their citizens. Progress has been made but the job remains incomplete.

Substantial experience has been gained in identifying and coping with the causes of unemployment and in the past 8 years we have come to recognize the need for a permanent, comprehensive economic development program that embraces the total United States. For more than 2 years our Subcommittee on Economic Development, under the dedicated leadership of the Senator from New Mexico (Mr. MONTOYA), has been developing legislation that would create such a program. It is essential that the present activity not be dropped since this action would create a vacuum until the new legislation is enacted.

The conference report before the Senate today is not intended as a holding action. It extends an ongoing program that has much to offer for millions of Americans and therefore can serve as a transition to its successor program.

This conference report was produced with the full knowledge that the executive branch opposed any extension of the Economic Development Administration. It was repeatedly indicated to us that any bill to continue this program—at whatever fiscal level—would be subject to a Presidential veto. When the Senate bill was considered on May 8, we discussed our efforts in committee to develop legislation that responded to the needs of the country but at the same time took into account the objections of the administration and the requirements for fiscal restraint on the part of the Congress.

Such an attitude prevailed again yesterday as the Senate conferees met with our counterparts from the House of Representatives, under the able chairmanship of Representative JOHN BLATNIK. In less than 1 hour the mutual desire to produce workable legislation enabled us to agree on a bill. The result is this conference report authorizing a total of $430 million for Economic Development Administration programs in fiscal year 1974. This is slightly above the $362.5 million contained in the Senate bill but only about one-third of the $1.2 billion recommended in the House measure. It is important also to compare these authorizations with the actual appropriation for fiscal year 1973 of $343.2 million.

I believe these are authorizations that will continue the work of the Economic Development Administration but place no undue strain on the total Federal budget.

Mr. President, although financing levels were of major importance in the development of this legislation, the conference report also contains provisions to modify and improve the operation of Economic Development Administration programs. Earlier this spring several areas of our country were shocked by the news that military bases would be closed. Communities which depend on military bases for substantial employment must be aided to adjust to the loss

of these job sources. Economic Development Administration programs provide the machinery for this transition and the legislation before us increases funding for technical assistance to $35 million.

This assistance will be of value to communities in States such as Rhode Island and Massachusetts that will be particularly hard hit by military base closing.

This bill also establishes a moratorium on the redesignation of areas eligible for Economic Development Administration assistance. There are 300 such areas in 36 States that would no longer be able to participate in Economic Development Administration programs without that moratorium. Once again, this ongoing program must be continued wherever it is needed as we devise and implement a new economic development effort.

All of the provisions of this bill were arrived at after thorough deliberations in the committee, in the Senate and in the conference. The Senate position on this legislation was fully and ably presented in the conference. I was honored to be a member of that conference which was chaired by the Senator from New Mexico (Mr. MONTOYA). Our colleagues in this responsibility were Senator BURDICK, Senator MCCLURE, who is the ranking minority member of our Subcommittee on Economic Development, and Senator STAFFORD. Each of them again demonstrated his understanding of this program and his confidence in the purposes it is intended to serve.

Mr. President, I read in recent days that the unemployment level in the United States continues to be 5 percent of the total work force. It is unconscionable for us to even consider the abandonment of economic development programs so long as more than 4 million of our fellow Americans are without jobs in this rich and prosperous land. The provisions of the measure now before the Senate were carefully arrived at and represent what I believe to be a realistic answer to those who ask what the Federal Government is doing to improve job opportunities.

Mr. McCLURE. Mr. President, I ask unanimous consent that Mr. Jim Jordan of the staff of the Senator from Tennessee (Mr. BAKER) be granted the privilege of the floor at all times during the consideration of the conference report.

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

Mr. DOMENICI. Mr. President, I urge the Senate to agree to the conference report now before us—to extend the Economic Development Administration authorization for 1 year. The present EDA authorization will expire July 1, 1973. We have no other visible substitute with less than 4 weeks before the present program will be dismantled. In other words, we are approaching the time, when in reality, the functions under EDA will cease, when dismantling will be irrevocable.

There are many good programs in EDA—for my own State and all other States. I have seen many successful and valuable EDA projects in New Mexico. By the nature of its statute, regulations, and intent the Economic Development Administration is directed to very specific areas—depressed areas with substantial and persistent unemployment that need economic stimuli. EDA water and sewer grants to such regions have been invaluable in providing infrastructure to attract new industry to areas lagging the national economy. Such areas, by virtue of their economic plight, often cannot afford to finance projects essential to health, safety, and employment without Federal assistance. Expenditures that improve opportunities for successful industrial and commercial expansion and assist in the creation of additional long-term employment opportunities in areas of unemployment do not have the inflationary difficulties that are rightly receiving the attention of the Congress and the Administration.

I am concerned that several suggestions that have been presented as alternative means of carrying on the EDA program could not adequately substitute for the program. For example, it has been suggested the Environmental Protection Agency, through implementing the Water Pollution Control Act Amendments of 1972, could pick up part of the void left by EDA. Neither EPA's statutory priorities nor regulations would add encouragement to this contention. By law, the purpose of the grant and loan program of the agency is to provide adequate sewage treatment so communities can meet water quality standards and effluent limitations. This is a very different purpose than the programs carried out by EDA which has provided water distribution and sewer collection lines rather than waste treatment facilities.

Additionally, section 211 of the Act, Public Law 92–500, prohibits grants for sewer collection systems except for certain replacements of existing systems and for a system in an existing community under certain circumstances. This prohibition would, I believe, exclude many EDA type projects, which have been intended to serve new and expanded development rather than existing communities.

Nor do recent pronouncements of the Environmental Protection Agency suggest that funding under the "Clean Water Act" will remove the need for many EDA projects. EPA recently published a water strategy paper outlining how the agency plans to implement the act. It states:

> Construction grant awards will be concentrated on . . . historic eligibilities such as treatment plants rather than new eligibilities such as collection sewers.

On January 27, former Administrator Ruckelshaus indicated at his press conference that the construction of sewage treatment plants and interceptor sewers will absorb all of the construction grant allocation budgeted, and that EPA did not, at the present time, intend to shift money into the construction of collection sewers.

It has also been suggested that $345 million recommended in the 1974 budget for loan funds to implement the Rural Development Act of 1972 could enable communities to borrow for water distribution and sewer collection systems. These funds may provide a source of financing for many prosperous rural areas but would not adequately replace the EDA program—which serves poor areas of substantial and persistent unemployment, urban as well as rural. The EDA water and sewer program is substantially a grant program with the Federal contribution up to 80 percent of the project cost. I believe some depressed areas—with high unemployment and low-income families—could not finance water and sewer projects with loan funds alone as the amortization of the debt would be too great in relation to potential user charges.

It has also been argued that special revenue sharing will enable the EDA programs to go forward, but special revenue sharing, at present, has an uncertain future and when approved will take time to become operative. In the meantime, I believe it is imperative we continue the programs for economic development to put unemployed resources to work.

During Senate consideration of this bill, I introduced an amendment to extend the program for 4 months instead of 1 year. My amendment was offered in the spirit of assuring an ongoing program until the Congress has time to develop a better program. I argued that a 4-month extension would preserve the essentials of the program and keep it intact while alternatives are being considered. It is in the same spirit of providing a transitional-type program that I will vote for the measure now before us. I reiterate that without an extension, the Economic Development Administration will be dismantled in less than 4 weeks from today—July 1. I urge my colleagues to support the conference report.

Mr. MONTOYA. Mr. President, is the Senator willing to yield back his time?

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

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

The PRESIDING OFFICER. All remaining time has been yielded back. The question is on agreeing to the conference report (putting the question).

The conference report was agreed to.

Mr. MONTOYA. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

Mr. STAFFORD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AGRICULTURAL AND CONSUMER PROTECTION ACT OF 1973

The PRESIDING OFFICER. Under the previous order, the Senate will resume the consideration of the unfinished business, S. 1888, which the clerk will report.

The legislative clerk read as follows:

> Calendar No. 165 (S. 1888) to extend and amend the Agricultural Act of 1970 for the purpose of assuring consumers of plentiful supplies of food and fiber at reasonable prices.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. Mr. President, can the Chair inform us as to how much time remains to both sides under general debate?

The PRESIDING OFFICER. The Senator from Nebraska has 73 minutes remaining. The Senator from George has 82 minutes remaining.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time consumed in the quorum call not be taken out of the time of either side. I make this suggestion for the purpose of notifying Senators that the unfinished business is pending before the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

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

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. TALMADGE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is S. 1888, and the Senator from Georgia has, I believe, 82 minutes remaining.

Mr. THURMOND. Mr. President, as the Senate turns its attention to the Agriculture and Consumer Protection Act of 1973, I would like to address myself to some of the recent accomplishments and problems of American agriculture.

One of the eminent statesmen in the history of our Nation, Thomas Heyward, Jr., was a great leader in the early development of American agriculture. When he set forth the ideals of the Agriculture Society of South Carolina, he made a statement which is appropriate today as we analyze the place of agriculture in our national life.

I commend Heyward's words to you, Mr. President:

> Agricultures was one of the first employments of mankind, it is one of the most innocent, and at the same time, the most pleasing and beneficial of any. By variety, it keeps the mind amused and in spirits; by its exercise and regularity, it conduces to give spirit and health to the body; and in the end, it is productive of every other necessity and convenience of life . . . It becomes the duty, therefore, as well as the interest of every citizen to encourage and promote it.

Mr. President, it is the duty as well as the interest of every citizen to encourage and promote agricultural achievement.

As many of my colleagues know, I have been interested in agriculture all of my life. I was reared on a farm, attended Clemson University where I studied agriculture, and subsequently taught agriculture in the public schools of South Carolina. I have been a farmer, and am proud of my efforts in behalf of American agriculture.

If there is any problem or any group which deserves our attention today, it is the farm problem and the farmer.

Mr. President, farmers today are caught in a financial squeeze between the rising costs of equipment and labor and the public's demand for lower prices.

Contrary to the popular myth, which is widespread in urban areas, the life of the farmer is not so simple as it was in the earlier history of our Nation. The farmer's life is no longer restricted to rising before dawn, plowing the fields and attending the crops all day, and returning to his home at night. The interdependence of rural and urban life has increased the pace of our farmer in his daily activities, and his problems have become increasingly complex.

The practice of farming is undergoing significant changes and adjustments. Our farmers must keep abreast of the latest business practices and governmental programs. They must apprise themselves of the most modern scientific developments and procedures. At the same time, they must continue to evaluate their own techniques to be sure they can produce in quantity and quality at the lowest costs possible.

A recent study of agriculture characteristics in South Carolina, prepared under the direction of Professor Edward L. McLean of Clemson University, sheds light on the farm dilemma.

The average size of South Carolina farms increased from 117 acres in 1959 to 177 acres in 1969. In 1969, there were 39,559 farms or farm operators in South Carolina compared to 78,172 ten years earlier. The average value of land and buildings per farm almost tripled in the 10-year period. The record of the recent hearings of the Senate Agriculture Committee is resplendent with similar statistics. The prices received by our farmers since 1952 have increased 46.6 percent, while the prices they have had to pay have increased 79.6 percent.

Mr. President, these statistics lead us to conclude that farming now requires greater capital investment, because of larger acreages, greater costs per acre, increased needs for investing in buildings and equipment, and inflation.

Even though farm income is higher than ever before and the average value of farm products has steadily increased, many smaller farmers have been unable to meet the financial burden of the prices they have to pay. The result is a migration away from the farm into the urban areas.

This dilemma is of great concern to all Americans. If we fail to meet the needs of the agricultural constituency, we are neglecting the backbone of our country.

However, proper attention to our agricultural problems can help us curb the unbalanced growth which has plagued our cities. I am proud to have supported the Rural Development Act of 1972 to provide a comprehensive program for the development of our rural areas. Because of this law, better community facilities and services can be made available to our rural population, and our rural areas can be made more attractive.

Now, Mr. President, within less than a year after the enactment of the Rural Development Act and within a month after the enactment of the REA bill, the Senate has the opportunity to consider another major piece of agriculture legislation which can benefit rural America.

When the Congress first began to discuss an extension of the farm program, there was much talk to the effect that "the time has come for the Government to get out of agriculture." As a general ideal, this would be an enticing argument. I believe in the idea of the free market, and that we must cut Government expenditures and controls in order to balance the budget and insure individual freedom. However, the desirability of such an approach in specific references to American agriculture today is questionable.

Senator TALMADGE, in his opening remarks before the Agriculture Committee on February 27, succinctly forecast the probable result if such a course is followed. If the Government fails to provide necessary assistance to our farmers, there would be an immediate increase in production and a great drop in farm prices and income. Initially, there would be a great surplus with large volumes being acquired by the Government and stored at increased Government costs. In the long run, after a year of bad farming conditions and small yield, there would be an immense shortage of food and fiber at high and unreasonable prices.

Our supplies would be controlled by a small group of large producers, and prices would skyrocket. In the end, not only would the small farmer be the loser, but also the housewife, the consumer and all of the American people.

Mr. President, for this reason I believe that we must continue to provide necessary assistance to our farmers. The basic thrust of the farm bill is to provide this assistance and to insure a plentiful supply of farm products to the consumer at reasonable prices.

I support the Agriculture Committee version of the 1973 farm bill. However, I would like to associate myself with the additional views of the distinguished Senator from North Carolina (Mr. HELMS) on two matters tangential to the farm program, but included in the legislation.

First, I agree with Senator HELMS that a provision should have been written into the food stamp program prohibiting the distribution of food stamps to a household where the head of the household is engaged in a labor strike. I am the principal sponsor of S. 408, which is designed to prohibit strikers eligibility for food stamps. Although the committee did not report S. 408 as a part of the farm bill, I am hopeful that it will be favorably reported in this session. Already 10 Senators have joined as cosponsors—Senators ERVIN, CURTIS, GOLDWATER, BELLMON, BENNETT, MCCLURE, HELMS, HANSEN, HOLLINGS, and SCOTT of Virginia.

Second, the committee agreed to extend the Food for Peace program. However, under provisions of the committee bill, it is my understanding that credit arrangements can be made with Communist countries with interest rates as low as 2 percent. Senator HELMS offered a committee substitute amendment which would allow sales to foreign countries, but only at an interest rate no lower than the interest rate our Gov-

ernment must pay on money it borrows at the time of the sales agreement. The committee rejected Senator HELMS' amendment. Again, I agree with Senator HELMS.

Aside from the two problems I have just discussed, I believe that S. 1888 represents a good piece of legislation, designed to insure a healthy farm economy. I commend the committee members for their thorough work; especially Senator TALMADGE, the chairman, and Senator CURTIS, the ranking minority member.

Mr. President, two provisions of the bill merit further comment.

First, I believe that the decision of the committee to institute the "target price" concept is a good one. The established prices of $0.43 per pound for cotton, $1.53 per bushel for feed grains, and $2.28 per bushel for wheat, are equitable prices for our farmers. It is my understanding that where the market prices fall below the target prices, a Government payment would be made to make up the difference between the market price and established price. However, where the market prices rise above or equal the target price, there would be no cost to the Government. I am advised that these prices would be adjusted each year according to changes in production costs.

Mr. President, with the possibility of an expanding export market, this provision alone could save the Government millions of dollars annually. At the same time, a sagging market would result in higher Government costs. However, Government cost would be tied to the marketplace. No longer would the Government guarantee a payment, as is the present case with the income supplement concept, but it would guarantee a price.

Second. S. 1888 contains a very important provision intended to launch a wide-scale attack on the boll weevil. The boll weevil has been one of the most costly pests in the history of our Nation, and it has been a major nemesis for our cotton farmers for almost a century.

The provision for a cotton insect eradication program represents the culmination of a long struggle by our cotton farmers. It has been estimated that the boll weevil cost the cotton industry in excess of $12 billion from 1896 to 1959, while Federal research expenditures amounted to only $4.5 million.

In 1958, at the National Cotton Council Annual Meeting, two South Carolinians, my good friends J. F. "Skeet" McLaurin of Bennettsville and Robert R. Coker of Hartsville, spearheaded an effort to declare the boll weevil cotton's No. 1 enemy. Subsequently, our late distinguished colleague, Senator Richard Russell of Georgia, led the battle in the Senate to provide additional research and facilities to begin the fight against the boll weevil.

Mr. President, in the past few years we have made significant progress in tests, research, and studies. Now is the time to expand these efforts in a full-fledged attack on this pest.

The cotton insect eradication provision will add a new section to the Agriculture Act. As I understand the provisions of the bill, the Secretary of Agriculture is directed and authorized to carry out through the Commodity Credit Corporation

programs to destroy and eliminate cotton boll weevils, pink boll worms or any other major cotton insect in infested areas if (he) determines that methods and systems have been developed to the point that eradication of such insects is assured.

Mr. President, I have discussed the components for the eradication program with various individuals in the cotton industry. A pilot eradication experiment is already near completion. Leaders in the cotton industry believe that a system exists to assure that this pest can be eradicated. If this proves to be true, the authorization for the eradication program will be a hallmark in agricultural achievements.

Of course, an expanded effort of this kind will require continued cooperation between Federal and State authorities, and the producers themselves. I am advised that producers would pay up to one-half of the cost of the program. This is a fair approach, as is the provision to allow the Secretary to provide indemnification and allotment and acreage protection where specially required measures result in a loss of production and income.

I am hopeful that the anticipated victory over the boll weevil can become a reality. The success of this program would undoubtedly revitalize the agriculture economy of South Carolina and the Nation.

Mr. President, in conclusion I return to the original theme with which I began these remarks. Agriculture was one of man's first employments, and it is still productive of the other necessities and conveniences of life.

The Agriculture and Consumer Protection Act of 1973 affords the farmer a good program, assures the consumer of an adequate supply of goods at reasonable costs, and offers the taxpayer a possible reduction in Government expenditures.

Mr. President, I believe that S. 1888 represents good farm legislation. Of course, I reserve judgement on the merits of individual amendments which may be offered; but overall, I believe the general thrust of S. 1888 is beneficial to us all.

Mr. TALMADGE. There are a number of pending amendments at the desk, and I would like for Senators who desire to offer amendments to come to the floor and present them, because we are at that stage of the business at the present time.

Mr. President, I yield to the distinguished majority leader such time as he may desire.

Mr. MANSFIELD. Mr. President, if I may have 1 minute, I suggest the absence of a quorum.

Mr. CURTIS. Mr. President, I am ready to offer an amendment.

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

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

AMENDMENT NO. 198

Mr. CURTIS. Mr. President, I call up my amendment No. 198 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 46, line 17, strike out the double quotation marks.

On page 46, between lines 17 and 18, insert the following:

"SEC. 818. Section 310B(d) of subtitle A of the Consolidated Farm and Rural Development Act is amended by adding at the end thereof a new paragraph as follows:

"'(4) No loan authorized to be made under this section, section 304, or section 312 shall require or be subject to the prior approval of any officer, employee, or agency of any State.'"

Mr. CURTIS. Mr. President, I offer this amendment on behalf of myself, and Senators CLARK, DOLE, BELLMON, AIKEN, YOUNG, and HUMPHREY. I will not take a great deal of time because this is a very simple amendment which I hope the distinguished manager of the bill will accept.

Briefly, this amendment would prohibit the Secretary of Agriculture from requiring prior approval by an officer of the State before approving a business development loan as authorized by the Rural Development Act of 1972.

This amendment is necessary, I believe, in view of regulations which are to be published this week making such State approval a prerequisite to loan approval.

As ranking minority member of the Rural Development Subcommittee when this act was being drafted I certainly did not contemplate such a requirement, nor did the other members of the subcommittee or the full committee as far as I know.

Mr. President, Congress intended the loan authorities provided in the Rural Development Act to be exercised by the professionals of the Farmers Home Administration. Consequently, I hope the Senate will accept this amendment in lieu of the proposed regulation which I believe is unnecessary, contrary to the intent of the act, and an open invitation to the "selling" of loans.

I yield to the distinguished chairman of the committee.

Mr. TALMADGE. Mr. President, I concur wholeheartedly with what my distinguished colleague from Nebraska has said. We do delegate to the Secretary of Agriculture rulemaking power in rural development legislation. We do not, however, delegate legislative power to the executive branch of the Government—in fact, the Constitution of the United States specifically forbids it—and I am getting somewhat tired of executive agencies, under the guise of writing regulations, getting into the legislative field.

I hope the Senate will accept the amendment offered by the distinguished Senator from Nebraska.

Mr. CURTIS. I thank the distinguished chairman for his support.

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

Mr. CURTIS. I yield to the distinguished Senator from Vermont.

Mr. AIKEN. Some 2 weeks ago it was reported to me that the Department of

Agriculture was considering turning a very important part of the rural development program over to the Governors of the States, for them to operate.

I protested the situation as promptly as I could. I understand that the Department of Agriculture, or the Secretary, has been reconsidering the proposal to turn this work over to the Governors of the States, and in fact I think there was much substance to that report. But the amendment offered by the Senator from Nebraska is intended to make sure that they do not turn over programs to the Governors of the States which Congress never intended should be operated by the Governors of the States.

In my opinion it would constitute a near disaster, politically and economically, if that previously reported intention were put into effect.

Mr. CURTIS. I thank my colleague.

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

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

The PRESIDING OFFICER (Mr. NUNN). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Nebraska.

The amendment was agreed to.

Mr. CURTIS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum and 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. PEARSON. 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. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Gail Harrison be on the floor during consideration of the farm bill, S. 1888, except on rollcall votes.

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

AMENDMENT NO. 157

Mr. PEARSON. Mr. President, I call up my amendment, No. 157, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

S. 1888

On page 46, line 17, strike out the double quotation marks.

On page 46, between lines 17 and 18, insert the following:

"SEC. 818. (a) The Congress hereby specifically affirms the longstanding national policy to protect, preserve, and strengthen the family farm system of agriculture in the United States and believes that the maintenance of that system is essential to the social well-being of the Nation and the competitive production of adequate supplies of food and fiber. The Congress further believes that any significant expansion of large-scale corporate and vertically integrated farming enterprises would be detrimental to the national welfare. It is not the policy of the Congress that agricultural and agriculture-related programs be administered exclusively for family farm operations, but it is the policy and express intent of the Congress that no such program be administered in a manner that will place the family farm operation at an economic disadvantage.

"(b) In order that the Congress may be better informed regarding the status of the family farm system in the United States, the Secretary of Agriculture shall submit to the Congress not later than July 1 each year a written report containing current information on trends in family farm operations and comprehensive National and State-by-State data on corpoarte and vertically integrated agricultural operations in the United States. The Secretary shall also include in each such report (1) information as to how existing agriculture and agriculture related programs are being administered so as to protect, preserve, and strengthen the family farm system of agriculture in the United States, (2) an assessment of how Federal laws, including the tax laws, may be serving to encourage the growth of large-scale corporate and vertically integrated farming operations, and (3) such other information as the Secretary deems appropriate or determines would aid the Congress in protecting, preserving, and strengthening the family farm system of agriculture in the United States."

Mr. PEARSON. Mr. President, this amendment makes explicit what has historically been an implicit foundation of our national agriculture policy, namely the protection, preservation and strengthening of the family farm system. This amendment declares that Congress believes the maintenance of the family farm system is essential to the Nation's well-being and that any significant expansion of large scale corporate farming enterprises will be detrimental to the Nation's welfare. This amendment does not require that all agricultural and agriculture related programs be administered exclusively on behalf of family farm operations, but it does indicate the express intent of Congress that no such program be administered in a manner that can place the family farm operation at an economic disadvantage.

The amendment requires and instructs the Department of Agriculture to submit to the Congress no later than July 1, of each year, written reports analyzing trends in family farm operations and also comprehensive data on corporate and vertically integrated farming operations. It further specifies that the Secretary of Agriculture in these reports indicate how present programs are being administered so as to strengthen the family farm system, along with an assessment of how various Federal laws including tax laws may be serving inadvertently to encourage the growth of large scale and vertically integrated farm operations.

Because protecting and strengthening the family farm has always undergirded our family farm considerations, this amendment reflects no departure from past policy, rather it does, as I have indicated, make explicit what has always been considered to be implicit. However, for a number of reasons I think it is appropriate at this time to spell out this goal in statutory language. We are entering a new era in agriculture. The technological revolution is taking new forms. Supply/demand relationships are changing and many of the old assumptions about the economics of agriculture production are being challenged.

Also I believe it is time that we look beyond our traditional program to determine whether or not new policy initiatives are needed in such areas as tax law, research, and capital and corporate structures.

There is no question that the family farm is the dominant unit in American agriculture. It is not about to be engulfed by corporate and vertically integrated industrial firms. Nevertheless there are growing signs which give cause for concern. While the family farm remains the dominant unit in agriculture, the fact remains that approximately a million family farms were consolidated out of existence in the decade of the 1950's and another million were eliminated during the decade of the 1970's. We cannot, of course, attempt to put a freeze on the present number of family farms. But, on the other hand, at some stage it is obvious that if you project present trends into the future, we will eventually reach a stage where the number of family farms will become almost negligible.

Large-scale corporate agriculture is growing. With the on-going technological revolution more and more corporate officials are looking to the countryside in search of profits. U.S. "farmers" now include such industrial giants as Dow Chemical, I.T. & T., Boeing Co., Coca-Cola, Standard Oil of California, Bank of America, Tenneco Oil Co., and many others. The incidence of large-scale corporate or vertically integrated operations varies a great deal by region and type of commodity. One estimate suggests that approximately 30 corporations own 20 percent of the farmland in Florida. Vertically operated operations are increasing and are now a major factor for a number of commodities. For example, 30 percent of our fresh vegetables, 25 percent of our potatoes, 30 percent of our citrus fruits, and 60 percent of our sugar cane is produced by large, vertically integrated conglomerates. Contract farming, a relatively new development, is growing rapidly, particularly in the livestock industry. Here we find that almost one-third of our livestock production is under contract.

To date, the information on corporate and vertically integrated operations has been incomplete. We do not have an ongoing, regular data gathering and analysis program. It is extremely important that we now develop such a reporting program and this amendment would be aimed at accomplishing this.

The reporting requirements of this amendment would make it necessary for the Department of Agriculture to continue to address itself to the problem of developing operational definitions of the family farm and corporate and vertically integrated operations. There is, of course, disagreement as to what constitutes a family farm and I am confident that the Department of Agriculture in fulfilling the reporting requirements of this

amendment will provide the Congress with the various possible operational definitions of the family farm.

By the same token, I am confident that the Department in fulfilling the reporting requirements of the amendment will significantly expand its data-gathering process in regards to trends of nonfamily farm units.

Mr. President, I believe that this is for the most part a noncontroversial amendment, but, at the same time, I am firmly convinced that it is of fundamental importance to the future development of national policy regarding agriculture.

Mr. President, I ask unanimous consent that the names of Senator YOUNG, Senator CHURCH, Senator HATFIELD, and Senator RANDOLPH—and there may be other Senators—be added as cosponsors of this amendment.

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

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

Mr. PEARSON. I yield.

Mr. TALMADGE. I have examined the amendment carefully and I have discussed it with the ranking minority member of the committee.

The purport of the amendment is to urge the Department to do all that is practicable to strengthen the family farm, which is a most worthy endeavor. I hope that the Senate will approve the amendment.

Mr. CURTIS. Mr. President, may I just say that I wish to concur in the statement of the chairman of the committee.

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

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

The PRESIDING OFFICER. All time on the amendment has now been yielded back.

The question is on agreeing to the Amendment No. 157 of the Senator from Kansas (Mr. PEARSON).

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the time to be taken out of neither side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Strike out the single and double quotation marks at the end of the Curtis amendment and insert the following paragraph:

"'(5) No loan commitment issued under this section, section 304, or section 312 shall be conditioned upon the applicant investing in excess of ten per centum in the business or industrial enterprise for which purpose the loan is to be made unless the Secretary determines there are special circumstances which necessitate an equity investment by the applicant greater than ten per centum.'"

Mr. HUMPHREY. Mr. President, I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that Mr. Peterson of my staff be allowed the privilege of the floor.

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

Mr. RIBICOFF. Mr. President, the farm bill now before the Senate for consideration should be defeated.

Every housewife knows that food prices are continuing to skyrocket. In the last year the average market basket of food rose by 12 percent. Inflation is accelerating. Between March and April, grocery costs grew at the fastest rate since 1952. At the rate they are growing—2.7 percent in January, 2.5 percent in February, and 3.5 percent in March—the American consumer will continue to endure economic hardship. This issue cannot be avoided—nor will it be solved by short-lived or ineffective programs. The President's price control programs have failed.

Strong action is needed in Congress to control the runaway inflation in food costs. Unfortunately, if the farm bill now pending in the Senate is enacted into law, American housewives can give up any hope of food prices returning to more acceptable levels.

The bill is incorrectly named. It is called the Agriculture and Consumer Protection Act of 1973. But it does not protect consumers. It protects the large agribusiness concerns that dominate American farming. It is these monolithic corporations—not the small farmer—which produce the food we eat. In fact, three-fourths of all farm sales are made by 19 percent of all farmers. And 7 percent of the Nation's cattle ranchers produce 80 percent of the Nation's beef.

The little farmer has never benefited from the farm subsidy program and he would not benefit under this new bill. The bulk of subsidies go to that fifth of farmers with the highest average income. At the other end of the scale are 1.5 million farmers with annual sales of less than $5,000. They account for only 5 percent of farm sales and a correspondingly small fraction of farm subsidy benefits.

This bill will mean a drain on the pocketbook of every American consumer. It continues the farm subsidy program for another 5 years. These programs have cost consumers about $4.6 billion in direct payments and loans each year and another $4.5 billion in prices artificially inflated by subsidies and acreage restraints.

The total cost to consumers and taxpayers, then, is in the $9 to $10 billion range.

Yet there are only 2.8 million farms in the United States and only 9.5 million members of the farm population. In 1972, for example, some 18,500 farmers received subsidy payments in excess of $20,000. In total they received $656 million. This averages out to a payment of $35,400 for every farmer who received in excess of $20,000. The most liberal payment in the welfare program for the poor is only about $4,000 for a family of four.

It is absurd to follow a policy of paying major agricultural corporations billions of dollars not to grow food. American taxpayers and consumers are paying these giant industries to keep food prices up.

We can no longer afford the luxury of withholding crop acreage from production. Recently the United Nations Food and Agriculture Organization reported that an acute shortage of food existed in the world, due mainly to severe droughts which cut into harvests. Meanwhile the American agriculture program in 1972 was responsible for the withholding of 20 million acres of cropland from production. And this year an additional 5.7 million acres of land in the Midwest have been lost to production because of floods.

Meat shortages are being experienced in Western Europe, the Soviet Union, and Australia. Yet last year 16 percent fewer calves were slaughtered in the United States than the year before as breeders are withholding young beef from production. The short-term result is a decrease in the supply of beef and higher prices.

The Green Revolution which was expected to dramatically increase harvests in Asia has not ended hunger. The development of miracle wheat by Nobel prize winner Norman Borlaug in the mid-1960's caused great enthusiasm then. But it is now clear that the enthusiasm has to be tempered with skepticism. The small gains in food productivity in underdeveloped countries have been largely wiped out by population growth. Most farmers throughout the world do not have the know-how to take advantage of the new high-yield rice and wheat crops. They lack technical expertise, and do not have the money to purchase the fertilizer, insecticide, and water necessary to take advantage of land-intensive crop production. The result is that the gap is growing between the rich farmers who can benefit from high-technology farming and the poor farmers who cannot.

While the Green Revolution has the potential in the long run for success against the world hunger problem, American agriculture must still bear a large burden of providing for millions in foreign lands who cannot feed themselves.

Population growth trends indicate that world food production must double by the year 2000 just to maintain current, inadequate world diet levels. Increasing production by 2½ times would be needed to make a general improvement in dietary levels.

We should, therefore, be encouraging increased production on as much cropland as possible rather than withholding land from production.

Yet the farm bill now before us would encourage scarcity by providing high crop payments to those farms that agreed to participate in an acreage limitation program.

Under the new bill, the Secretary of Agriculture would determine annually the amount of acreage needed to produce enough of the three major commodities—wheat, feed grains, and cotton—to satisfy domestic consumption and export

demands. Because in most years this amount will be less than the acreage available, farmers who want to participate in the subsidy program have to limit their crops. Those who agree to participate in withholding acreage will be guaranteed certain target prices for their crops. If the average market price during the first 5 months of the marketing season is below the target price, the farmer receives a Federal supplement to meet the target price.

For the first year of the program, the bill sets the prices at 70 percent of parity—$2.28 a bushel of wheat, $1.53 a bushel of corn and 43 cents a pound of cotton.

In future years—1975 through 1978—the target prices would be adjusted upward according to a cost of production index. This index reflects increases in interest rates, taxes, wage rates, and all production items including machinery and motor vehicles. These production costs rose by 14 percent last year and can be expected to continue their climb, thereby assuring that the target prices will continue to rise. Agriculture Department experts have estimated that the cost of production escalation could expose the taxpayers to a $7 billion annual farm subsidy by 1976 or 1977.

In simple language, the target prices are being set at record high levels. If the target price for wheat had been in effect on April 15 of this year, wheat prices would have gone from $2.15 up to the $2.28 target—a 13-cent rise. Corn prices would have gone up from $1.42 a bushel to the target price of $1.53, and cotton would have risen from 39 cents to 43 cents. The cost hikes to the taxpayers would have been even more dramatic if the target price system had been in effect on February 1973 or last year. The following chart illustrates these figures:

	Wheat (bushel)	Corn (bushel)	Cotton (pound)
Target price	$2.28	$1.53	$0.43
Apr. 15, 1973 price	2.15	1.42	.3984
February 1973 price	1.97	1.35	
Apr. 15, 1972	1.36	1.13	.38

If the target price program had been in operation in 1972, the subsidies would have cost the taxpayers a total of $2.6 billion to $823 million. Cotton payments would have gone up from $809 million, wheat payments would have increased from $723 million to $787 million and corn payments would have dipped slightly from $1.2 billion to $1.1 billion.

DAIRY PRICES

This bill will not only increase the price of food but also will drive up the prices that housewives pay for dairy products. Today consumers spend some $17 billion annually—13 percent of the total consumer food bill—for dairy products.

Under the present law, milk products enjoy the backing of a price support system which keeps prices up. Dairy prices may be pegged at anywhere from 75 to 90 percent of parity. The present level as set by USDA is 75 percent, but the actual market price is currently at 80 percent. The new farm bill requires USDA to set parity at the record-high 80 percent level. This means that the price support level of milk would increase from the price support level of $5.29 per hundredweight in the 1973–74 marketing year to $5.61. In simpler terms, American consumers will be paying 4 cents more for every gallon of milk.

Other dairy provisions in the bill will have an equally inflationary effect on milk prices. These provisions would allow major dairy cooperatives—which today have an almost monopolistic control on 80 percent of the milk supply—to receive major exemptions from the antitrust laws. For example, the bill permits farmers in deficit milk areas to pay farmers in surplus areas not to ship milk into the deficit areas. In effect, this is "purchased" noncompetition. Its intent seems to be a boost in consumer prices. At the present time the Justice Department has pending a major antitrust suit against some of the largest midwestern cooperatives. If the farm bill is passed these cooperatives would be exempted from these antitrust suits. Their power over the milk supply would be increased to the disadvantage of consumers and independent milk producers, processors, and haulers. These sections of the bill were never subjected to public debate. In an area as technical as this, I believe we should have hearings to hear from the independent dairies, consumer groups, and the Department of Justice. I support Senator HART's proposal to strike these provisions from the bill so that hearings may be held.

BREAD TAX

I also support the amendment introduced by Senators WEICKER and BAYH to accelerate the repeal of the bread tax. The 75-cents-per-bushel tax on wheat which is milled into flour would be eliminated at the end of 1973 under the committee bill. The amendment I support would knock out the tax immediately upon enactment.

The bread tax is a highly regressive levy because it applies to the primary ingredient—wheat—in a basic necessity. The tax creates inflationary pressures on the retail price of bread because the additional cost to the miller is reflected in the price he charges to the baker. In turn the retailer and consumer have to pay a higher price.

While I am pleased that the committee has rejected the concept of bread tax, I believe that repeal should not await the end of the year. Price of all food items are already too high. By knocking out the tax now we can reduce some of the inflationary pressures on the price of food.

CONCLUSION

It is time to put an end to the kind of economic waste represented by the new farm bill. Agribusiness is getting richer at the expense of the American housewife. Never before have corporate farmers had it so good. In 1972 the industry realized net income of the farming industry was $19.2 billion—the highest income ever. While consumers saw their food prices go up by 12 percent in a year, farmers' net income was going up by $3.1 billion from 1971 to 1972.

And the share of the food dollar retained by the farm industry is growing. In the first quarter of 1973 agribusiness received 68 percent of the retail price of choice beef, 57 percent of choice lamb, 65 percent of pork, 66 percent of butter, 66 percent of eggs, 52 percent of milk, and 57 percent of poultry.

U.S. Department of Agriculture statistics continue to show that farm prices have been responsible for most of the food price increases. Between April of 1972 and April of 1973 the cost of the average annual market basket of food went up $184—from $1,296 to $1,480, of that increase, the farmers got $152 and the middlemen $32.

In the midst of inflation, steeply rising farm prices and income, and strongly growing domestic and world food demands, the entire U.S. farm program desperately needs a complete overhaul, ending costly price supports and subsidies, and modifying existing acreage allotments and "set-asides." The overall farm problem is no longer one of surplus and deflation but scarcity and inflation. Residual poverty among small farmers will not be ended by present subsidies and acreage restrictions, but requires a different approach aimed directly at increasing the small farmer's income. It is time to return to a free market economy in agriculture.

Unless this legislation is defeated and a freeze is placed on prices, there will be no relief for the American consumer.

Mr. HUMPHREY. Mr. President, the amendment which I have sent to the desk is an amendment to the amendment proposed by the Senator from Nebraska (Mr. CURTIS) and adopted by the Senate. So I ask unanimous consent that my amendment be in order as an amendment to the Curtis amendment.

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

Mr. HUMPHREY. Mr. President, the amendment is very simple. It is our understanding, as was explained by the Senator from Nebraska, that regulations implementing the Rural Development Act will be published this week.

These regulations generally require collateral for business loan guarantees. It is our contention that applicants who have collateral will generally not need loan guarantees. Consequently this amendment directs the Secretary not to require more than 10 percent collateral for loans unless he finds that there are special circumstances which necessitate a collateral requirement in excess of 10 percent. The 10-percent feature is one that is found in other parts of the Rural Development Act.

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

Mr. HUMPHREY. I yield.

Mr. TALMADGE. As I recall the provisions of the act, the Government provides a guarantee of 90 percent.

Mr. HUMPHREY. That is correct.

Mr. TALMADGE. So if the Department of Agriculture is trying to write regulations contrary to those in the act, they are not regulations, but legislation. As the Senator knows, all legislative power is vested in Congress; no legislative power is vested in the Department of Agriculture. I am tired of the Department trying to write laws. I hope the Senate will agree to the Senator's amendment.

Mr. HUMPHREY. Unless there is further comment, I have nothing further to say. I am perfectly willing to yield back the remainder of my time.

Mr. TALMADGE. Mr. President, I am willing to yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Minnesota to the amendment of the Senator from Nebraska.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I now wish to call up amendment No. 197. I ask unanimous consent that the amendment not be read but that it be printed in the RECORD.

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

The amendment is as follows:

On page 15, beginning with line 23, strike out all down through line 3 on page 16.

On page 27, line 22, strike out the comma after "(g)" and insert in lieu thereof a period.

On page 27, beginning with line 23, strike out all down through line 3 on page 28.

On page 31, line 18, strike out the semicolon and insert in lieu thereof a period.

On page 31, strike out line 19 through 24.

On page 46, line 17, strike out the double quotation marks.

On page 46, between lines 17 and 18, insert the following:

"SEC. 818. (a) The Secretary of Agriculture (hereinafter in this section referred to as the 'Secretary') may enter into multiyear set-aside contracts for a period not to exceed beyond the 1978 crop. Such contracts may be entered into only as a part of the programs in effect for wheat, feed grains, and cotton for the years 1974 through 1978, and only producers participating in one or more of such programs shall be eligible to contract with the Secretary under this section. Any producer entering into a multiyear set-aside agreement shall be required to devote specified acreage on the arm to a vegetative cover that is capable of maintaining itself throughout the contract period and providing soil protection, water quality enhancement, wildlife production, and natural beauty.

"(b) The Secretary shall provide cost-sharing incentives to farm operators for such cover establishment on all or a portion of the set-aside base whenever a multiyear contract is entered into as provided in subsection (a).

"(c)(1) The Secretary shall appoint an advisory board in each State to advise the State committee of that State (established under section 8(b) of the Soil Conservation and Domestic Allotment Act) regarding the types of conservation measures that should be approved for purposes of subsections (a) and (b). The Secretary shall appoint at least six individuals to the advisory board of each State who are especially qualified by reason of education, training, and experience in the fields of agriculture, soil, water, wildlife, fish, and forest management. The advisory board appointed for any State shall meet at least once each calendar year.

"(2) The Secretary, through the establishment of a National Advisory Board to be named by him in consultation with the Secretary of Interior, shall seek the advice and assistance of the appropriate officials of the several States in developing the wildlife phases of the program provided for under this subsection, especially in developing guidelines for (A) providing technical assistance for wildlife habitat improvement practices, (B) evaluating effects on surrounding areas, (C) considering esthetic values, (D) checking compliance by cooperators, and (E) carrying out programs of wildlife management on the acreage set aside.

"(d) The eighteenth sentence of section 8(b) of the Soil Conservation and Domestic Allotment Act is amended to read as follows: 'The State director of the Agricultural Extension Service and the State director of Wildlife Resources (or comparable officer), or his designee, shall be ex officio members of such State committee.'"

Mr. HUMPHREY. Mr. President, this is an amendment that was discussed in committee, as members of the committee may recall. The distinguished chairman asked the staff of the committee to work with me and with staff members to draw up language that met the general view of the committee as they discussed the whole subject of vegetative crop on acreage set aside under the wheat, feed grains, and cotton programs.

Mr. President, this amendment to the proposed Agriculture and Consumer Protection Act of 1973 would provide for a protective vegetative cover to be planted on set-aside acreages under multiyear contracts to prevent severe oil losses, water sedimentation, and loss of wildlife.

Under this amendment the Secretary of Agriculture would be authorized to initiate multiyear set-aside contracts relating to acreage set-aside or diverted to conserving uses under the wheat feed grain and cotton programs. Whenever the Secretary initiates such a program he would be required to cost-share with producers desiring to participate as it relates to the cost of purchasing and planting perennial vegetative cover.

This subject was a matter of much discussion in our public hearings on this legislation. However, the language finally approved by the committee which is now contained in S. 1888 simply does not meet the basic objectives that many of us had in mind in addressing this subject. However, the amendment that I am introducing today for myself and the other Senators that I have mentioned does.

The cosponsors are Senators EASTLAND, CURTIS, MCGOVERN, YOUNG, ALLEN, DOLE, HUDDLESTON, BELLMON, CLARK, HELMS, ABOUREZK, MONDALE, and NELSON.

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

Mr. HUMPHREY. I am happy to yield to the distinguished Senator from Georgia.

Mr. TALMADGE. Mr. President, the Agricultural Act of 1970, which expires at the end of the current year, has a provision quite similar to the Senator's amendment. When we were considering amendments to the Agricultural Act of 1970 the distinguished Senator from Minnesota brought up his amendment in committee. It was the consensus of the committee that an amendment of this nature be included in the farm bill. They placed language in our present bill pending before the Senate, but limited it to 1 year. The Senator's amendment would extend that to 5 years.

Mr. HUMPHREY. Yes, up to 5 years.

Mr. TALMADGE. I think it is a good amendment. I urge the Senate to agree to the amendment.

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

Mr. HUMPHREY. I yield to the distinguished Senator from North Dakota, who has been a leader in this entire effort.

Mr. YOUNG. Mr. President, I am happy to be associated with the Senator in this amendment. This amendment is supported by the North Dakota Game and Fish Department, and similar departments in all surrounding States, as well as all wildlife interests, environmental interests, and others. It would do wonders to help restore the once big pheasant population, it would greatly increase the partridge population, the grouse population, and the duck population not only in our State but over much of the United States. Since the land is so intensely cultivated now there is not much room for birds to nest any more. This would be a tremendously important program and a very popular one.

Mr. HUMPHREY. I thank the distinguished Senator.

Mr. President, this is one amendment that has both wide urban and rural support. I thank our many cosponsors and the chairman of the committee for the cooperation we had in developing this amendment, almost as a committee amendment.

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

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

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 179

Mr. PEARSON. Mr. President, I call up my amendment No. 179 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PEARSON. 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 46, line 17, strike out the double quotation marks.

On page 46, between lines 17 and 18, insert the following:

"SEC. 818. (a) The first sentence of section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended to read as follows: 'In the case of specific projects for works for the collection, treatment, or disposal of waste in rural areas, the Secretary is authorized and, in the case of specific projects for works for the development, storage, treatment, purification, or distribution of water, the Secretary is authorized and directed to make grants in amounts specified in appropriation Acts aggregating not to exceed $50,000,000 in any fiscal year to such associations to finance such projects.'

"(b) Section 306(a)(6) of such Act (7 U.S.C. 1926(a)(6)) is amended to read as follows:

"'(6) In the case of waste disposal systems in rural areas, the Secretary is authorized and, in the case of water systems, the Secretary is authorized and directed to make grants in amounts specified in appropriation Acts not exceeding $5,000,000 in any fiscal year to public bodies or such other agencies as the Secretary may determine having

authority to prepare comprehensive plans for the development of such systems.'."

Mr. PEARSON. Mr. President, first, I ask unanimous consent that Senators McGEE, MONDALE, and HUMPHREY be added as cosponsors of this amendment.

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

Mr. PEARSON. Mr. President, this amendment would restore the grant program of the rural water system and sewer systems.

Earlier today, prior to addressing ourselves to this bill, we extended the EDA program until a new program could come along and fill the urgent need for economic development.

Rural communities are in desperate need for a revitalization of sewer and water systems. This amendment is a modest amendment compared with H.R. 3298, which was overwhelmingly passed by the Senate sometime ago. It provides $55 million in authorization, $50 million being in the grant program and $5 million for planning.

Mr. President, it seems to me this would carry us through to that time and we can revitalize our rural programs dealing with these very vital programs of water supply and sewerage.

I have discussed this matter with the distinguished chairman of the committee, the manager of the bill, and also the ranking minority member.

Mr. President, this amendment alters two sections of the Consolidated Farm and Rural Development Act which deal with grants for rural water and waste systems. The language in my amendments makes mandatory the use of annual appropriations for grants for water systems operated by the Farmers Home Administration. The second section of my amendment makes similar provisions for the granting of funds for comprehensive plans for these systems.

This approach differs from the H.R. 3298, which the President vetoed on April 5, 1973, in that the mandatory language is used only with respect to rural water systems. Implicit in my amendment is the recognition that sewer systems can and perhaps should be administered under the unified authority of the Environmental Protection Agency. I believe that this removes one of the major objections of the administration to the previous legislation. Unlike, sewage systems, however, there are no real alternative means of providing grants for water systems in rural areas, and this amendment preserves the grant program of Farmers Home Administration for this purpose.

A second major change in my amendment from previous legislation on this subject is the reduction of authorization levels for the programs operated under the direction of the Farmers Home Administration. A maximum authorization of $50,000,000 is set on the section dealing with grants for the development of water and sewage systems. A maximum yearly authority of $5,000,000 is placed on the sections of the bill dealing with planning. The reduction in authorizations need not have the adverse impact which some of my colleagues might fear. In fact, the levels I have selected closely parallel the actual expenditures for all water and sewer grant programs operated by the Farmers Home Administration over the past few fiscal years. I ask unanimous consent that a table which lists the actual obligations of the Farmers Home Administration during the past few fiscal years be inserted at this point.

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

GRANTS OBLIGATED BY THE FARMER'S HOME ADMINISTRATION FOR WATER, WASTE AND COMBINATION WATER-WASTE SYSTEMS (INCLUDING BOTH INITIAL AND SUBSEQUENT GRANTS)

	Fiscal year—				
	1969	1970	1971	1972	1973[1]
Water	$10,572,695	$22,090,070	$20,310,910	$19,052,100	$11,201,700
Waste	11,657,440	15,822,667	16,634,500	15,531,600	3,848,600
Combination	2,752,420	6,949,510	7,141,850	5,279,200	2,371,900
Total	24,982,555	44,862,247	44,087,260	39,862,900	17,422,200

[1] Obligated funds as of Jan. 1, 1973.

Mr. PEARSON. It is important to note that at no time since fiscal year 1969 has the total amount obligated for grants for water, waste, and combination water waste systems exceeded $50,000,000. The amount becomes even more realistic when we remember that the amendment contemplates coverage for water system alone.

Mr. President, the Senate is strongly on record as supporting the continuation of grants for water systems. In my statement of June 4, I indicated that while loans are helpful, grants remain essential. The high cost of developing a rural water system means that user fees will often be insufficient to meet the financial requirements of developing an adequate water system in a rural area. The administration recognizes the need for grants for sewer systems when it relies on the Water Pollution Control Amendments for this purpose. I see no reason why water systems should be singled out for exclusion from Federal grant assistance.

There really is no alternative means of financing for these systems. We cannot expect local communities to absorb the high costs of developing and constructing the water systems. Neither should we expect revenue sharing to be used as an alternate source of assistance. Congress expected that revenue sharing would be additional money for local communities and not that it be utilized to replace existing programs which the administration unilaterally chose to extinguish.

Because the justification for rural water systems has long been recognized by the Senate, and because this amendment goes a long way toward meeting the administration's objections to the previous bill on the subject, I hope that it will be accepted as an effort on the part of Congress to meet pressing needs in rural areas, while at the same time recognizing the fiscal contraints under which our Government is operating.

The PRESIDING OFFICER. Who yields time?

Mr. TALMADGE. Mr. President, I have examined the amendment of the distinguished Senator from Kansas. I think it is a worthy amendment.

As the Senate will recall, the Rural Development Act authorized $300 million for water and sewerage systems in rural areas. The President impounded that money. The Committee on Agriculture and Forestry voted overwhelmingly to reinstate the funds; the Senate voted overwhelmingly to reinstate the funds; the House committee voted overwhelmingly to reinstate the funds, and so did the House. But unfortunately the President vetoed the act and the House sustained the President's veto.

I hope the Senate will accept the amendment of the Senator from Kansas. I think it is most worthy and it is a modest one.

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

Mr. TALMADGE. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 173

Mr. HUMPHREY. Mr. President, I call up my amendment No. 173.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HUMPHREY. 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:

AMENDMENT NO. 173

On page 46, line 19, strike out "title is" and insert in lieu thereof "titles are".

On page 51, line 15, strike out the quotation marks.

On page 51, between lines 15 and 16, insert the following:

"TITLE XI—CONSUMER AND MARKETING RESERVES

"SEC. 1101. (a) Effective only with respect to the 1974 through 1978 crops of wheat, corn, grain sorghum, barley, oats, rye, and soybeans, the third sentence of section 407 of the Agricultural Act of 1949, as amended, is amended by striking out the third proviso (relating to the minimum price at which certain grains in the stocks of the Commodity Credit Corporation may be sold) and inserting in lieu thereof the following: *'And provided further,* That the Commodity Credit Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, or rye, respectively, at less than the so-called established price applicable by law to the crop of any such commodity, or any of its stocks of soybeans at less than 150 per centum of the current national average loan rate for such commodity, adjusted (in the case of all such commodities) for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate, if the Secretary determines that the sale of such commodity will (1) cause the estimated car-

ryover of such commodity at the end of the current crop year for such commodity to fall below six hundred million bushels in the case of wheat, forty million tons in the case of corn, grain sorghum, barley, oats, and rye, or one hundred and fifty million bushels in the case of soybeans or (2) reduce the Corporation's stocks of such commodity below two hundred million bushels in the case of wheat, fifteen million tons in the case of corn, grain sorghum, barley, oats, and rye, or fifty million bushels in the case of soybeans; and in no event may the Corporation sell any of its stocks of any such commodity at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.'

"(b) Section 407 of such Act is further amended by adding at the end thereof the following: 'In any year in which the Secretary estimates that the carryover stocks of wheat will be less than six hundred million bushels, the carryover stocks of feed grains will be less than forty million tons, or the carryover stocks of soybeans will be less than one hundred and fifty million bushels, the Secretary is authorized and directed, at any time that the market price falls to 125 per centum of the announced nonrecourse loan level for the commodity concerned, to purchase a quantity of such commodity to six hundred million bushels in the case of wheat, forty million tons in the case of feed grains, and one hundred and fifty million bushels in the case of soybeans. Notwithstanding any other provision of law, the price support loan on any quantity of wheat, feed grains, or soybeans stored under seal on the farm or in private commercial facilities shall be extended, at the option of the producer, for a period of two years with the condition that any such loan may be called in at any time by the Secretary prior to the expiration of the two-year period if the Secretary determines that the projected carryover stocks of the commodity concerned for the current year will drop below six hundred million bushels in the case of wheat, forty million tons in the case of feed grains, or one hundred and fifty million bushels in the case of soybeans. As used in the two preceding sentences, the term "feed grains" means corn, grain sorghum, barley, oats, and rye."

Mr. HUMPHREY. Mr. President, this amendment provides a new title in the pending legislation, title XI, known as Consumer and Marketing Reserves. I shall address myself to the amendment. I consider it the most important amendment that I have to offer to this very important piece of legislation.

Mr. President, opening trade relations with countries having centrally directed economies such as the Soviet Union and Eastern European countries has increased uncertainties as well as opportunities for agricultural producers, private marketing agencies, and domestic consumers.

We know, for example, that the recent sales of our agricultural commodities to the Soviet Union and other countries has been of great help to our export trade, to our balance of payments, and, indeed, of considerable assistance to the American agricultural producer. But I think we also should make note of the fact that today the market conditions in agriculture are very uncertain and actually at the moment a great deal of speculation is taking place in a number of commodities because of the possibility of current shortages continuing.

Mr. President, the title of the amendment explains its purpose. It will provide for reserves of feed grains, wheat and soybeans so as to make available supplies when needed at a fair price to the farmer and to the consumer, and also to make available, if needed, commodities—wheat, corn, and soybeans—for export, and at the same time to assure the American economy that we shall not face empty bins and a scarcity of supply, which in turn would drive market prices up to unbelievable heights.

I am one who believes the American farmer is entitled to a fair price, and that is what the target price system in the pending legislation provides.

I also believe that our greatest opportunity in the years ahead in the field of foreign trade is in the production and sale of our agricultural commodities.

I also note that the American farmer is not only a producer, but the greatest user—of feed grains. I know that today, for example, feed grain prices for our livestock economy are at very high levels, and I also know that if we continue current scarcity of these grains we will disrupt both the entire agricultural and national economy to the point where it will take years to repair them both.

To put it bluntly, we cannot afford to have a shortage of feed grains and soybeans when we are a large producer of beef, pork, and poultry. This kind of economy, which specializes in beef products, dairy products, hogs, and poultry, necessitates an assured and adequate supply of feed grains and soybeans at all times.

We must keep in mind that the wheat, feed grain, and soybean producer wants a fair price for their product, and should have it, but we must also keep in mind that the dairy farmer, the beef producer, and the poultry farmer also need these commodities at a fair price—not at an exorbitant price.

Let me say to my fellow Americans that unless we have these reserves, so that we can be positive that we are not going to be facing a critical shortage, the prices of feed and foodstuffs in the marketplace will go through the roof. We are in danger of that this year.

For example, what we call the feedstuff index—that is, all types of feed—for cattle, poultry, hogs, in June 1972, was 115. In June 1973 it was 336. Prices have almost tripled in the past year.

It is fair to say that if this substantial rise continues the beef producer and other livestock producers who now are under indirect price controls on their products, are going to go out of business, and the shortage of these products will continue. The supplies will not be there and we will have to do one of two things: We will have to either go without these foods, or we will have to let the prices for them rise dramatically.

Therefore, this amendment has as its purpose the protection of the public interest. This amendment has as its purpose the protection of the agricultural economy, which relies so much upon feed grains and soybean meal. It has as its purpose the protection of American export markets so that we can be sure that we continue to be a reliable source of supply for those commodities. It has as its purpose the protection of the consumer, so the consumer will not be the victim of food shortages which result from shortages of these food and feed grain products.

Now, what will it do to the farmer? The mechanism in this bill assures the farmer that he will not become the victim of Government dumping of these reserves. The mechanism in this amendment that would trigger the release of any of these reserve commodities into the marketplace goes to work only when there are shortages or only when prices are over the target price.

In other words, the target price in this bill is protected by this amendment, but this amendment does provide that, in case there are scarcities due to bad crops—and no one can predict what those particular amounts will be—we will have commodities to put into the market to assure adequate supply and to dampen down any speculation that may result in exorbitant prices both to the user of wheat, feed grains and soybeans.

The increased wheat and feed-grain import requirements of the Soviet Union, People's Republic of China, India, Bangladesh, and Eastern Europe in 1972–73, came at a time when U.S. carry-in stocks of grains were above usual levels and 1972 harvests also were above normal.

Even though both food and feed-grain supplies in the United States for the 1972–73 marketing year were near record levels, the unusual export demands in recent months have drawn stocks of both wheat and feed-grains below desirable levels and caused sharp increases in market prices.

I have a table here which shows the supplies that are available in our carryover stocks, and I ask unanimous consent that the table be printed at this point in the RECORD.

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

TOTAL CARRYOVER STOCKS AT END OF YEAR[1]

Crop year beginning in	Wheat (million bushels)	CCC owned	Feedgrains (million tons)	CCC owned	Soybeans (million bushels)	CCC owned
1963	901	829	69	42	67	26
1964	817	608	55	31	30	0
1965	535	262	42	14	36	0
1966	425	124	37	10	90	34
1967	539	102	48	11	166	138
1968	819	163	50	15	327	300
1969	885	301	48	12	230	197
1970	730	370	33	8	99	11
1971	863	367	50	8	72	0
1972 (estimate)	433	0	37	2		0

[1] USDA Commodity Credit Corporation.

Source: ERS reports.

Mr. HUMPHREY. Mr. President, in 1971 we had a carryover of 863 million bushels of wheat, 50 million tons of feed grains, and 72 million bushels of soybeans.

In 1972 we had 433 million bushels of wheat, 37 million tons of feed grains, and no soybeans.

All one has to do is take a look at the price of soybeans and see why this amendment is important. Soybeans are selling for $11.75 a bushel—that is, if one can get them—and that is causing prices to rise all over the world.

Surely here in the American market, where we depend on high protein as a very important part of feed rations that we give to our cattle and our poultry, price changes of the magnitude experienced in recent weeks create hardships for many livestock producers and domestic food processors, and cause fluctuations in consumer supplies of livestock products in retail markets.

U.S. agriculture has the productive capacity to meet the increased export demand arising from crop failures in other parts of the world, as well as the increasing domestic demand for livestock products. Surely, future supply adjustment and price-support programs should respond to these new opportunities with minimum disruptions to domestic markets.

In view of the increased export opportunities, and uncertainties, agricultural analysts and farm leaders agree that ample carryover stocks of grains and soybeans are needed.

The committee bill, while I think it an excellent bill, will not prevent this from happening unless it is amended to provide a strategic reserve of grains and soybeans which will be acquired by the Government at reasonable prices and after being acquired will not be released except at the target prices provided in this bill.

Many believe that existing Government nonrecourse loan levels of $1.05 for corn, $1.25 for wheat, and $2.25 a bushel for soybeans are too low. They are, however, the only minimum floor prices now assured to producers in the bill.

The strategic amendment, or the amendment which I call the consumer marketing amendment, strengthens S. 1888 from the standpoint of the interests of producers, consumers, and exporters.

This amendment provides that if a strategic reserve of 600 million bushels of wheat, 40 million tons of feed grains, and 150 million bushels of soybeans has been depleted as it has been this year, the Secretary of Agriculture is directed to purchase sufficient quantities of these commodities to replenish the strategic reserve at prices equal to 125 percent of the loan value. This provision would help cushion the shock of price declines if a large crop is harvested this year. And, it would help in a future period when stocks had been depleted.

This amendment also prohibits the Commodity Credit Corporation from selling its stocks below the target prices when total stocks reach minimum desirable levels. If carryover stocks are projected to fall below 600 million bushels of wheat, 40 million tons of feed grains, or 150 million bushels soybeans, or if such sales would reduce the Commodity Credit Corporation's inventories below 200 million bushels of wheat, 15 million tons of feed grains, or 50 million bushels of soybeans, the Commodity Credit Corporation may not sell any of its inventories at less than the target prices set in S. 1888 for the grains, or 150 percent of the loan value for soybeans.

That is the triggering mechanism. It is not complicated. It has the following features. These reserves will not be placed on the market unless there is a scarcity. And even then it is optional to the Secretary of Agriculture as to whether or not these reserves should be sold at all.

It does provide that when they are sold they cannot be sold below the target prices when total reserve levels for wheat, feed grains, and soybeans fall to or below the levels specified in my amendment.

So, from the producer's point of view this is good legislation. From the consumer's point of view, it is the only protection the consumer has. And from the point of view of the farmer who is not a feed grain producer but relies upon the purchase of feed grains to feed his livestock, it is a protection for him, too.

Ultimately it is a protection for everyone and it is a vital part of our national security.

Consumers' interests are protected since these minimum stocks are not available except at higher prices than when stocks are ample. These minimum stocks cannot be dissipated by excessive export sales as they were this year before market prices reach these higher levels.

It assures that moderate minimum stocks at the target prices will be available for unforeseen emergencies in addition to those carried by the commercial grain trade.

The higher minimum resale provisions in this amendment will result in larger stocks being carried by private traders since they know that not all of the CCC stocks can be released when prices reach 115 percent of the loan value as at present.

This amendment also provides that producers have the option of resealing their grains or soybeans placed under loan, for 2 additional crop years unless stocks drop below the minimum desirable levels. This assures that most of the carryover stocks will remain under private control.

It is an improvement over the present situation where the Secretary of Agriculture may call all outstanding loans at the close of each crop year regardless of the amount of the carryover stocks.

I conclude my part of this debate by noting that the farm groups of this Nation—that is, the National Farm Coalition, made up of the National Farmers Organization, the Farmers' Union, the Grain Cooperatives, and many other farm commodity organizations—support this kind of an amendment.

I also note that the Senate will be asked to vote upon a huge defense bill very shortly, and nothing could be more foolish than for the United States to be spending its money on new weapons systems and then find out that it does not have enough food and fiber to sustain its own economy.

Mr. President, this is a vital part of our national security. We have a mineral stockpile, and that mineral stockpile has not been used to depress the market. The Government has spent billions of dollars to stockpile tin, lead, aluminum, magnesium, and chrome. We have tons of it. And I consider it a vital part of our national security.

We found, for example, that, when we were short of copper a few years ago and there was not any copper available except at exorbitant prices, the Government was able to release the copper to provide for domestic needs and level off the price.

My amendment is broadly cosponsored, by the way. We had a number of Senators today who asked to cosponsor the amendment. These include Senators ABOUREZK, MCGOVERN, CLARK, NELSON, HUGHES, and others who have asked to be cosponsors of this amendment. All of these Senators who come from agricultural areas of the country know that this amendment provides for their farming people and for their urban constituents. It means a degree of responsible security.

I want to say to the American public that, when we pass agricultural legislation such as we are now contemplating, we have an obligation to the consumer to see that that consumer has some protection. Today the protection comes in two ways—an incentive to the farm producer to produce an abundance, and, in case there is a crop failure or unusual demands on our supply, to have reserves on hand to protect our domestic needs and our international customers and, above all, the farmers themselves.

This amendment is a protection for the farm feeders of animals, beef cattle, hogs, poultry, chickens, turkeys, and the dairy industry of this country.

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

Mr. TALMADGE. Mr. President, if there are now enough Senators on the floor, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. TALMADGE. Mr. President, I rise in opposition to this amendment.

The Committee on Agriculture and Forestry has spent many hours, and its members have given their best efforts in writing the bill, S. 1888, which extends and amends the Agricultural Act of 1970. We have a bill which will assure Americans of plentiful supplies of food and fiber at reasonable costs—while at the same time allowing American agriculture to expand and prosper.

We are proud of this bill. We are proud and pleased that the other House is using S. 1888 as their basic reference in considering farm program legislation.

In our committee deliberations, we considered many approaches to the complex problem of protecting both consumers and farmers while allowing for the

growth opportunity which now appears to be present for American agriculture. Thorough consideration was given to all views of all committee members. In the committee markup, we examined the proposal offered by my good friend from Minnesota. The committee found it inapplicable and inappropriate for today's agriculture.

The Senate is now asked to reject the best considerations of the Committee on Agriculture and to adopt an amendment which would, without question, impair the proper functioning of S. 1888. Tacking on this amendment to the bill would be as grotesque as hitching a horse to a modern automobile and requiring them to travel together.

This amendment would return us to the old days of huge Government stocks of grains which would mean higher prices to consumers, farmer dependence upon the Federal Treasury, and increased tax bills for all.

It would make the American Government the biggest "middleman" of all—buying very expensive artificially priced grain—piling up great quantities of this expensive grain in a perpetual, unneeded, Government reserve which would perpetually and unnecessarily interfere with the marketplace.

This amendment would cost the Government billions of dollars spent for no good purpose, and it would accelerate the present inflation mightily.

Let us look at the proposed amendment:

Basically, it would re-create and perpetually maintain an inventory of CCC-owned grains—a minimum of 200 million bushels of wheat, 15 million tons—tons, not bushels—of feed grains, and 50 million bushels of soybeans.

It would reestablish this minimum Government-owned inventory just at a time when CCC stocks have finally been reduced to acceptable levels, and the market is bidding good prices for farmers' stocks.

We know that, historically, any time the Government owns big reserves of grains, these holdings are a market depressant. No matter what attempts are made to insulate Government reserves from the markets, just the fact that a stockpile exists is enough to prevent the free play of the market. As long as large Government stocks are visible, both domestic and foreign buyers will be, and are, reluctant to buy ahead. Why should they hold grain when Uncle Sam will do it for them—and bear the inventory costs?

But the amendment would do more than recreate a CCC minimum inventory of grains in the quantities I just spoke of. It has another still more expensive proviso.

The amendment would in effect establish a minimum annual carryover of wheat, feed grains, and soybeans. As I understand it—and the amendment is not completely lucid on this and several other points—this carryover in theory could include privately held grain as well as CCC-owned grain. This carryover is set by the amendment at a minimum of 600 million bushels of wheat, 40 million tons of feed grains—that equals at least 1 billion, 600 million bushels of corn and other feed grains—and 150 million bushels of soybeans.

Now, as I said, the theory apparently is that this minimum total carryover could be a combination of Government and private grain stocks. But as a practical matter—and I am more at home with dirt-farm practicalities than with high-flying theories—almost all of this required reserves would be Government owned. Because, as I said before, when the Government gets into the grain-holding business, everyone else gets out.

As a practical fact, this is the way the pending amendment would work: For a year or two CCC would drive grain prices up—because any time the price got down to 125 percent of loan level, CCC would have to buy grain to build up to those minimum reserves the amendment calls for.

Since CCC bins are now almost empty, and many have been sold, CCC would have to buy a lot of grain—at a cost of $3½ billion. For every 100 million bushels of corn CCC bought the cost would be $131 million—and the probability is that CCC would be required to buy more than a billion bushels of feed grains.

For every 100 million bushels of wheat CCC bought, it would pay $156 million—and, remember, the prospect is that CCC would be required to buy nearly 600 million bushels of wheat.

Every 100 million bushels of soybeans bought by CCC would cost taxpayers $281 million.

What it adds up to is $2 billion for feed grains, $1 billion for wheat, nearly half a billion dollars for soybeans—all at the expense of taxpayers, who as a practical fact would be paying twice over—paying more taxes which would be used to jack up the prices they pay.

Nor is the cost of acquiring the grain the only cost to the taxpayer. When a reserve is established, you have to store it and take care of it. The cost of interest and storage per 100 million bushels would be about $18 million annually. For the size of the total annual carryover that would be created by this amendment, this could easily mean more than $400 million each year.

Think about it for a minute—$3½ billion to buy the grain initially, and $400 million every year thereafter just to keep it.

Nor are these the only problems.

Were this amendment to be tacked on to S. 1888, the livestock and poultry industries would soon be wondering what hit them. With CCC out buying grain, if prices were particularly low in one area, CCC purchases could create a shortage in the local market which would necessitate shipments from other areas. Such movements would disrupt and stifle the livestock and poultry industries.

Or a CCC offer to buy could easily bring more than the required amount of grain specified in the amendment. The problem of rationing or allocating purchases could arise.

As for the grain farmer—the man growing wheat, corn, barley, oats, rye, milo, or soybeans—he stands to lose more in the long run from this amendment than anyone else. After perhaps one bonanza year when the Government bought up the required reserve, he would once again be living with the bitter reality that when the Government holds a stockpile, it inevitably holds the price of grain down.

Under the pending amendment, once the so-called minimum reserves were established, from then on the Government would be buying grain at 125 percent of loan and selling it at 115 percent of loan. In the case of wheat right now that would mean CCC would buy at $1.56 a bushel and sell at $1.43—and you can be absolutely sure the market would pay no more to farmers than they would pay to CCC. In effect, you would have a $1.43 bushel lid on wheat.

In the case of corn, once the feed grain reserves were built, CCC would buy $1.31 a bushel and sell at $1.21—which would peg the market price for corn.

The point is that establishing a reserve does not open a new market for farmers. It is a very temporary boom. Once the reserve is built, the boom ends—and the reserve thereafter depresses prices.

Now let me give a few words of practical assurance to my colleagues who may tend to be more expert in urban affairs than in agriculture—but who want to be certain Americans always have a plentiful supply of food.

The fact is that never in our history have American farmers failed to produce not simply enough, but far more than enough for all domestic needs. These crops we are discussing today—wheat, corn, soybeans, milo, barley, oats, and rye—are grown in all parts of the Nation. A local crop failure in no way endangers domestic supply. Even the corn blight of a few years ago—widespread as it was—caused no serious concern about domestic supply.

We simply do not need a huge and enormously expensive Government owned reserve in order to be sure of domestic plenty. This is a flat statement of fact.

But I want to assure my urban friends that we do need an expanding, thriving, prosperous agriculture in this country. We need it for more than the food that goes on our supper tables.

This country is buying goods from all around the world. It is buying oil, artwork, ashtrays, automobiles, trinkets, toys, television sets, shoes, socks, cameras, calculators—vast quantities of consumer goods are pouring into this country. To buy, we have to sell—and a major item America has for sale is agricultural commodities.

In agriculture we can meet and beat the competition, if given the opportunity. The bill, S. 1888, is designed to protect American consumers and American farmers and yet be open ended enough to provide growth opportunity for agriculture. The pending amendment would put a stopper on that open end.

Let me remind you again that in committee considerations, we took ample time to consider the amendment and the committee rejected it. I would suggest that insofar as this very expensive amendment to S. 1888 is concerned, it would be a service to the Nation if the Senate would reject it.

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

The PRESIDING OFFICER. Who yields time?

Mr. CURTIS. Mr. President, will the Senator yield me 2 minutes?

Mr. TALMADGE. I yield 2 minutes to the distinguished Senator from Nebraska.

Mr. CURTIS. Mr. President, I rise in opposition to the amendment offered by our distinguished friend from Minnesota. As pointed out by the chairman of the committee, the Committee on Agriculture and Forestry considered this matter and it was rejected. A proposal for a strategic reserve was rejected as a separate bill by that commttee last year.

It has been my observation that whenever we have had a supply of agricultural commodities in storage, it was always sold or dumped at such a time as would result in lowering the farm prices. That has happened under the administrations of both political parties. I feel that that will happen again.

I believe that we should have a strategic reserve, but it should not be held by the Government. The best reserve is that which results from the decisions of tens of thousands of farmers, operating in their own individual capacities, deciding that there will be a better day to sell and, therefore, they will hold back from the market certain grains—and it is always there in the event of a crop failure or a partial failure.

Mr. President, the amendment should be rejected.

Mr. TALMADGE. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged to either side.

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

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

The PRESIDING OFFICER. Who yields time?

Mr. HUMPHREY. I yield myself 5 minutes.

Mr. President, one of the most distasteful parts of Senate experience is having to dispute one's own chairman, particularly when one has such a high regard for him. But let me just say what I think this amendment does, and I believe I know what it does.

First, it does not put all the grain we are talking about in the hands of the Commodity Credit Corporation. Two-thirds of this reserve would be on the farm, under loan to farmers. One-third of it would be held by the Commodity Credit Corporation.

What else does this amendment do? It permits the Government, in an orderly way—not immediately, but in an orderly way—to build up reserves that are absolutely vital for the protection of the consumer in the kind of market we have, absolutely vital for the assurance of our export deliveries, and absolutely vital for the farmer who feeds his cattle and his poultry.

It also provides an orderly accumulation of reserves so that consumer prices will not go through the roof, and at the same time so that the producers will have some extra protection—that is, the cattle feeder will have an available supply of feed grains and soybeans at reasonable prices, and the wheat, feed grain, and soybean producer will have a market not only in the private market but also in the public market for his product.

What does this amendment do? Let me state the economics of this amendment. The reserve is bought at a price of 125 percent of the loan rate. That is low. The loan rates in this bill were purposely low. In fact, I believe the Senator from Iowa wants to raise those loan rates.

The Government buys low—and when can the Government sell these reserves? Only at the target price when reserve levels fall on below those specified in my amendment. So the Government buys cheap and sells high. How can that cost the taxpayer? After all, the taxpayer is only the consumer. The taxpayer is the fellow who is paying $11.25 for soybeans, if he can get them. He will be a great deal better off to have some soybeans in reserve, so that farmer feeders of livestock can get them at reasonable prices.

I look over and see my distinguished friend the Senator from Vermont. Let me say that unless this amendment is adopted in the areas that are feed deficit areas, the prices that the users of feed will pay will be exorbitant, if current scarcity continues.

Again, the taxpayer is not being taken for a ride. What can happen, however, is that the consumer can be taken for a ride, unless you have reserves. What can happen is that unless you have these reserves. And on the other side if you have over-production, the producer can be destroyed. This is but an extra cushion for the consumer, for the producer, and for our availability of commodities for domestic use and for export.

When the total supply of a product drops to minimum levels, for all practical purposes there is no product. Soybeans is a case in point. If my amendment had been adopted, last year we would have had a reserve of 150 million bushels, and that would have had some protective effect in the current marketplace.

But somebody says that traditionally—and I have been in this argument before—when you have these reserves, it means that farm prices will be depressed. The Senator from Minnesota is not interested in depressing farmers' prices. I have not been accused of that in my life. But I am interested in seeing to it that, in periods such as we are in now, that we have an adequate supply of these commodities and that the price the farmer gets for that supply is fair.

This amendment provides that you will not sell into the marketplace these reserves at less than target price when total reserves drop to those levels specified in my amendment. The target price is in this bill. But it also provides that the only way the Commodity Credit Corporation can buy for these reserves is at 125 percent of the loan rate. So that means that you buy reserves when there are surpluses, which helps protect the producer on the other hand from too low a market price.

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

Mr. HUMPHREY. I yield myself 2 additional minutes.

You buy reserves when there are surpluses, you accumulate the reserves when surpluses are available, and you lock them up, and you release those reserves when there is a scarcity. You release those reserves when the consumer thinks he is being taken. You release those reserves when there is not enough feed grain for cattle. You release those reserves when there is not enough wheat to make bread for American families or for export.

We are not going to depress the farmer's prices. He is going to get his target price for wheat. He is going to get his target price for feed grains.

I also say that it protects the grain producer from market prices going too low, because the Government will step in when there is a surplus and market prices are too low and buy for reserve purposes at 125 percent of the loan rate. Does that hurt the farmer? No. Does that hurt the consumer? It does not hurt the consumer, because the loan rate is too low as it is.

This is an amendment that is designed for our nation's security—economic and military—for our foreign trade, and for our domestic consumers. I think it is the best amendment we have.

Unless we do something in this bill to give the consumers of America an assurance that we are not providing for scarcity, that we are going to have some protective cushion, or safety valve, this bill is going to have a hard time making its way through Congress.

Mr. TALMADGE. I yield myself such time as I may require.

Mr. President, it is always difficult to disagree with my eloquent friend the Senator from Minnesota. I find that he is more often right on farm legislation than he is wrong; but when he is wrong, he is usually extremely bad wrong, and this happens to be one of the occasions when he is extremely bad wrong.

The Department of Agriculture says that the implementation of the amendment offered by the Senator from Minnesota would require the Government to go into the marketplace and buy $3.5 billion worth of grain and soybeans, at a time when we cannot balance our budget, at a time when people are screaming about inflation, at a time when our dollar has been devalued officially twice in 14 months, and unofficially it is being devalued every day.

What else? After we bought $3.5 billion worth of these commodities and put them in a Government warehouse, what would happen? It would cost the Government $400 million a year in storage fees to keep them there.

I want to get into a little mathematics with the Senator from Minnesota. This is from our very able economist, and I am sure the Senator from Minnesota shares my esteem for his ability and integrity.

Under the Senator's amendment, the Government of the United States could buy corn for $1.31 a bushel and sell it for $1.20 a bushel. The target price of our bill provides for $1.53 a bushel for corn.

I am sure the Senator from Minnesota would not want to depress the price of corn. I am also sure that the Senator from Minnesota would be the first to admit that if the government sold corn for $1.20 a bushel, nobody else could likely sell it for $1.53.

Now let us get a little further into some mathematics. Under the amendment of the Senator from Minnesota, the Government of the United States would buy wheat for $1.56 a bushel and sell it for $1.43 a bushel; whereas, the bill that he helped us report to the Senate and so ably assisted us in passing establishes a target price of $2.28 a bushel for wheat.

I will not go into the other commodities. Those are the two principal ones.

I may say to the Senator from Minnesota that that language appears on page 2 of his amendment, beginning with line 6 and going through line 3 on page 3.

Mr. HUMPHREY. Mr. President, I yield myself 2 minutes.

The Senator is absolutely correct in saying that that is where the language starts, but I want to say he is using some new math. I say to the Senator that they are cancling out new math. They are going back to old math.

Here is what the language of the amendment states:

> The Commodity Credit Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, or rye, respectively, at less than the so-called established price applicable by law to the crop of any such commodity, or any of its stocks of soybeans at less than 150 percentum of the current national average loan rate for such commodity.

What is the "established price"? It says, "shall not sell at less than the established price." It is $2.28 for wheat and $1.53 for corn.

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

Mr. HUMPHREY. I yield.

Mr. TALMADGE. Will the Senator turn to page 2 of his amendment, line 9, and follow the language with me?

Mr. HUMPHREY. I am following the Senator.

Mr. TALMADGE. The language there states:

> Or any of its stocks of soybeans at less than 150 per centum of the current national average loan rate for such commodity adjusted (in the case of all such commodities) * * *

Does the Senator recall what the loan rate is for corn under our bill?

Mr. HUMPHREY. This applies only to soybeans. The established price——

Mr. TALMADGE. What is the level on the other commodities? Where is the arithmetic on that?

Mr. HUMPHREY. Only "established price applicable by law to the crop of any such commodity."

Mr. TALMADGE. Will the Senator show me the language? I am looking at the market price of 125 percent.

Mr. HUMPHREY. May I say respectfully to the chairman that I believe he is confusing the language that relates to soybeans with that relating to the established price language for wheat and feed grains. The soybean language is 150 percent of the current national average loan rate, adjusted for such current market differentials, but the established price in this bill is the target price for wheat and feed grains.

That is why I say you cannot dump and depress the market, but when total reserves get in excess of those specified in my amendment then, and only then can CCC sell—as it can now—at 115 percent of loan rates.

The PRESIDING OFFICER. The Senator's 2 minutes have expired. Who yields time?

Mr. TALMADGE. I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator is recognized.

Mr. TALMADGE. I read from the Senator's amendment again, beginning at line 21, page 2:

> (2) reduce the Corporation's stocks of such commodity below two-hundred million bushels in the case of wheat, fifteen million tons in the case of corn, grain sorghum, barley, oats, and rye, or fifty million bushels in the case of soybeans; and in no event may the Corporation sell any of its stocks of any such commodity at less than 115 per centum of the current national average loan rate for the commodity.

Mr. HUMPHREY. Correct.

Mr. TALMADGE. Will the Senator agree that the loan rate under this bill for corn is $1.05? Will the Senator tell me what 115 percent of $1.05 is?

Mr. HUMPHREY. May I say most respectfully that this is current policy that applies to that amount of crop over and above the established reserve requirements of this bill. CCC can sell anything it wants now at 115 percent.

Mr. TALMADGE. I am reading from the Senator's language

> And in no event may the corporation sell any of its stocks of any such commodity at less than 115 percentum of the current national average loan rate for the commodity.

Mr. HUMPHREY. That applies only when total reserves are above those levels specified in my amendment. That is the same as under present law.

The purpose of the amendment is that 600 million bushels of wheat, 40 million tons of feed grains, and 150 million bushels of soybeans shall be in reserve, and that reserve can be accumulated only when supplies can be purchased at 125 percent above the loan rate, which would occur only during periods of surplus on overproduction.

When prices drop to 125 percent above the loan rate, you can buy for the reserves. You buy low and sell high. You buy when the market is lush; you sell when the market is scarce. That is what this amendment provides for.

I believe we have to come to a better understanding and so the Senate will be prepared to see the wisdom of this amendment.

Mr. TALMADGE. I still read the Senator's own language. If the CCC has a greater surplus in the warehouses than the Senator envisions, I repeat, the verbiage of the Senator's own amendment is that the commodities can be sold at 115 percent of the current national average loan rate for the commodity, and the loan rate under the bill we offer here, to which the Senator offers his amendment, is $1.25 on wheat, $1.05 on corn, 0.195 cents on cotton, and $2.25 on soybeans.

I certainly do not want the Government of the United States, at the present prices of commodities, to be dumping its surpluses in the marketplace.

Mr. HUMPHREY. Let me say with all the conviction and admiration one man can have for another that what the Senator from Georgia is reciting is exactly what the Government can do now through the Commodity Credit Corporation. What the Senator from Minnesota says is that you cannot sell at 115 percent of the loan rate unless total reserves are in excess of those specified in the amendment. Once those reserves drop to or below those levels, you will not be able to sell them at less than the target price in the case of wheat and feed grains or less than 150 percent of the loan rate in the case if soybeans. In other words, the Senator from Minnesota provides protection for the producer. I think the Senator from Georgia is confusing the issue.

Mr. TALMADGE. I am sure the able Senator does not mean to depress the price. I am sure it is due to the negligence of the technician who prepared the amendment. I have with me three of the most able members of the staff. They all agree with the Senator from Georgia and disagree with the Senator from Minnesota.

Mr. HUMPHREY. Would the Senator from Georgia like to strike "115 percent"?

Mr. TALMADGE. I want to strike the whole thing.

Mr. HUMPHREY. I see what the Senator from Georgia wants to do. I always like to think that the father of a child can recognize his own progeny. I know what is in this amendment. My judgment is that what is in the amendment, when you get down to where there are 200 million bushels of wheat in Commodity Credit and 400 million in farm storage, under loan to farmers—namely, the reserve levels—the CCC can only sell at not less than target price for wheat and feed grains.

Mr. TALMADGE. At 115 percent of loan.

Mr. HUMPHREY. No. The amendment provides that the 115 percent applies only when total reserves are in excess of those specified in the amendment—in which cases it is the same as under current law. That is what the Humphrey proposal provides.

You can only sell on that basis when total reserves have been exceeded. I submit that is appropriate. My amendment is a good deal for Government, a good deal for the farmer, a good deal for the consumer. The consumer gets protection and the farmer is assured of fair prices. The reserves are there to protect the country.

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

Mr. HUMPHREY. I am glad to yield.

Mr. MONDALE. I am pleased to support the pending amendment. The Senator is aware that for some years many leaders in agriculture and in Congress have urged such a reserve. Would the Senator not agree that if this program had been established some 6 or 7 years ago, when we had reserves, we would be in a far better position, both in terms of the domestic economy and also our posture in international trade, than we are today?

Mr. HUMPHREY. Absolutely.

Mr. MONDALE. As I was a cosponsor of this measure in the past, my impression is that the same arguments being made against this proposal today were the ones that were used to defeat it in the past. I think the situation we have today makes it essential to grasp that we are tragically short of agricultural supplies, that we have no reserves, and it is time to take a look at agriculture and the need for these reserves and to manage our reserves in a way that is fair to the farmer. We had better do something, just as we are finding, belatedly, that we had better do something about the energy situation. I think they are related. I think before too long we may have the same kind of situation in agriculture—indeed, we are seeing it already in agricultural supplies—as we face in the energy field today.

Mr. HUMPHREY. The Senator's relationship of energy to food supplies is appropriate. Had we had some reserves in the energy field, we would be better off. This is but a protective reserve.

Mr. BELLMON. Mr. President, will the Senator yield to me?

Mr. TALMADGE. How much time does the Senator wish?

Mr. BELLMON. Two minutes.

Mr. TALMADGE. I yield 2 minutes to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, I would like to point out that the statement that the Nation is tragically short of reserves is not borne out by the facts. The fact is that at the present time, in spite of the heavy marketings of wheat and other grains abroad, we are going to end up this marketing year with more than 400 million bushels of wheat in storage. Also, we are going to end up this marketing year with about 800 million bushels of corn. So we have in effect what the Senator from Minnesota wants. We have a reserve.

It is a part of the U.S. marketing system that we never sell the last bushel of corn or wheat before the harvest. We always come into the harvest with a sizable carryover. There is really no need for the kind of proposition the Senator from Minnesota wants, since the farmers carry those reserves on their farms to take care of their requirements.

My opposition to this amendment is based on the fact that it would give the Secretary of Agriculture a tremendous club to control prices. He could easily, if the reserves were going out of control, find an excuse to dump them on the market, as we have seen in the past. If we had a Secretary of Agriculture who was oriented more toward the consumer than toward agriculture, as we have had in the past, he could dump those commodities and take credit for lowering food prices, at considerable harm to agriculture.

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

Mr. TALMADGE. I yield 1 additional minute to the Senator from Oklahoma.

Mr. BELLMON. If this amendment were approved, it would simply mean that the Secretary of Agriculture would have a club he could hold over the market continually to drive down prices whenever he felt like it.

I urge defeat of the amendment.

Mr. TALMADGE. Mr. President, I am prepared to yield back the remainder of my time, if the Senator from Minnesota is prepared to do likewise.

Mr. HUMPHREY. Mr. President, I am prepared to yield back my time.

Mr. TALMADGE. Mr. President, the Senator from Kansas desires 1 minute. I yield him 1 minute.

Mr. DOLE. Mr. President, I do not have time, in only a minute, to support the amendment, so I am going to oppose it.

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

Mr. CURTIS. Mr. President, I will yield him 5 minutes on the bill.

Mr. TALMADGE. Mr. President, is there a rule in the Senate which prohibits bidding for votes in the Senate? [Laughter.]

Mr. DOLE. Mr. President, I certainly recognize that the Senator from Minnesota is a great friend of the farmer, and I hate to oppose the amendment for that reason, but having served on the House Agriculture Committee for 8 years, and now being in my 5th year on the Senate Agriculture Committee, I have seen the grain reserve bill come in various different forms. It always has represented a great hope for the American farmer. It was always presented, until this year, at a time when prices were very low. We were told that by adopting a grain reserve bill it would increase farm prices. Now we find this year, and certainly the projections are that it will be true next year and possibly for the next several years that prices are and will continue at high levels.

Finally, sooner or later we have to dispose of the reserves. Sooner or later they end up in the market, whether it is this year, next year, or 5 years from now, and when that happens market prices will suffer.

In the meantime, in order to get that reserve, as the distinguished chairman of the committee has pointed out, it is going to cost the taxpayer a great deal of money. So it is not for the benefit of the farmer, it is at a great cost to the taxpayer, and I do not see how it helps the consumer.

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

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

The PRESIDING OFFICER. All time on the amendment of the Senator from Minnesota having been yielded back, and the yeas and nays having been ordered, the question is on agreeing to the amendment. 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 Florida (Mr. CHILES), the Senator from Arkansas (Mr. FULBRIGHT), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that the Senator from Maine (Mr. MUSKIE) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The result was announced—yeas 25, nays 68, as follows:

[No. 172 Leg.]

YEAS—25

Abourezk	Hart	McGovern
Aiken	Hartke	Metcalf
Bayh	Hathaway	Mondale
Biden	Hughes	Montoya
Brooke	Humphrey	Nelson
Burdick	Inouye	Symington
Clark	Kennedy	Williams
Eagleton	Mansfield	
Gravel	McGee	

NAYS—68

Allen	Ervin	Packwood
Baker	Fannin	Pastore
Bartlett	Fong	Pearson
Beall	Griffin	Pell
Bellmon	Gurney	Percy
Bennett	Hansen	Proxmire
Bentsen	Haskell	Ribicoff
Bible	Hatfield	Roth
Brock	Helms	Saxbe
Buckley	Hollings	Schweiker
Byrd,	Hruska	Scott, Pa.
Harry F., Jr.	Huddleston	Scott, Va.
Byrd, Robert C.	Jackson	Sparkman
Cannon	Javits	Stafford
Case	Johnston	Stevens
Church	Long	Stevenson
Cook	Magnuson	Taft
Cranston	Mathias	Talmadge
Curtis	McClellan	Thurmond
Dole	McClure	Tower
Domenici	McIntyre	Tunney
Dominick	Moss	Weicker
Eastland	Nunn	Young

NOT VOTING—7

Chiles	Goldwater	Stennis
Cotton	Muskie	
Fulbright	Randolph	

So Mr. HUMPHREY's amendment was rejected.

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

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

The motion to lay on the table was agreed to.

Mr. CRANSTON. Mr. President, I rise to voice my support for the basic thrust and purpose of the Agriculture and Consumer Protection Act of 1973, S. 1888. As the title suggests, this legislation vitally affects both farmers and consumers. It does so by attempting to strike a balance between the consumer's concern about high food prices and the farmer's need for an adequate income.

The basic mechanism to achieve this balance is the concept of "target prices." Instead of guaranteeing the farmer a minimum payment, as was the case under the Agriculture Act of 1970, S. 1888 establishes target prices for the three basic commodities: For the 1974 crop year these are set at 43 cents per pound for cotton, $1.53 per bushel of feed grains, and $2.28 per bushel of wheat. In subsequent crop years, these target prices could be adjusted as necessary in accordance with a cost of production index. For 1974, the three target prices are equivalent to 70 percent of parity.

The target prices work as follows: If the market price remains at or above the target price, the Government pays the farmer nothing. If, on the other hand, the market price drops below the target price, the Government pays the farmer the difference. In other words, if the price of cotton in 1974 remains at the current 48 cents per pound, cotton farmers would receive no Federal payment. However, if the price were to drop to 40 cents per pound, the Government would pay the farmer 3 cents for every pound of cotton he produced. In contrast, under current law, the cotton farmer receives a guaranteed 15 cents per pound in addition to whatever price he gets from the market.

Thus, the concept of target prices promises to move us closer to a situation where the farmer depends more on the marketplace for his livelihood and less on the taxpayer and the Federal Government. At the same time, it assures the consumer an adequate supply of food and fiber by providing an incentive for the farmer to produce ample supplies even if the market price drops below his cost of production.

It is interesting to note that the Consumer Federation of America—composed of more than 200 consumer organizations—has endorsed the farm bill that is before the Senate today. It has even dubbed it "one of the most important pieces of consumer legislation this year." Commenting on the targe price mechanism, the CFA said,

> If market prices are low, the consumer saves at the supermarket and if food prices are high, the taxpayer pays nothing for the farm program.

In short, the new bill would eliminate the current untenable situation which finds the consumer paying twice for his food: Once in the form of high food prices at the supermarket and again in the form of taxes to support the farm program.

Although the target pricing mechanism is new, S. 1888 essentially provides for a 5-year extension of current farm programs. The class I base plan for milk is extended for 5 years. The wool, wheat, feed grains, and cotton programs are modified and extended through the 1978 crop. The food for peace program (Public Law 480) and the food stamp program are both extended for 5 years. Also included in the bill are the beekeeper indemnity program, the dairy indemnity program, the armed services milk program and a new forestry incentive program. The latter is designed to enhance the recreational values and the timber yield from small, privately owned, nonindustrial tracts of forest land.

The bill also grants the Secretary of Agriculture new flexibility to assure adequate supplies for expanding markets, both at home and abroad. By expanding the criteria by which he calculates national acreage allotments to cover exports as well as domestic needs, we can hopefully avoid a repetition of the situation we experienced in 1972 where domestic prices skyrocketed, because of drastically expanded farm exports.

Two of the more controversial provision of S. 1888 are the dairy program and the $55,000 payment limitation. I would like to comment briefly on these, as I understand they will be subject to amendments proposed from the floor.

The controversial provisions of the dairy program, title II of the bill, are those which, first, permit cooperatives in an area with a shortage of milk to pay cooperatives in areas with a surplus of milk not to sell milk in their area; second, permit the cooperative to control the base of the individual members; and third, fix the minimum prices which handlers of milk would pay for certain services rendered by the cooperative. Senator HART has announced his intention to offer an amendment which would delete these three provisions from the bill. I intend to support Senator HART'S amendment for the following reasons:

First, it has been suggested that these provisions would result in a dramatic increase in the price of milk and cheese for the consumer, and that they would unnecessarily enhance the power of the cooperative over the individual dairyman. I believe these charges should be further studied. I would certainly like to hear the views of consumers and individual dairymen before I vote to incorporate these provisions into law.

Second, Senator HART, chairman of the Senate Antitrust Subcommittee, believes that these provisions raise serious antitrust questions that should be scrutinized thoroughly before the provisions are enacted. The Justice Department, in a May 25, 1973, letter to Senator MCGOVERN, a member of the Senate Agriculture Committee, expressed grave reservations about these provisions, suggesting that they may well be in violation of our antitrust laws. Moreover, the Antitrust Division of the Justice Department currently has litigation pending against two dairy cooperatives challenging these very points. The letter states, in part:

> The Division's pending lawsuits against two large dairy cooperatives are predicated, in substance, on the proposition that those dairy farmers desiring to market their milk independently and in competition with other dairy farmers have been prevented from doing so by actions of these cooperatives designed to achieve for them a monopoly of the supply of milk. To the extent that the provisions of [S. 1888] would increase the power of these cooperatives over the supply of milk it would run counter to the purpose of those lawsuits to permit free market forces to operate.

At the very least, it seems to me that the prudent course for the Senate to follow with respect to these controversial dairy provisions would be to delete them from the bill now so that both the courts and the legislative process can determine whether they are in violation of our antitrust laws. There simply is no justification for enacting them at this time.

With respect to the payment limitation provision, title I of the bill, I wish to reiterate my reasons for continuing to support the $55,000 per crop ceiling. I understand that there are several amendments being proposed that would lower this limitation.

First, of all, I disagree with the assumption made by proponents of a lower payment limitation that these payments are going primarily to giant farmers. On March 16, 1972, the U.S. Department of Agriculture released a report entitled, "Farm Payment Limitations," which discussed the probable impact of a $20,000 limitation. In demonstrating that the difference between $20,000 and $55,000 is not the difference between large and small farming operations, the report cites the following:

First. In the case of corn, the $20,000 limitation would become effective on a payment base of between 500 and 312 acres.

Second. In the case of wheat with a 60-bushel yield, the limit would become effective on a farm having a wheat allotment of 198 acres at the minimum level of participation; at the maximum level of participation, only 140 acres would be affected.

Third. Cotton with a 500-pound yield would be affected on a farm with a cotton allotment of 267 acres.

Mr. President, that cotton farm is about half the size of the average cotton allotment in California last year: 517 acres.

Furthermore, figures compiled by the USDA in December 1972, reveal the disproportionate impact that a payment limitation reduction would have on a State like California. For example, in 1972, California producers received a total Federal payment of $93,336,501. Sixty-three percent of this, or $60,128,375 went to producers receiving between $20,000 and $55,000. In contrast, the total Federal payment to Iowa producers was $308,173,003, with less than 2 percent of this amount being paid to producers in the $20,000 to $55,000 category. In other words, the imposition of a $20,000 payment limitation would have grave economic consequences for California agriculture, but would be insignificant for Iowa's.

Additional data from USDA reveals that a reduction of the limitation of payments from $55,000 to $20,000 would affect California cotton farms with 2 million acres of cropland planting approximately two-thirds of California cotton. California cotton farmers are geared to the $55,000 limitation. They have leased their land, set up cropping patterns, bought equipment, and made arrangements for financing. To reduce the limitation to $20,000 now would cause severe dislocations in California's agricultural economy. It would certainly eliminate first, the smaller, more marginal farms, thereby contributing toward the pernicious trend toward fewer, larger farms.

Finally, I believe that the better course of action, from the standpoint of the taxpayer, is to adhere to the target pricing mechanism. If market prices for cotton remain where they are today throughout 1974, the Federal Government would not pay California cotton farmers a penny. I believe it is far wiser to provide a means for the farmer to rely on the marketplace for his livelihood, rather than placing arbitrary limitations on the Federal Government's contribution toward a stable, healthy American agriculture.

Mr. President, I know there are numerous complex amendments proposed to this complex bill. I believe that the Senate Agriculture Committee has, by and large, reported out a reasonable, workable bill, and I hope that the Senate will support its basic thrust and concepts in the debate that begins today.

Mr. McGOVERN. Mr. President, I rise to associate myself with the remarks of the distinguished Senator from Georgia (Mr. TALMADGE), the chairman of the Committee on Agriculture and Forestry, and to join him in his call for enactment of the Agriculture and Consumer Protection Act of 1973.

I want to underscore his words about the work of the members of the committee in marking up this important piece of legislation. Our colleagues worked diligently and hard to produce a bill, the thrust of which deserves the widest possible support. In particular, I want to pay tribute to the chairman for his leadership in bringing this bill to the floor.

Chairman TALMADGE has eloquently expressed the Nation's interest in enactment of this legislation. I would like to supplement his remarks and describe the need for extension and improvement of the Federal farm program, in my State, South Dakota, and across the Nation.

It was a disappointment that the President did not send the Congress a farm message this year. It is traditional that the President sends a farm message at the beginning of the new Congress. The President's views were particularly important at the beginning of the 93d Congress, for this Congress must act to extend and renew basic farm legislation this year.

However, rather than a farm message, the President included a short section on agricultural policy in his message on natural resources and environment on February 15. While I was disappointed that the President did not consider agriculture and farmers important enough to be the subject of the traditional farm message, I agreed with his characterization of American agriculture as a basic national resource. Were it not for this important national resource, our economy would be in even more desperate straits than it is.

The balance of payments is a case in point.

Since 1970 the U.S. balance of trade in nonfarm products has steadily worsened. In 1970 the United States had a favorable trade balance of $9.6 billion in technologically intensive manufactured goods. By 1972 it dropped to $6.6 billion. In 1970 we had a trade deficit of $6.1 billion in nontechnologically intensive manufactured goods. By 1972 this deficit had climbed to $10.7 billion. In 1970 we had a trade deficit in crude materials of $2.5 billion. By 1972 our trade deficit in crude materials had risen to $5.5 billion, and it will get worse. Our current shortage of energy sources means that we will have to become increasingly dependent on other countries for our supply of petroleum and natural gas.

The one bright spot in the U.S. balance-of-trade picture has been agricultural exports. In 1970 we had a favorable balance of trade in agricultural products of $1.5 billion and in 1972 this favorable balance was increased to $2.9 billion. The Department of Agriculture estimates that the farmer's contribution to the trade balance will be even greater in the current fiscal year. Agricultural exports will be about $10 billion for the year ending June 30, and the farmer will contribute about $3.5 billion to the U.S. trade balance. This contribution will help to offset the unfavorable nonfarm trade balance of about $7 billion last year. It appears that we will have to rely even more heavily on farm product exports in the years to come if we are to prevent further deterioration in our foreign trade position.

I am confident that agriculture can meet this challenge and that we can produce vast additional quantities of foodstuffs for growing world markets as well as the mushrooming consumer demand here at home. But we can do so only if we exercise good stewardship of our most important national resource—American agriculture.

So I certainly agree with the President's characterization of agriculture as a basic national resource. But I am in complete disagreement with the way that we should treat this national resource. Agriculture is depleted enough.

We have already witnessed what happens when we waste a national resource as basic as agriculture. Already millions of rural Americans have fled the farm. For the first time the American consumer is beginning to experience a shortage of animal protein foods. If we do not properly conserve our agricultural resources, and if we let farm income slide to depression levels, then consumers will be faced with empty grocery shelves and skyrocketing food prices. We can maintain a stable supply of agricultural products only if we maintain through sound Government policies a strong and viable family farm system.

Yet the President has proposed that we phase out all income supplement payments and individuals crop allotments over a 3-year period. The only thing that he would use as a substitute for existing programs is a general cropland retirement program.

I submit that this policy would throw family farmers to the wolves. It would be a tragic waste.

Shortly after it was presented, I asked the staff of the Committee on Agriculture and Forestry to provide me with an economic analysis of the administration's phaseout farm plan as it affects South Dakota. The conclusions of this analysis are shocking. The phaseout of income supplement payments for feed grains and wheat and the reduction of price support levels of dairy products below the present minimum of 75 percent of parity would have a disastrous impact on the economy of my State and every farm State. In addition to denying farmers of South Dakota millions of dollars that they now receive, the elimination of bases and allotments would have an adverse impact on land values. It would jeopardize the ability of farmers to get credit because it would decrease the value of their principal collateral—their land. The staff analysis concluded that the administration's farm proposal could amount to the loss of about $800 million to South Dakota's economy.

I ask unanimous consent to insert the text of the staff analysis as an appendix to my remarks in the RECORD.

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

(See exhibit 1.)

Mr. McGOVERN. Mr. President, I believe that agriculture should be encouraged to produce for expanding world markets. Certainly farmers should have maximum flexibility to farm. And we all want to minimize Government costs wherever possible.

But we cannot expect farmers to produce vast quantities of foodstuffs for the world's growing markets and thus salvage our trade position without any price and income protection from the Government. And we cannot expect farmers to provide the consumer with high quality food at bargain prices unless the Government provides some help in return.

The bill reported by the Senate Committee on Agriculture and Forestry, S. 1888, will provide the kind of price and income protection that farmers must have if they are to continue to meet those responsibilities.

The committee has written legislation which is designed to guarantee a fair price to the producers of basic farm commodities. We devised a program which would assure producers of feed grains, wheat, and cotton an established price which is currently 70 percent of parity. As of May 1, 1973, that would amount to $2.28 per bushel for wheat; $1.53 per bushel for corn; and 43 cents per pound for cotton. The committee used the same percentage of parity for each commodity, because we wanted to treat all commodities equally. I offered an amendment to guarantee this established price on 100 percent of the farmer's feed grain base, rather than 50 percent as in the present program.

Under the Agricultural Act of 1970, a corn producer is guaranteed a Government payment of at least 32 cents per bushel on his projected yield on 50 percent of his feed grain base regardless of the market price.

By comparison, under the bill adopted by the committee, farmers will receive no Government payment unless the average market price for the first 5 months of the marketing year is below the target price. The committee felt that it was better for the farmer to rely on the market for a fair price of his products. However, we felt it was equally important that the Government provide the farmer with price and income protection so that when agricultural products fall below a fair price, the

farmer will not be reduced to bankruptcy. Under the committee bill the Government payment to the farmer will be only such amount as is needed to make up the difference between the market price and the target price.

The bill adopted by the committee is a 5-year bill so that farmers will have a program that they can rely on for a reasonable period of time. At the same time, we were mindful that the cost of production could increase dramatically during this 5-year period. It has gone up 14 percent in the past 12 months alone. Therefore, the committee bill provides that the target price will be adjusted annually to reflect changes in production costs. Other segments of our economy demand and get cost-of-living increases designed to protect them from the ravages of inflation. The committee felt that our most important national resource, American agriculture, is entitled to the same treatment.

In addition to legislation for dairy, wool, wheat, feed grains, and cotton, the committee's farm bill deals with other important issues. It extends for 5 years two important food distribution programs, the food for peace program, and the food stamp program.

The food for peace program has been used as an important instrument for promoting good will around the world and it has enabled us to meet important humanitarian objectives while increasing the demand for American farm products.

The food stamp program, a program to which I initiated major changes in 1970, is enabling us to meet our responsibilities to the hungry and needy in this country. At the present spending level of $2.2 billion, the food stamp program puts additional nutritious food on the tables of lower income consumers. And, if one assumes that the farmer gets 44 cents of the food dollar, it can be estimated that the food stamp program increases farm income by about $1 billion a year.

This program was extended for 5 years with two amendments which I offered. One of these amendments would prevent the aged, blind, and disabled from losing the benefits of the food stamp program on January 1. The other would permit the use of food stamps by the elderly to purchase foods in community centers.

Thus the committee bill provides a balanced approach to both the production and distribution of America's supply of food and fiber.

No piece of legislation drafted by men is perfect, and this bill can and should undergo some perfecting amendments.

I am cosponsoring, with the junior Senator from Minnesota (Mr. HUMPHREY), an amendment which would simplify language in the bill pertaining to cover crops on multiyear set-aside acres. This amendment would improve the waterfowl nesting habitat in rural areas, a clear improvement for the environment and for the sportsman.

With the senior Senator from Minnesota (Mr. MONDALE), I am cosponsoring an amendment which would provide farmers a partial preliminary payment on feed grains, wheat and cotton if, after an initial period in the marketing year, it appears that a payment will be necessary under this plan. Our amendment is entirely consistent with the "target price" concept of S. 1888 and would offer a significant improvement from the standpoint of the farmer and create no objectionable effects either on food prices or on its cost to the Treasury.

The Senator from Iowa (Mr. CLARK) and I will offer an amendment to create a strategic storable commodity reserve in the interest of orderly marketing of wheat and feed grains. This amendment is the logical evolution of a concept which I have advocated for a number of years, but it is especially timely in view of the target price approach which is suggested in S. 1888 and in view of the wide fluctuations in the grain market which have occurred during the past year.

Virtually every general farm organization and commodity organization has contacted me to urge enactment of this bill. The Nation's largest consumer organization, the Consumer Federation of America, has endorsed the principles of this bill. It is extremely significant that a consumer organization has, for the first time in my memory, endorsed a farm bill.

I ask unanimous consent that highlights of the CFA statement be inserted in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 2.)

Mr. McGOVERN. Mr. President, we have a bill that is good for the farmer. We have a bill that is good for the food industry. We have a bill that is good for the consumer. And we have a bill that is good for the taxpayer. I urge its enactment.

EXHIBIT 1

APPRAISAL OF THE ADMINISTRATION'S FARM PROPOSAL AS IT AFFECTS SOUTH DAKOTA

This is in response to your request for an economic appraisal of the Administration's farm proposal as it may affect South Dakota.

In his appearance before the Senate Committee on Agriculture and Forestry on March 29, 1973, the Secretary of Agriculture made the following recommendations:

RECOMMENDATIONS

"First, income supplement payments, payments that exceed the amount necessary to achieve set-aside or production adjustment objectives, should be phased out over a 3-year period. The 3-year period would provide an orderly transition and give farmers a specific time in which to make their long-range plans as they shifted their income dependence to growing market demand.

"Set-aside payments for production adjustment would continue as needed to prevent surplus accumulations. However, the mandatory requirement for making payments regardless of the amount of land set-aside, should be modified.

"Second, as the income supplement payments are being phased out at the end of three years, we recommend a shift in the fourth year from the present outdated allotments and bases to a new cropland base. This would broaden the set-aside concept by basing production adjustment, as needed, on total crop acreage rather than limiting the adjustment to historical acreages of certain crops.

"The set-aside requirement in a given year would be a percentage of the cropland base established for each farm. The payment rate per acre would be set at a level needed to get the total set-aside acreage required to meet the production adjustment goal.

"Third, the basic payment limitation of $55,000 should apply to income supplement payments only during the 3-year phase out. The payment limit . . . as it applies to income supplements . . . should be reduced over the 3-year period in proportion to the reduction in income supplement payments.

"To function, set-aside payments for production adjustment should be excluded from the $55,000 limitation. In the effort to rent land to adjust production, a payment limit would be counter productive in that acreage where payments are above the $55,000 level would be arbitrarily forced into production and excluded from the set-aside. We intend that this would be included in the legislation for set-aside production adjustment payment even during the 3-year phase out of income supplements.

"Fourth, with respect to the dairy program, we recommend that the 75 percent of parity minimum price support level be removed to give greater ability to respond to changing conditions. We also recommend that the 1970 Act provisions, which temporarily suspended the requirement for direct support on butterfat, be made permanent. However, we do not believe that a comparable case can be made for a permanent class I Base Plan.

"Fifth, the Secretary should have discretionary authority to set payments for wool and mohair at levels he determines necessary to meet income and other program objectives.

"There are other provisions of the Act that can be improved from the standpoint of the future of agriculture and in the best interests of the program's operations.

"Though not included in the 1970 Act, the peanut, rice, extra long staple cotton and possibly the tobacco programs, are in need of careful review. These programs should be more in line with the other major commodity programs by allowing adjustments to meet changing conditions and by permitting farmers to capitalize on expanding markets. We are exploring alternatives to the present programs and hope to work with farmers and with this Committee in working out acceptable program changes."

The Secretary also indicated that rigid payments and price guarantees prevent the programs from being as effective as they should be to meet changing conditions and that these guarantees lessen the ability of farmers to make decisions based on changing markets.

Whether these price guarantees refer to loan levels is not made clear in the statement.

However, under the existing law in the case of wheat, the loan level cannot be less than $1.25 per bushel; in the case of corn, not less than $1.00 per bushel and other feed grains in relation to corn; the support price for shorn wool shall be 72 cents per pound, grease basis; the support price for mohair shall be 80.2 cents per pound, grease basis; and price supports for the dairy program shall not be less than 75 percent of the parity.

It is apparent, therefore, if the Administration's proposal were accepted that loan levels for commodities covered by the Agricultural Act of 1970 would be at existing levels or lower and that allotments and bases, as well as income supplement payments for feed grains, wheat, and cotton would be phased out completely after three years. It appears further that price support levels for dairy products would be lowered below the minimum 75 percent of parity now in law.

SOUTH DAKOTA AGRICULTURE

According to the United States Department of Agriculture, South Dakota in 1973 had a total of 44,000 farms with an average size of about 1,034 acres per farm (Table 1).

A breakdown of census data shows that about 72 percent of the farms in South Dakota were more than 260 acres in size and about 45 percent were more than 500 acres in size. Census data also show that 96.5 percent of the total land in farms in South Dakota were on those farms of more than 260 acres and that 86 percent of the total land in farms were on those farms in excess of 500 acres in size. The 27.8 percent of the farms in South Dakota of 259 acres or less in size had only 3.48 percent of the total land in farms (Table 2).

Census data also show that 50.8 percent of the farms in South Dakota had gross sales of between $10 and $40 thousand per farm. Thirty-nine percent had sales of less than $10,000 and only 10 percent had sales in excess of $40,000 per farm (Table 3).

From the census we also find that the 50.8 percent of the farms with sales of between $10 and $40 thousand accounted for 49.2 percent of the total value of agricultural products sold in South Dakota. The 39 percent of the farms with sales of less than $10,000 per farm accounted for only 8.6 percent of the total value of agricultural products sold. On the other hand, the 10 percent of the farms with sales in excess of $40,000 per farm accounted for 42.1 percent of the total value of agricultural products sold in South Dakota (Table 4).

South Dakota can be characterized as predominately a livestock state. Of total farm cash receipts from sales of farm products in 1972, all livestock and products accounted for about 81 percent while crops accounted for only about 19 percent. Cattle and calves are the principal commodities with sales in 1972 of about $693 million. Hogs accounted for about $188 million and dairly products for about $74 million.

Total cash receipts from sales of crops in 1972 amounted to $241.5 million. Of this, feed grains and wheat accounted for about 69 percent of the total, with feed grain sales receipts amounting to $83.5 million and wheat $82.5 million. The feed grains referred to here are corn, grain sorghum, and barley, the crops covered by the Act of 1970. Other crops accounting for a substantial portion of sales receipts are oats at $24.1 million, soybeans $15.2 million, and flaxseed $13.3 million (Table 5).

In 1972, about 5.1 million acres of feed grains covered by the Act of 1970 and wheat were harvested in South Dakota. Of these, feed grains, that is corn, grain sorghum and barley, accounted for about 3.2 million acres and wheat 1.9 million acres. The acreage planted to the crops covered by the 1970 Act accounted for about 63 percent of the total acreage planted to all principal crops, excluding hay (Table 5–A).

According to the Statistical Reporting Service of the United States Department of Agriculture, there are now 44,000 farms in South Dakota. Utilizing data available from the Agricultural Stabilization and Conservation Service of the Department, we find that in 1971 43,828 farms participated in the feed grain program and 30,567 farms participated in the wheat program. The 1971 program did not include barley but the 1972 and 1973 programs did. In 1972 about 16,800 farms with barley bases, totaling about 627,000 acres did participate in the program. These are the crops covered by the Agricultural Act of 1970.

Of those farms participating in the program in 1971, about 75 percent had feed grain bases of from 30 to 200 acres, while less than 1 percent had feed grain bases in excess of 500 acres. In the case of wheat, only 31 percent had wheat allotments of from 30 to 200 acres and less than 1/10 of 1 percent had wheat allotments in excess of 500 acres. On the other hand, about 68 percent of the wheat farms had allotments of less than 30 acres (Table 6).

IMPACT OF ADMINISTRATION'S PROPOSAL ON SOUTH DAKOTA'S FARMERS

In 1972 total payments to South Dakota's producers under the feed grains and wheat programs amounted to $98.4 million. Of this feed grains accounted for $57.7 million and wheat for $40.7 million (Table 7).

It is evident, therefore, that the payment requirements of the 1970 Act are extremely important to South Dakota farmers and the loss of this income would have a very severe adverse impact.

FEED GRAINS

The impact of the phase out of program payments and bases for feed grains would have a very severe impact on the almost 44,000 producers who participated in the program. Last year South Dakota produced about 186 million bushels of the feed grains included in the 1970 Act. Although only part of this was marketed as grain, cash receipts from the sale of feed grains amounted to $83.5 million, and government payments amounted to $57.7 million. As a result, government payments to producers accounted for about 41 percent of the total cash income from sales of these feed grain crops.

It is evident that the present feed grain program is of substantial benefit to the farmers of South Dakota and the loss of this payment income would have a substantial adverse effect on corn, sorghum grain, and barley producers.

WHEAT

Wheat is a major crop in South Dakota. Last year almost 1.9 million acres were planted to wheat and production amounted to 53.7 million bushels. Cash receipts from the sale of wheat amounted to $82.5 million, and payments to wheat producers who participated in the program accounted for $40.7 million or 33 percent of the total cash income from sales of wheat. Loss of this payment income to the producers of wheat in South Dokota would also be especially difficult to overcome.

SIZE OF PAYMENTS PER FARM

Almost 98 percent of the farms in South Dakota participating in the 1972 feed grain program received payments of less than $5,000 per farm and over 61 percent received payments of less than $1,000 per farm.

In wheat, 95 percent of the farms received payments of less than $5,000 per farm and almost 70 percent received payments of less than $1,000 per farm (Table 8).

It is evident that South Dakota bases and allotments upon which payments are made are predominately small, but it should also be noted that loss of the payment income to producers in South Dakota on even the largest farms would be extremely difficult to overcome under the existing cost-price relationships. For example, the average price received by farmers for corn in South Dakota in 1972 averaged $1.10 per bushel, for grain sorghum $1.05 per bushel, for barley 85 cents per bushel, and for wheat $1.59 per bushel. It should also be pointed out that with the exception of corn prices in the year of the 1970 corn blight, the 1972 prices are higher for any of the commodities mentioned than in any recent year (Table 9).

DAIRYING

The dairy industry is very important in South Dakota and in 1972 accounted for cash receipts of about $74.2 million. Existing price support programs for milk provide for a minimum of 75 percent of parity for manufacturing milk. This year 75 percent of parity amounts to $5.29 per hundredweight. If the dairy price support laws were changed to lower the level as recommended by the Secretary of Agriculture, it could have an adverse impact on the dairy industry in South Dakota. While at the present time market prices are higher than in recent years, the fact remains that production costs in dairying have increased materially. Last year South Dakota produced about 1.6 billion pounds of milk about 80 percent of which goes into manufacturing purposes. Without some reasonable assurance of nationwide price guarantees, severe dislocations could occur in the dairy industry in South Dakota.

GENERAL

The phasing out of payments for feed grains and wheat and undesirable changes in the dairy program would have a very severe adverse effect on the producers of these commodities. Most, if not all, of the farms in South Dakota can be characterized as a family farm. The economic dislocations and resource adjustments that necessarily would have to take place on these family farms would be of a major magnitude. Farm programs do provide some price and income protection to farmers. In addition, they also generate substantial economic activity in local communities. Therefore, the loss of payments and other assurances now provided farmers would also have a very severe adverse impact on the many local communities which depend very heavily on agriculture for their economic activity.

Furthermore, the phasing out of bases and allotments would have an adverse impact on land values. Farmers have been able to use the increasing value of land as collateral for additional credit which is so sorely needed in today's farm operations. For example, on a nationwide basis in just the last decade the use of credit by farmers has increased by over 250 percent.

There are many estimates of the multiplier effect of farm income. If a multiplier effect of 5 is used, the loss of payments in South Dakota alone could amount to losses of about $800 million in economic activity.

TABLE 1

SOUTH DAKOTA 1973

Number of farms, 44,000.
Land in farms, 45,500,000 acres.
Average size of farms, 1,034 acres.
Source: SRS, USDA.

TABLE 2.—SOUTH DAKOTA—PERCENTAGE OF FARMS AND PERCENTAGE OF TOTAL LAND IN FARMS IN EACH SIZE CLASS OF FARMS[1]

Size of farms (acres)	Percentage of farms	Percentage of total land in farms[2]
1 to 9	4.1	(3)
10 to 49	3.1	0.08
50 to 69	.8	.04
70 to 99	2.4	.19
100 to 139	2.0	.23
140 to 179	7.9	1.26
180 to 219	2.8	.55
220 to 259	4.7	1.13
260 to 499	27.1	10.20
500 to 999	23.0	16.37
1,000 to 1,999	13.0	17.85
2,000 and over	9.1	52.09
Total	100.0	99.99

[1] Census percentage applied to 1973 numbers.
[2] Does not add to 100 because of rounding.
[3] Less than 0.01.

SOUTH DAKOTA[1]

TABLE 3.—*Percentage of farms by value of products sold*

Value of Sales:	*Percentage of Farms*[2]
Under $2,500	12.1
2,500–4,999	9.2
5,000–9,999	17.7
10,000–19,999	28.3
20,000–39,999	22.5
40,000–99,999	8.3
100,000 and over	1.7

[1] From Census of Agriculture, 1969.
[2] Does not add to 100 because of rounding

SOUTH DAKOTA [1]

TABLE 4.—*Percentage of total value of agricultural production sold by farms by category*

Category	Percentage [2]
Value of agricultural products sold by farms having sale of:	
Under $2,500	0.7
2,500 to 4,999	1.6
5,000 to 9,999	6.3
10,000 to 19,999	19.7
20,000 to 39,999	29.5
40,000 to 99,999	23.0
100,000 and over	19.1

[1] From Census of Agriculture, 1969.
[2] Does not add to 100 because of rounding

April 1973.

SOUTH DAKOTA

TABLE 5.—*Farm cash receipts from sales of principal farm products, 1972*

	Cash receipts (million dollars)
Crops:	
Included in the 1970 Act:	
Feed Grains	83.5
Wheat	82.5
Other Principal Crops:	
Oats	24.1
Soybeans	15.2
Flaxseed	13.3
Hay	10.3
Rye	7.1
Livestock and Products:	
Cattle and calves	692.9
Hogs	188.3
Dairy Products	74.2
Sheep and Lambs	20.7
Eggs	13.4
Turkeys	5.5
All crops	241.5
All livestock and products	1,002.5

Source: Unpublished data, USDA, April 1973.

TABLE 5-A.—SOUTH DAKOTA—AVERAGE HARVESTED AND PRODUCTION OF PRINCIPAL CROPS, 1972

Crops	Acreage harvested	Production
Corn (for grain) (bushels)	2,388,000	152,832,000
Barley (bushels)	576,000	20,736,000
Sorghum grain (bushels)	259,000	12,432,000
Oats (bushels)	2,038,000	99,862,000
Rye (bushels)	290,000	7,570,000
Wheat (bushels)	1,878,000	53,619,000
Soybeans (bushels)	253,000	7,337,000
Flaxseed (bushels)	360,000	4,500,000
All hay (tons)	4,597,000	7,082,000

TABLE 6.—SOUTH DAKOTA—PERCENTAGE OF FARMS PARTICIPATING IN THE 1971 FEED GRAIN AND WHEAT PROGRAMS BY SIZE OF ALLOTMENT OR BASES [1]

Size (acres)	Percentage of farms	
	Feed grains	Wheat [2]
0.1 to 10	2.5	38.8
10 to 15	2.3	10.6
15 to 30	9.8	18.5
30 to 50	15.9	14.2
50 to 200	58.9	16.8
200 to 500	9.8	1.1
500 to 1,000	.7	(3)
1,000 and over	.1	(3)
Number of farms participating	43,828	30,567

[1] The 1971 program did not include barley while the 1972 and 1973 programs do. In 1972 about 16.8 thousand farms with barley bases totaling about 627,000 acres participated. No frequency distribution as to base sizes available.
[2] Add to more than 100 percent because of rounding.
[3] Less than 0.1.

SOUTH DAKOTA

TABLE 7.— *Government payments on programs crops, 1972*

Commodity	Dollars
Feed grains*	57,718,300
Wheat	40,721,590
Total	98,439,890

*Includes corn, sorghum grain, and barley, April 1973.

TABLE 8.—SOUTH DAKOTA—PROGRAM PAYMENTS 19,72 PERCENTAGE OF FARMS RECEIVING PAYMENTS BY SIZE OF PAYMENTS

Size of payment (class)	Percentage of farms in each class	
	Feed grains	Wheat
0 to $100	7.37	22.49
$100 to $500	32.18	32.63
$500 to $1,000	21.94	14.44
$1,000 to $2,000	22.40	13.48
$2,000 to $5,000	14.07	12.01
$5,000 to $7,500	1.39	2.65
$7,500 to $10,000	0.41	1.06
$10,000 to $15,000	.17	.79
$15,000 to $20,000	.05	.23
$20,000 to $30,000	.02	.15
$30,000 to $35,000	(1)	.02
$35,000 to $40,000	(2)	.01
$40,000 to $45,000	(2)	.01
$45,000 to $50,000	(1)	.03
$50,000 to $55,000	(2)	(2)
$55,000 to $55,000.01	(2)	(2)
$55,000.01 and over	(2)	(2)

[1] Less than 0.005.
[2] None.

TABLE 9.—SOUTH DAKOTA—AVERAGE PRICES RECEIVED BY FARMERS

[In dollars per bushel]

Crop	Year				
	1968	1969	1970	1971	1972
Corn	1.05	1.03	1.21	1.05	1.10
Grain sorghum	.86	.91	1.03	.90	1.05
Barley	.81	.79	.84	.80	.85
Wheat (all)	1.26	1.36	1.44	1.31	1.59
Oats	.54	.55	.57	.54	.61
Soybeans	2.40	2.26	2.72	3.04	3.40
Flaxseed	2.80	2.68	2.44	2.43	2.80
Rye	.87	.92	.92	.81	.80

Source: SRS, USDA.

EXHIBIT 2

CONSUMER FEDERATION OF AMERICA,
Washington, D.C., May 25, 1973.

FARM BILL: CONSUMER ISSUE OF THE WEEK

The farm bill may be one of the most important pieces of consumer legislation this year. Even the name has been changed to reflect the consumer protection aspects of the bill.

The Agriculture and Consumer Protection Act of 1973 serves consumers in several ways. It insures that farmers will produce abundant supplies because they are assured a certain price for wheat, feed grains and cotton. These "target prices" are set at a level which will assure the farmer that even if he produces more than enough of these commodities, his income will at least meet his cost of production. The "target prices" represent about 70% of parity, or 70% of fair return to the farmer in comparison to returns in other industries for similar investments of capital and labor.

The bill attempts to strike a balance between consumer's concern with high food prices and the farmer's need for adequate income. It sets a "target price" for the farmer. If the market price falls below the "target price", the government will make up the difference through a direct payment to the farmer. For instance, the "target price" for wheat is $2.28 per bu. If the market price averages out to be only $2.20, the government would pay the farmer the 8c difference. On the other hand, if the average market price turns out to be $2.30, there would be no federal payment at all. If market prices are low, the consumer saves at the supermarket and if food prices are high, the taxpayer pays nothing for farm programs.

The legislation's potential effect on meat prices may be the best example of the bill's importance to consumers. One of the reasons for high meat prices is the increased cost of feed grains to ranchers and feed lot operators. Their price is high because feed grains are in relatively short supply. If the new farm bill were in effect this year, the USDA could call for greatly increased production of feed grains to satisfy the demand and alleviate the shortage. The farmer, knowing that there would be some protection from the economic disaster of surpluses, would be inclined to grow all the feed grain he was asked to grow. His increased production would come closer to balancing supply with demand, thereby lowering the cattlemen's cost of feed grain and his overall cost of production. That lower cost would be reflected in lower meat prices on the grocery shelf.

At the same time, CFA is mindful of the dairy provisions in the bill. We do not support monopoly—in food or any other segment of our economy. Senator Philip A. Hart will introduce amendments that will keep the power of the milk combines from monopolizing the industry. We urge your support for the Hart amendment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 1820. An act to direct the Administrator of General Services to release certain conditions with respect to certain real property conveyed to the State of Arkansas by the United States, and for other purposes;

H.R. 1965. An act for the relief of Mrs. Barr;

H.R. 2212. An act for the relief of Mrs. Nguyen Thi Lee Fintland and Susan Fintland;

H.R. 2215. An act for the relief of Mrs. Purita Paningbatan Bohannon;

H.R. 2769. An act for the relief of William A. Karsteter;

H.R. 3620. An act to establish the Great Dismal Swamp National Wildlife Refuge;

H.R. 3751. An act for the relief of James E. Fry, Junior, and Margaret E. Fry;

H.R. 4175. An act for the relief of Manuel H. Silva;

H.R. 4443. An act for the relief of Ronald K. Downie;

H.R. 4448. An act for the relief of First Lieutenant John P. Dunn, Army of the United States, retired;

H.R. 4704. An act for the relief of certain former employees of the Securities and Exchange Commission; and

H.R. 5106. An act for the relief of Flora Datiles Tabayo.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H.R. 1820. An act to direct the Administrator of General Services to release certain conditions with respect to certain real property conveyed to the State of Arkansas by the United States, and for other purposes; and

H.R. 3620. An act to establish the Great Dismal Swamp National Wildlife Refuge. Referred to the Committee on Commerce.

H.R. 1965. An act for the relief of Theodore Barr;

H.R. 2212. An act for the relief of Mrs. Nguyen Thi Le Fintland and Susan Fintland;

H.R. 2215. An act for the relief of Mrs. Purita Paningbatan Bohannon;

H.R. 2769. An act for the relief of William A. Karsteter;

H.R. 3751. An act for the relief of James E. Fry, Junior, and Margaret E. Fry;

H.R. 4175. An act for the relief of Manuel H. Silva;

H.R. 4443. An act for the relief of Ronald K. Downie;

H.R. 4448. An act for the relief of First Lieutenant John P. Dunn, Army of the United States, retired;

H.R. 4704. An act for the relief of certain former employees of the Securities and Exchange Commission; and

H.R. 5106. An act for the relief of Flora Datiles Tabayo. Referred to the Committee on the Judiciary.

AGRICULTURE AND CONSUMER PROTECTION ACT OF 1973

The Senate continued with the consideration of the bill (S. 1888) to extend and amend the Agricultural Act of 1970 for the purpose of assuring consumers of plentiful supplies of food and fiber at reasonable prices.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 158

Mr. HART. Mr. President, I call up my amendment No. 158, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 2, beginning with line 6, strike out through line 2 on page 8 and insert in lieu thereof the following:

"(A) amending section 201(e) by striking out '1973' and inserting '1978', and by striking out '1976' and inserting '1981', and

"(B) adding at the end thereof the following:

"'(f) The Agricultural Adjustment Act as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by:'."

On page 8, line 3, strike "(4)" and insert "(1)".

On page 8, line 15, strike "(5)" and insert "(2)".

Mr. HART. Mr. President, this amendment would eliminate from the bill, by striking, the sections which begin on line 5, page 2, and extend through the top of page 8, line 2.

It is the contention of the Senator from Pennsylvania (Mr. SCOTT), who has joined me on the amendment, and myself that very serious anticompetitive implications are involved in these proposals.

The amendment does not reach the provisions dealing with support prices, import quotas, the matter of the indemnification for loss of milk and cows, or class 1 base plan authority.

I think that by this time most of us are familiar with the contest that underlies the offering of the amendment. Lest I forget, I want, if I can, at the outset to make clear that if any suggestion has been made or voiced that the language which we propose to strike was the result of sly action by anyone, a meeting in the middle of the night, or worse, that suggestion is wrong. Quite the contrary, on an early day—and my impression is that it was the second day—of the hearings of the Committee on Agriculture and Forestry, witnesses from the National Milk Producers' Cooperative appeared.

Mr. ROBERT C. BYRD. Mr. President, I apologize to the Senator for interrupting his speech, but may we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator is entitled to be heard.

Mr. HART. At the very opening, I think the second day of the hearings, witnesses appeared, including one from Michigan, a very good friend of mine who is the president of the National Milk Producers' Federation, Glenn Lake, accompanied by Patrick B. Healy, the secretary of the National Milk Producers' Federation at that time—mind you, this is an open hearing—and those two gentlemen described in understandable detail the reasons why they believed the committee should be persuaded to adopt the amendments that they were offering.

It was an open, as wholesome, and as correct a method of proceeding as one could imagine. So if I say nothing else, I want to make sure that those who offered these amendments, those who in committee supported them, and those who on the floor may support them, are acting in a wholly appropriate and proper way.

Having said that, I suggest that notwithstanding the fact that, in that early day of the hearings, these proposals were made a part of the record, in the following days I believe there was no reaction to them. We can wish as we might that other national farm groups who did testify had voiced to the committee the concerns which they now voice to many of us. I wish very much that the Department of Justice, when those hearings were in process, had been alert to the proposals that had been filed with the committee by the National Milk Producers Federation. But wishing will not make it so. Those spokesmen—not alone governmental, as in the case of the Department of Justice, but also the Farm Bureau, the NFO, and some local branches of the Farmers Union, as well as the National Consumers Congress and other consumer groups—did not develop for the committee in the record the concerns that they now voice.

Those concerns are real, and they are genuine. Under the parliamentary situation that confronts us, the only way that the committee can have an opportunity to get the reactions of people who have legitimate concerns is for us to strike the section.

Mr. JAVITS. Mr. President, will the Senator yield at that point?

Mr. HART. I yield.

Mr. JAVITS. Would that be the answer for Senators like myself, who represent a dairy State where the cooperative milk producers are divided on the subject?

Can the Senator give us the assurance, first, that by striking the section we are not deciding the issue; second, that there will be prompt hearings, and the hearings will not be just for the record to show that we had hearings, but a serious inquiry to try to come to a conclusion; third, that there is no a priori decision by striking the section that we might not recommend these very things and perhaps even the Agricultural Committee itself might not bring them in at a later time when we are able—the Senator may not agree—to cast light on the facts. In other words, the essence of it is that we should not legislate in the dark.

Mr. HART. Of course the Senator from Michigan cannot assure the Senator from New York that that will cure the problem for anyone who comes from a State where the dairy income is a significant factor in the farm economy. I also happen to come from a State which is a dairy producing State. $300 million a year in dairy products comes from Michigan. But it will allay the fears, at least, and permit those divided in our States to get their hearing.

Second, while none of us can speak for the Committee on Agriculture and Forestry, it is my hope that the committee would be in a position to conduct hearings, at which time those who have been privately voicing to us their concerns, including the Department of Justice, could have the opportunity to fully express their views. If that occurred, we would then have a record on which the committee could report back to us its conclusions and we could act in a much more informed and responsible fashion, one that will give greater confidence to the people of this country that we are legislating on the record, on what the facts are, and nothing else.

Finally, I must confess, as a sort of knee-jerk antitrust advocate, that I have very strong feelings that some of these provisions are bad. But I have no reason to believe that the committee, and later the Senate, would not be able to make its own independent judgment based on the testimony that will be developed.

Yes, I must say to the Senator from New York, I cannot reassure him with respect to the holding of hearings but I would accept his vote to strike as a procedural and not as a substantive judgment on the issue.

Mr. JAVITS. I thank the Senator from Michigan very much.

Mr. HART. Mr. President, the provisions which I seek to strike trouble me for several reasons:

First. They would produce higher consumer prices for milk and dairy products.

Second. They endanger some or all of 18 antitrust suits pending in Federal courts—2 brought by the Government—by giving a congressional blessing to practices being challenged in certain of those suits.

Third. They give even more power to three enormous cooperatives which already in many markets control 90 percent of total milk distributed and have more than 75,000 members.

But, my direct goal today is to strike the language so that full hearings may be held on these highly controversial proposals. Up to now, groups very much interested and affected by this language have not had the opportunity to make their views known in give-and-take hearings.

Support for this amendment is rather strong. Its proponents include the Farm Bureau, the National Farmers Organization—and various local branches of the National Farmers Union—the National Consumers Congress, and Ralph Nader's consumer groups.

The amendment has also been supported by the National Milk Industry Foundation, whose members include large national dairies such as Foremost, Carnation, Pet, Beatrice Foods, as well as smaller local dairies.

It does not have the support—in truth—of the three major co-ops which would enjoy much more power under the provisions the amendment seeks to strike.

These three cooperatives are Associated Milk Producers, Inc.—AMPI—Mid-American Dairymen, Inc.—Mid-Am—and Dairymen, Inc.—DI. As chairman of the Antitrust Subcommittee, I recognize the enormous value of cooperatives, and I believe that regrettable excesses on the part of a few shouldn't color our judgment. However, the growth of power of these cooperatives deserves a thoughtful hearing before we add more power.

For the facts are that through merger, consolidation, and acquisition, an estimated 100 cooperative organizations in the last 5 years have been reduced to the three co-ops.

The provisions I seek to strike would not only increase the power these cooperatives have over their market but also would increase their control over their farmer-members. This is control which obviously the farmers' groups which support this amendment do not want.

Let me make it clear that the motion to strike is limited. I would not delete provisions dealing with import quotas, support prices, authority for class I base plans, and indemnification for loss of milk and cows. I understand that some other amendments may be offered to strike some of those provisions.

But it should be equally clear that while the provisions I move to strike are difficult to understand, I have been assured by responsible dairy experts that my interpretation of their impact is accurate.

Therefore, it seems to me that before we enact these potentially dangerous provisions into law, the least we should do is give the opponents an opportunity to express their views in public hearings.

This is the basic intent of my motion to strike.

I close, then, as I opened. The Agricultural Committee and the Milk Producers Federation have acted in a completely normal fashion. If there is fault to be found, we might suggest that it is in those who should have been on notice that there was before the committee these specific proposals, and they did not respond.

But we should not ourselves make the same mistake. We are on notice that there is deep controversy with respect to the implications of these things and we should strike, hopefully, so that we should be in a position, with a record later, to make a judgment.

Mr. AIKEN. Mr. President, will the Senator from Michigan yield?

Mr. HART. I yield.

Mr. AIKEN. Did I correctly understand the Senator from Michigan to say that there would be reasonably prompt hearings on the purpose of the Senator's amendment which naturally would be of interest to the Judiciary Committee?

Mr. HART. No. I would anticipate that the hearings would be conducted by the committee of which the distinguished Senator from Vermont is formerly a distinguished ranking member, the Committee on Agriculture and Forestry.

Mr. AIKEN. The Senator from Michigan is not a member of that committee so he would not be in a position to assure reasonably prompt hearings by that committee.

Mr. HART. No. I think I made that clear. We are not speaking to that point.

Mr. AIKEN. In my opinion, part of the Senator's amendment should be approved. There are one or two other provisions in it which could conceivably be of benefit to producers without doing any harm to anyone. I find that the agricultural associations have been of little help, because they seem to be split as nearly down the middle as it is possible to get that way. Consequently, I have been waiting to hear the arguments before making up my mind whether to vote for the Senator's amendment.

There is one part of his amendment which I would remove—on page 4 from line 10 down to page 21 on line 6. That could probably be helpful although there are two provisions in there which undoubtedly would not be of benefit to the producer—that is on page 5, line 10, beginning with the word "the." That paragraph we could well do without, I think. On page 6, item (a), line 3, down through line 6, we could do without. Also there could be changes in section—paragraph (d) down to line 14 and 15. The rest of what the Senator proposes we would probably be better off without.

These amendments came before the committee. However, when I called the cooperatives in the Northeast to find out what their position was, they had just barely received them from the Milk Producers Federation that morning, and even at that time we were marking up the bill and finished it the next day.

Some say that these big cooperatives are acting like the big oil companies, trying to put the independents out of business. That may be true, because that is a human trait, to seek a monopoly. So, it is impossible to please all producer associations or all consumer associations regardless of how we vote on the Hart amendment.

But I will say this, that the rest of the bill we have for dairy products seems to be very good, indeed. An 80 percent support price, which I believe is the market price now. It is almost exactly 80 percent. We do need a greater production of milk. There has to be a greater incentive to produce it. Up in the Northeast, we are producing a little less milk than last year, although we do produce more milk for table use, which is Class 1, which raises the blend price. I have not had so much complaint on the price. I have renewed complaints about Dairy feed which went up $5 a ton in New England last week. I do not know how much it has gone up this week. Feed dealers have done the best they could to hold the price down to within reason.

So I will listen to what may be said on the Hart amendment, but I have to say that part of it is very good in my book but part of it, probably we would be better off if we leave the bill as it is.

I would gladly vote for it if we could leave in the sections I referred to, which apparently is satisfactory to producers generally. They are to be found on page 4, beginning at line 10, down to the word "order" on page 5, line 10; then striking out, as the Hart amendment proposes, the sentence beginning "The location," down through line 16; then picking up again from line 17, page 5, to line 2 on page 6; then striking out lines 3, 4, 5, and 6—I know this is a little difficult to follow; then leaving in all from line 7, paragraph (b), through line 20.

In lines 14 and 15, however, it would be well to strike out the words "but not limited to, providing milk assembly, refrigeration, storage."

I know that is a little complicated, and if I speak any further, it will only complicate the situation still more.

As I say, two-thirds of the Hart amendment is good. The other third we would be better off without.

Mr. HART. Mr. President, the Senator need not apologize for suggesting a rather complicated list of revisions. The hard truth is that we are dealing, I suppose, with one of the most complicated arrangements that government yet has conceived—the whole milk marketing order concept.

I can respond only this way: There are price-fixing elements——

Mr. AIKEN. If the Senator will permit me to add, this whole section of what he would strike out is permissive and would require a two-thirds vote to put it into effect. Labor only requires a 51-percent vote to put their ideas into effect, but agriculture needs a two-thirds vote.

One thing I know is that some of the cooperatives and some of the private corporations—and we have one in New England that is very strong—are always worried about the antitrust laws. I believe that one cooperative in the Northeast handles 66 percent of the milk which is produced and sold in that area. How much more they would have to do before the Department of Justice landed on them with both feet, I do not know, but I do know that they are apprehensive about it.

As a matter of fact, when we talk about an expert in the marketing of milk, they are very scarce in this country. Few of us know the entire procedure, but we do know that there is a division of sentiment at this time.

I am sure that much of the Senator's proposed amendment would be good. I am not so sure that the rest of it would be.

Mr. HART. Mr. President, I get some comfort from the fact that the Senator from Vermont has indicated that there are a few experts in the field, but I would be the first to identify myself as not one of that rare breed.

To the extent that I have been able to analyze and have had this bill analyzed for me, I am convinced that there are anticompetitive aspects in each of the lines we propose to strike.

I do realize that a two-thirds vote is required in the acceptance of a plan which would incorporate these features. I am told, however, that unlike the trade union movement, it is not a one-man, one-vote proposition in all cases; that there is block voting, which perhaps distinguishes it from the treatment we provide with respect to collective bargaining arrangements.

The Senator from Michigan would hope that the Senator from Vermont could support the amendment on the basis that two-thirds of it makes sense. Generally, around here we are lucky when we can have a conviction that 51 percent of the vote makes sense. I think I should leave it at that.

I reserve the remainder of my time.

Mr. TALMADGE. I yield myself such time as I may require.

Mr. President, this amendment would strike out most of the provisions of the bill designed to enable the Secretary of Agriculture to facilitate the operation of milk marketing orders. The purpose of the provisions which would be stricken is to eliminate waste and inequities and thereby provide fair prices to producers and consumers. More specifically, the amendment of the Senator from Michigan would strike out those provisions of the bill which:

First. Permit a milk marketing order to provide for allocation of members' bases to their cooperatives;

Second. Permit an order to provide that marketing history represented by a base held under a Federal, State, or cooperative base plan shall count as history in fixing bases under that order;

Third. Permit an order to provide for the orderly phasing out of Federal, State, or cooperative base plans;

Fourth. Make it clear that an order may provide for payments from the pool to producers for their excess milk of amounts less than the lowest class price;

Fifth. Permit an order to provide for minimum payments to producers and their associations for services performed for handlers;

Sixth. Permit an order for manufacturing milk which does not fix prices to provide for price posting;

Seventh. Permit an order, where appropriate to direct the flow of milk, to provide for the use of different location differentials in computing the minimum class prices paid by handlers and in computing pool payments to producers;

Eighth. Permit an order to provide for payments from the pool to cooperatives for services of marketwide benefit; and

Ninth. Permit an order to provide for standby reserve pools, which would be supported by payments from one or more orders and would supply milk when needed to such order areas.

IN GENERAL

First, let me describe the general purpose of the provisions which the amendment would strike.

All of them merely provide authority which the Secretary may use if he finds after open hearings that their inclusion in an order will carryout the objectives of the act. The principal objectives of the act are twofold, first that the achievement of prices that are fair to farmers and consumers, and second, keeping prices from rising above that fair price. The particular provisions we have before us are largely intended to eliminate economic waste, with the savings thereby achieved being apportioned between farmer and consumer in appropriate fashion. The two guidelines I have mentioned are definite, rigid, and have been in effect a long time. They are contained in sections 2(1) and 2(2) of the Agricultural Adjustment Act of 1933. Therefore, any assertion that the new provisions will result in anything but fair prices fails to recognize that they cannot be put into effect if that is the expected result, and they cannot remain in effect if that is the actual result.

Further, none of these provisions can be included in an order unless they are approved by two-thirds of the producers subject to them. In the case of class I base plan provisions, the producers must vote individually. Any contention that they are inimical to the interest of producers or consumers is, therefore, inconsistent with the plain language of the law and the bill.

It has also been suggested that there has been no opportunity for hearings. That argument is completely without foundation for two reasons:

First, there has been extensive opportunity for hearings, public notice having been given on February 7, an extensive hearing having been held during the period February 27 through April 27 in Washington and throughout the country.

Mr. President, I ask unanimous consent to insert in the RECORD at this point a committee staff analysis of a Department of Justice letter of May 25. The first numbered paragraph of this analysis discusses the opportunity for hearings in depth.

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

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

STAFF MEMORANDUM

Analysis of the Department of Justice letter dated May 25, 1973, from Assistant Attorney General Thomas E. Kauper, to Senator McGovern

The letter contains the following inaccurate or misleading statements:

(1) *Statement*: "Our concern is especially acute because no hearings have been held on this specific legislative proposal."

Facts: On February 7, at page S. 2282 of the Congressional Record, it was announced that hearings would be held on on the farm program and other issues on February 27, 28, March 1, 2, 8, and 9. It was further announced that the Committee would use S. 517 as a base for the hearings. A copy of the announcement is attached.

Paragraph (2) of section 1 of S. 517 dealt with milk marketing orders by extending the authority for Class I base plans and other provisions. The advisability of extending or amending these provisions was therefore clearly a purpose of the hearings.

Hearings were held in Washington on February 27 and 28, and March 1, 2, 8, 9, 13, 14, and 29. On February 28, beginning at page 119 of the Committee's hearings, representatives of the National Milk Producers Federation testified and proposed a number of milk marketing order amendments. On March 9, Mr. Albert J. Ortego, Jr., appearing on behalf of the members of Central America Cooperative Federation, Inc., testified, at page 487, and proposed similar amendments to paragraph (2) of section 1 of S. 517. Digests were made of the testimony of witnesses at the hearings and the digests which relate to the testimony of the National Milk Producers Federation and the Central America Cooperative Federation, Inc. are attached. These digests were available to the general public, and on March 27 the Chairman of the Committee sent them to the Secretary of Agriculture asking him to comment on the major recommendations made by the witnesses in his statement when he appeared on March 29. A copy of the Chairman's letter is attached. Further hearings were held on April 6 at Chickasha, Oklahoma; on April 7 at Ardmore, Oklahoma; on April 18 at Montgomery, Alabama; on April 19 at Ames, Iowa, and Waynesboro and Macon, Georgia; on April 20 at Tifton, Georgia; and on April 27 at Huron, South Dakota. Prior to the first executive session of the Committee on the bill, the Committee staff worked with the proponents of the milk marketing order amendments to make technical corrections in the amendments and eliminate purely technical differences between the two sets of amendments. These corrected amendments which did not substantially differ from those proposed on February 27 and March 9 were made generally available to the public. The Committee staff also prepared a list of amendments proposed by various persons to S. 517 which included a description of the revised dairy amendments, and shortly thereafter prepared a title-by-title explanation of the Agricultural Act of 1970 and the specific amendments to each title which had been proposed at the hearings, including the revised milk marketing order amendments.

The Committee met in executive session on the bill May 1, 2, 3, 4, 8, and 9. On May 7, Committee Print No. 1 was issued showing matters tentatively agreed to by the Committee and additional matters which had not been agreed to but had been suggested for inclusion. The milk marketing order amendments finally agreed to were generally included in this print. All of the documents mentioned herein were made available to the public.

(2) *Statement:* "In this connection, the Department of Justice requested that its views be heard before this legislation was reported out by the Committee, but was not afforded an opportunity to do so."

Facts: The Department of Justice made no request until two weeks after the Committee had ordered the bill reported. The Committee, when it had ordered the bill reported, had given the Committee staff two weeks, until May 23, for final preparation of the report. On May 23 a representative of the Department of Justice advised a member of the Committee staff that the Department of Justice was writing a letter to Senator McGovern about the dairy provisions which would be delivered on May 24 and suggested that reporting of the bill be delayed until that letter had been written. The Chairman of the Committee was advised of this communication and, for the reasons stated in his letter to Senator Hart, decided that the reporting of the bill should not be delayed and the report was filed on May 23 in accordance with the direction from the Committee of May 9.

(3) *Statement:* "As drafted, the provision implies, but does not explicitly state, that if the producer chooses to terminate his membership in the cooperative his base will be returned to him."

Fact: On page 2, lines 18 and 19, the bill states that producers' bases will be allocated to their cooperatives "while they are members thereof". The quoted language was put in this provision specificially for the purpose of making it clear that the allocation of producers' bases to their cooperatives would be only for the period "while they are members thereof". If this clear language is not sufficiently explicit, the following language (which was not in the May 7 committee print) appears at page 2, line 19 of the reported bill: "In the event a producer withdraws from membership in a cooperative marketing association the base allocated to that producer shall take into consideration his total marketings of milk, including milk delivered by his association to persons not fully regulated by the order, but may reflect

his pro rata share of any reduction in the total of bases allocated to such associations". The language just quoted should also answer the statement in the Department of Justice letter that it is not clear how the return of the base to the producer will be accomplished. The Committee report explains this provision at page 27 as follows: "The amendment also provides that an individual member on leaving the cooperative would take his history of marketings with him, irrespective of the market to which the cooperative might have delivered his milk (except for his pro rata share of any reduction in the cooperative's base as a result of transferring milk to other markets)."

The Department of Justice appears to favor the return of the base to the producer when he leaves the cooperative. If that is the case, the Department should favor this provision of the bill because its purpose is to protect the producer's rights. Thus under existing law if the cooperative delivers the base milk of one of its' members off the order market for a specified period of time, that member could lose his entire base. Under the bill if the cooperative delivered the same producers' base milk off the order market for the same period, there would probably be no loss of base at all, but if there were, the loss would be sustained by all of the members of the cooperative proportionately. Thus the particular producer would probably lose no base under the provisions of the bill, but if he did the loss would be only the same proportionate amount of base as other members and the balance of his base would be protected. For example, let us suppose that cooperative members A and B each have a base of 1000 pounds and each delivers 2000 pounds to the cooperative. Under existing law if the cooperative delivers all of A's milk off the market for a certain period A will lose base. However, if under existing law the cooperative delivers A's 1000 pounds of excess and B's 1000 pounds of excess off the market for the same period, there may be no loss of base for either A or B. The latter manner of delivery may, however, be more costly since it may involve extra trucking, accounting, and other costs, than would be the case if the truck making the off market delivery need stop only at A's farm and pick up all of his 2000 pounds. These extra wasteful, and uneconomic costs are of course a part of the cost of getting milk to the consumer, and in one way or another must be reflected in the price to the consumer.

It is the purpose of this provision of the bill to avoid this economic waste by permitting the cooperative to pick up all of A's milk in this situation without any loss of A's base.

The only way in which any base would be lost under the bill in this situation would be if the total amount of milk delivered by the cooperative on the market was less than the total amount of base milk delivered to it by its producers. The entire objective of this provision is to provide for more economic and orderly marketing by permitting the cooperative without loss of any base whatsoever to deliver the milk where it is most needed. Milk which is excess to the needs of the order market would not be required to pass through the order market but could be most efficiently delivered where it was needed without loss of base and without the waste that would be involved if such diversion required the truck to pick up the excess production of a number of farmers rather than the total production of an individual farmer.

(4) *Statement*: "On the contrary, its only immediately foreseeable effect would be as a wedge to open the door to eventual ownership of base by cooperatives, a situation which clearly would create possibilities for abuse".

Facts: This is neither an intended nor forseeable effect, nor does the Department of justice in any way indicate how it could be an effect of any provision of the bill.

(5) *Statement*: "Clause (vii) is also unclear both in language and intent. It seems to provide for integration of base plans set up under federal marketing orders and those of cooperatives which may or may not be administered in the same manner and with the same objectives as an order plan. Particularly troublesome to us is the language which would authorize incorporating a cooperative's base plan into the order, which plan would then apply to all members of the market pool, whether or not they were members of the cooperative."

Facts: This provision quite clearly provides a mechanism which the history of marketings upon which a producer's base under a Federal, State, or cooperative base plan may be used in computing his base under a new Federal order Class I base plan. It does no more than permit the same treatment that Congress found equitable in the case of updating Federal order bases, when it provided in section 8c(5) of the marketing order law that bases should be allocated on the basis of marketings—"during a representative period of one to three years, which will be automatically updated each year. In the event a producer holding a base allocated under this clause (f) shall reduce his marketings, such reduction shall not adversely affect his history of production and marketing for the determination of future bases, or future updating of bases, except that an order may provide that, if a producer reduces his marketings below his base allocation in any one or more use classifications designated in the order, the amount of any such reduction shall be taken into account in determining future bases, or future updating of bases."

Thus, the purpose of a base plan is to discourage producers from producing excess milk that is not needed (the production and disposition of which adds to the total cost which must be paid by the consumer). Consequently, producers who reduce their production to their base should not be penalized. For example, Producer A with a history during the three year representative period of marketing 2000 pounds of milk might receive a base of 1000 pounds. If he reduces his marketings to his base, he will be treated as well when bases are updated the following year as though he had continued to produce 2000 pounds. That is what the law quoted above now provides. Now let us suppose that after the order to which Producer A is subject has been in effect for three years it is expanded to include the following additional producers:

(1) Producer B, who has exactly the same history of marketing as Producer A, but reduced his marketings from 2000 pounds to 1000 pounds under a State Class I base plan;

(2) Producer C, who has exactly the same history of marketings as Producer A, but reduced his marketings from 2000 pounds to 1000 pounds under a cooperative Class I base plan;

(3) Producer D who has not been subject to a base plan and has continued to market 2000 pounds.

To give Producer D twice as big a base as Producer A, or to give Producer A and D bases twice as large as those given to Producers B and C would appear to be discriminatory and inequitable. If it is, the bill would permit equity to be done by permitting all four of these producers to be given equal bases.

(6) *Statement:* "Clause (vii) also would permit the Secretary of Agriculture to set prices for over-base milk in a manner different from prices for Class I and Class II milk. Where there are standards for judging the appropriateness of the prices this provision seems to give the Secretary power without regard to specifically stated standards to adjust the price of over-base milk. We think there should at least be some benchmarks in this statute to guide the Secretary's actions under this provision."

Facts: The statutory standards are identical and are contained principally in sections 2 and 8c (18) of the Agricultural Adjustment Act. In each case the statute is concerned with the blend of class prices, or the blend of base and excess prices, *to farmers* as shown by the following language of section 2(1) of the law:

"Sec. 2. It is hereby declared to be the policy of Congress—

(1) Through the exercise of powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish, as the prices to farmers, parity prices as defined by section 301(a)(1) of the Agricultural Adjustment Act of 1938."

(7) *Statement:* "First, setting a minimum price for services amounts to legalized price fixing in an area where competitive factors should operate to set the price. Whatever the justification that may exist for existing federal regulation of milk marketing—most conspicuously in the form of establishing minimum prices for milk—there is no apparent reason for extending this regulation to the price of services."

Facts: It is correct that setting minimum prices for services amounts to legalized price fixing, just as setting minimum prices for milk as now authorized by the law is legalized price fixing. It is not correct that there is no apparent reason for extending this regulation to the price of services. The clear and obvious reason is this, that where milk and services are sold as a unit, it is not possible to fix the price of one without also fixing the price of the other. For example, the handler may want milk containing 2 percent butterfat instead of the normal 3.5 to 3.7 percent butterfat. In order to deliver 2 percent milk the cooperative must separate out a part of the butterfat at some cost to itself. If competition forces the cooperative to sell 2 percent milk for the minimum class price, with no payment for the service, the effect is the same as giving a discount below the minimum price prescribed under the law.

(8) *Statement*: "Second, non-members of cooperatives, who do not get the benefit of the services performed by the cooperative, can be required to pay for these services.

Facts: Pool funds can be used only to pay for services of "market-wide benefit" (See bill, page 6, line 1). They cannot be used for services which are not of benefit to every producer in the market.

(9) *Statement*: "The provision, as proposed, specifically states that voluntary agreements among cooperative marketing associations providing for such programs shall not be precluded unless they conflict with a marketing order made effective under these provisions. We believe that this language is overly vague and susceptible of abuse in the administration of a reserve supply program. It might also give rise to an argument, in the Antitrust Division's presently pending lawsuits, that existing arrangements have been validated by Congress notwithstanding that they may have been abused by their present managers."

Facts: This provision is not vague. It simply disclaims any intention to affect voluntary agreements not in conflict with a marketing order. If such an agreement is legal this would not make it illegal. If it is illegal, this would not make it legal. Any argument that existing arrangements had been validated would be far-fetched and without merit.

The remainder of the letter largely relates to general background information and other general matters not directly related to the provisions of the bill. Some that may seem to relate to the bill are as follows:

(1) *Statements:* "The Division's pending lawsuits against two large dairy cooperatives are predicated, in substance, on the proposition that those dairy farmers desiring to market their milk independently and in competition with other dairy farmers have been prevented from doing so by actions of these cooperatives designed to achieve for them a monopoly of the supply of milk. To the extent that the provisions of S. 517 would increase the power of these cooperatives over the supply of milk it would run counter to the purpose of those lawsuits to permit free market forces to operate."

Comment: This statement might give the impression that the provisions of the bill may be designed to sanction some predatory practices that are the subject of pending lawsuits; but nothing in the letter indicates that this is actually the case. The letter does not state the number, location, parties, or subjects of the pending lawsuits. The letter does not describe the actions alleged to have been taken to prevent dairy farmers desiring to market their milk independently from doing so, nor does it specify any provisions of the bill which would legalize those actions. Rather the letter seems to suggest that because the Department of Justice has accused two large dairy cooperatives of monopolistic practices, any provisions of law which might be helpful to any cooperative in their relations with individual milk producers, milk processors, and independent cooperatives should be viewed with alarm.

The reserve pool authority in the bill appears to be the provision most likely to conflict with the Department's suits; but it is clear from the Department's letter that no conflict is involved. There is of course no question as to the difference between Government regulation of an industry, and a private combination to attempt to monopolize an industry.

The former is clearly legal and has the common good in accordance with statutory policy for its objective. The Department recognizes this when it says, "To the extent that this authorization places the management of a reserve 'pool' in the hands of the Department of Agriculture and requires administration consistent with the goals of the federal marketing order program, it is to be preferred to presently existing 'stand-by pool' agreements administered by cooperatives." This being the case, the Department's remarks as to the alleged private objectives of the present pool are irrelevant to consideration of the bill. Those private objectives, unless they should coincide with the statutory objectives, would not govern the provisions of the bill.

(2) *Statement:* "Although not in the draft . . ."

Comment: This statement described a provision which was never approved by the Committee and is not in the bill. The statement is therefore completely irrelevant.

Notice of Hearings on the Farm Program and Other Issues

Mr. Talmadge. Mr. President, the Committee on Agriculture and Forestry will hold hearings on the farm program and other issues on February 27, 28, March 1, 2, 8, and 9. Since the administration has not proposed a farm bill this year, the committee will use as a basis for the hearings, S. 517, a bill that would extend our present commodity programs for 5 years. The committee will hear from public witnesses on the renewal of the farm program, export subsidy programs, the sale of wheat to Russia, Public Law 480, environmental protection, consumer protection, the food stamp program, the child nutrition programs, and rural development.

In regard to the farm program, the committee is particularly interested in hearing the testimony of genuine "dirt farmers." Farmer organizations are requested to bring practicing farmers to testify as their spokesmen.

The hearings will be in room 324, Russell Building, beginning at 10 a.m. each day. Since a large number of witnesses will wish to be heard and because of the committee's need to act promptly on the extension of a farm program, witnesses will be limited to 10 minutes for their oral presentation. Anyone wishing to testify should contact the committee clerk as soon as possible.

Mr. President, it is hoped that this procedure for conducting hearings will enable the Committee on Agriculture and Forestry to gage the true sentiments of the American farmer and the American consumer. By attempting to hear from as many practicing farmers as possible, the committee will make every effort to find out what the farmers want before moving forward on major farm legislation.

March 27, 1973.

Hon. Earl L. Butz,
Secretary, U.S. Department of Agriculture, Washington, D.C.

Dear Mr. Secretary: Enclosed you will find a staff digest of witnesses' testimony during eight days of hearings on the general farm program. During these eight days the Committee heard from a total of 110 witnesses and we heard a record number of practicing "dirt farmers." I believe that these witnesses gave us a very good cross-section of views on the kind of farm bill the Nation's farmers want.

Some Members of the Committee on Agriculture and Forestry will continue the Committee's hearings by conducting field hearings on the farm program in their respective States. I will hear from my farmers in Georgia on April 19 and 20. When these hearings are held, the hearing record will be made available to you for your study and comment. However, since you are testifying before the Committee on March 29, I would like to have your comments on the major proposals of the witnesses who have already testified on the general farm program. Please comment on the major recommendations made by the witnesses in your statement on March 29. Also, I feel that many Members of the Committee will wish to question you in detail about some of the witnesses' recommendations.

I appreciate your coming to my office to meet with the peanut producers last week. As you may have gathered, the peanut growers of my State are extremely upset about the USDA regulations.

I am looking forward to seeing you on March 29.

With every good wish, I am

Sincerely,

Herman E. Talmadge,
Chairman.

May 23, 1973.

Hon. Philip A. Hart,
Chairman, Subcommittee on Antitrust and Monopoly, Committee on the Judiciary, U.S. Senate, Washington, D.C.

Dear Phil: Thank you for your letter of May 22 with respect to the provisions of the farm bill relating to dairy cooperatives.

The farm bill was ordered reported unanimously by the Committee two weeks ago with the understanding that it would be reported not later than today, if at all possible. The bill is designed to alleviate shortages the country is now facing in food and fiber, so that it is most important that no action be taken to delay the reporting of the bill.

Your letter suggests that the effect of the provisions you are concerned about "undoubtedly would be to raise consumer prices for dairy products, adding to the inflationary spiral on food products"; but the fact is that no provision may be included in a marketing order unless the Secretary finds that it tends to effectuate the purposes of the Act. The purposes of the Act are in part described by paragraphs 1 and 2 of section 2 of the Agricultural Adjustment Act which Congress enacted in 1933, as follows:

"Sec 2. It is hereby declared to be the policy of Congress—

"(1) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish, as the prices to farmers, parity prices as defined by section 301(a)(1) of the Agricultural Adjustment Act of 1938.

"(2) To protect the interest of the consumer by (a) approaching the level of prices which it is declared to be the policy of Congress to establish in subsection (1) of this section by gradual correction of the current level at as rapid a rate as the Secretary of Agriculture deems to be in the public interest and feasible in view of the current consumptive demand in domestic and foreign markets, and (b) authorizing no action under this title which has for its purpose the maintenance of prices to farmers above the level which it is declared to be the policy of Congress to establish in subsection (1) of this section."

The only price effect, therefore, would be to achieve prices designed by Congress to be fair to producers and consumers.

The provisions you question were discussed at the Committee's hearings on S. 517, a copy of which is enclosed, and I refer you particularly to the testimony of Mr. Healy at page 121 and Mr. Ortego at page 487. The hearings were held in February and March and the Committee heard no objections to these proposals until after the bill had been ordered reported.

I will discuss your letter with other members of the Committee and particularly with Senator Huddleston, who is chairman of the subcommittee that would conduct any further hearings, if further hearings appear to be necessary. I hope that sometime between the time the bill is reported and the time it is taken up on the floor you and I will have an opportunity to discuss any objections or suggestions for amendments you may have.

With every good wish, I am

Sincerely,

Herman E. Talmadge,
Chairman.

Summary of Recommendations of Witnesses

General Agriculture, Rural, Consumer, and Environmental Hearings

February 28, 1973.

Glenn Lake, a dairy farmer of North Branch, Michigan, and President, National Milk Producers Federation, urged:

1. (a) Extension of removal of mandatory requirement to support the price of butterfat;

(b) Authority for Commodity Credit Corporation to transfer dairy products to the military and to veterans hospitals.

(c) Authority to reimburse dairy farmers and dairy product manufacturers for losses due to pesticides residues in milk and milk products from sources beyond their control; and,

(d) Authority to use seasonal adjustments in prices paid dairy farmers, and seasonal Class I base plans under Federal Milk Marketing Orders.

2. Establishment of minimum price support level for manufacturing milk at 85 percent, instead of 75 percent, or parity price for the 1973–74 marketing year.

3. Amendment of dairy pesticides indemnity to provide reimbursement to dairy producers who have suffered economic losses because their milk or cows have become contaminated with environmental pollutants other than compounds which can legally be defined as pesticides, in addition to those which have been registered as pesticides under the insecticide, fungicide, and rodenticide legislation.

4. Enactment of legislation establishing dairy import quotas on a milk equivalent,

instead of individual product, basis, as now done under Section 22.

5. Action to make the Treasury Department enforce the Countervailing Duty Statute with respect to any commodity on which a foreign nation is paying an export subsidy for imports into the United States (19 U.S.C. 1303).

6. Amendment of the Agricultural Marketing Agreement Act of 1937, as amended, as follows:

(a) adding, in addition to "fixing minimum prices" for different forms or purposes-of-use for milk which handlers are required to pay, authorization, for orders, with or without price provisions, to provide for announcement of prices to be paid to producers for dairy marketing services performed for a handler;

(b) Providing authority to establish milk order prices by zones, within the order area, and permission to use more than one basing point for prices in such area;

(c) permitting cooperatives on behalf of their patrons to be considered as "producers" under milk marketing orders;

(d) Authorizing the Secretary, in establishing or amending a milk order, to provide for the calculation of the total use value of the milk before allocating specific prices to different forms and classes of milk, with allowance for specific services provided for all producers to be paid by handlers to cooperative associations;

(e) Provide for separate referendums on special amendments to orders covering payments to cooperative associations for dairy marketing services rendered to handlers;

(f) Authority for the Secretary, under milk marketing order, to authorize reimbursement of one or more cooperative in one or more market milk areas to establish a milk stabilization pool for the entire area to prevent unwarranted fluctuations in supplies of milk and returns to producers;

(g) Giving producers, as well as handlers, the right of petition for modification of an order, and of recourse to Federal Courts.

NOTE.—Lake submitted bill language, which, if enacted, would put each of his recommendations into effect.

"The set-aside program should be shifted to a cropland basis. . . . We recommend that the set-aside be redesigned to take out of production a percentage of the cooperator's cropland, as determined by the Secretary of Agriculture under guidelines prescribed by the Congress, instead of a percentage of a historic base acreage. Under this approach the cropland base used for determining the amount of the set-aside could, and probably should, be adjusted by subtracting the acreage devoted to crops produced under special programs such as the tobacco, peanut, rice, and sugar programs as long as these programs are maintained on their present basis.

"After complying with the set-aside, a farmer should have the privilege of producing the products that are best adapted to his resources without regard to past history. . . . As an interim step, pending the shift of the set-aside program to a cropland basis, it may be desirable to base the set-aside temporarily on the total acreage actually planted to feed grains, soybeans, wheat, and cotton."

Albert J. Ortego, Jr., Vice President, Economics, Central American Cooperative Federation, Inc., recommended the following amendments to S. 517 (copies of legislative language of amendments is appended to Mr. Ortego's statement and are too lengthy for inclusion in this summary):

(1) Amend provisions authorizing Class I base plans in Federal Orders so that an order may provide:

a. that bases of producer members of a qualified cooperative association could be allocated to the association.

b. The producers, who acquired a base under a cooperative marketing association's base plan issued pursuant to a state or federal regulatory program, be entitled to the history of marketings represented by any base so acquired and held by him on the effective date of a base plan under this Act.

c. That an orderly and equitable transition from an existing base plan to a Class I base plan is permitted.

2. Authorize milk marketing orders for milk products and/or milk for manufacturing, without requiring the establishment of minimum prices. It would extend the authority granted under Section 608c(6) for commodities other than milk to orders for milk products and milk for manufacturing.

3. Grant to the Secretary the specific authority to reimburse cooperatives for performing market-wide services. Marketing cooperatives perform three types of services: (1) services which benefit primarily the members; (2) services which benefit specific handlers and were formerly performed by handlers; and (3) services which benefit all producers and/or all handlers—market wide services.

4. Authorize the establishing or providing a method for establishing a means of good faith bargaining by producers with handlers regulated under Federal orders. This includes bargaining for reseasonable prices above minimum order prices and charges for services provided to handlers by producers or through their cooperative association. Producers could petition the Secretary to incorporate a negotiated price as the minimum order price or prices whenever representatives of at least 66⅔ percent of the producers who produce 66⅔ percent of the milk have negotiated such a price with handlers handling over 66⅔ percent of the milk subject to the order. Upon determination that such negotiated price or prices was arrived at in good faith bargaining does not unduly enhance prices and tends to effectuate the purposes of the Act, the Secretary would approve such price as the minimum order price.

The right to bargain with handlers for prices over and above the minimum order price would be clearly stated in the Act. This confirms the rights of producers to establish pricing arrangements as exists under the Chicago Superpool, the Georgia Superpool and similar pools in other markets.

5. Amendment to grant authority to the Secretary to operate within the framework of the Federal order system, a stand-by milk pool. This would allow the use of a technique designed to permit Grade A milk in heavy production areas to participate in the preferred fluid milk market without requiring uneconomical movement of milk when it is not needed for fluid use. However, stand-by pool milk would be available for movement to markets when needed. Our proposal would provide for the transfer of funds from Federal order markets for this purpose. A stand-by pool benefits producers in the market with high Class I use because "their market" can operate on a smaller local reserve supply.

6. Two proposed amendments to clearly establish that the basic criterion for establishing minimum order prices and the level of prices under the price support program is an adequate supply of pure and wholesome milk to meet current needs and further assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs.

7. Add a Section 205 under Title II of S. 517 to regulate the import of dairy products and prohibit imports of dairy products for food use except on authorizations issued by the Secretary of Agriculture. Imports of dairy products would be limited annually to the total average quantities (on a milk equivalent basis) imported during the 1971 and 1972 calendar years. The President, under certain conditions, could permit additional imports up to 10 percent of the average of the past two years.

The amendment would not repeal Section 22 of the Agricultural Adjustment Act, but the total annual limits on imports of this Act would prevail, and authorizations for importations under any other laws would be included in computing totals for this Act.

Ray Joe Riley, President, Plains CuHon Growers Association, recommended strongly that the cotton section of the Agriculture Act of 1970 be extended, with only slight changes, as follows:

1. The 15-cent per pound payment, made as it is on only a part of the acreage necessary to adequate production for domestic and export markets, is the absolute minimum which would, when added to a competitive price for cotton, cover production costs and provide even the most meager return to capital, management and labor.

2. The $55,000 payment limitation is wrong, period. There is absolutely no justification for limiting a producer's earnings just because through thrift he has built an enterprise larger than that of his neighbor. However, political reality being what it is, we reluctantly recommend that this Committee report a farm bill specifying the same $55,000 per person per crop limitation.

3. Language in the 1970 Act which permits the Secretary of Agriculture to arbitrarily set the CCC loan price for cotton at less than 90 percent of the average world market price should be deleted. To provide production incentive and protect the farmer's ability to secure financing, the loan should be no lower than is necessary to give cotton a competitive price. Ninety percent of the world market price is low enough to keep cotton competitive, and there is no advantage whatsoever, either to the government or industry, in having the loan at a lower level.

Mr. TALMADGE. Second, these provisions only constitute authority, authority which can be exercised in any order only after full hearings.

Mr. President, milk marketing orders are very complex. They are tailored to meet the individual needs of each market, But they have several things in common. They must effectuate the congressional objective, they must tend to achieve fair prices for farmers, they can in no event be designed to raise prices above a reasonable level for consumers, they must be terminated if they do not tend to achieve these objectives.

Now the matters they do not have in common are multitudinous and difficult. We might argue all day, hearings might be held for many days, on one little provision. What might work in Seattle or Chicago might not be the right things for Atlanta or Jacksonville. We should provide the authority, the tools that are necessary to accomplish our objective. The Secretary can then hear every witness who has a point to make. The testimony can be directed to a definite order, a definite situation, a definite set of circumstances.

ASSIGNMENT OF BASES TO COOPERATIVES

The first provision which would be stricken by this amendment provides for the allocation of producers' bases to their cooperatives in order to give the cooperative greater flexibility in marketing milk for the benefit of their members.

Before discussing this amendment further, I would like to say what it does not do. It does not give cooperatives control over their members' livelihood. It does not let them make puppets of their members. It is not designed to do so, it cannot do so, and most certainly that is

completely contrary to the governing purposes of the act. But any argument that it makes puppets of farmers is inherently ridiculous for still another reason, and let me tell you what that is.

Under a class I base plan a farmer's base has only one significance. It determines the amount of money he receives from the pool for his milk. But this is a matter which already is subject to completely free agreement between the farmer and his cooperative. Farmers with base may share equally with farmers without base in the proceeds of cooperative sales. The cooperative and its members may have a completely different manner of dividing the proceeds. That is already their legal right and it is spelled out in section 8c(5)(f) of the marketing order law which reads as follows:

(F) Nothing contained in this subsection (5) is intended or shall be construed to prevent a cooperative marketing association qualified under the provisions of the Act of Congress of February 18, 1922, as amended, known as the 'Capper-Volstead Act,' engaged in making collective sales or marketing of milk or its products for the producers thereof, from blending the net proceeds of all its sales in all markets in all use classifications, and making distribution thereof to its producers in accordance with the contract between the association and its producers: Provided, that it shall not sell milk or its products to any handler for use or consumption in any market at prices less than the prices fixed pursuant to paragraph (A) of this subsection (5) for such milk.

Since the distribution of sales proceeds is already completely a matter of agreement between the cooperative and its members, the assignment of members' bases to the cooperative gives the cooperative no additional power over the member. It does not lock him in. It does not affect his share of the sales proceeds, He may quit the cooperative and take his base with him. That is fully described in item (3) of the staff memorandum prevously inserted in the record and there is absolutely no question about it.

Now, let us see what this provision does. It gives the cooperative greater ability to protect its members' bases when it markets their milk.

Let us look at one type of situation which gives rise to the need for this provision. Let us suppose, and this is the case, that markets in northern Florida are deficit markets. They frequently need more milk for fluid consumption. Tennessee has a surplus of milk that is looking for a home. Georgia, which lies between them, has an adequate but not excessive supply.

Now let us take an example. Let us take a Florida plant that needs milk. A few miles away in southern Georgia are some Georgia order producers with x hundredweight of milk. Many miles away in Tennessee there are some Chattanooga order producers, also with the x hundredweight of milk. They are a few miles away from a northern Georgia handler who needs that quantity of milk. All producers belong to the same cooperative.

It does not take a Solomon to see that it would be reasonable and cheaper for the Georgia producers to deliver to northern Florida and the Tennessee producers to deliver to northern Georgia. The milk is of equal quality and quantity. All markets would end up with the same total quantity of milk if delivery were made in that fashion. It would be ridiculous to truck the Tennessee milk southward across the State of Georgia to Florida, while the southern Georgia milk is being trucked northward across Georgia. The truckers might pass with a wave or meet and have lunch together. Precious fuel would be wasted. But while that would be a ridiculous way to do business, the complexity and rigidity of the Georgia order adds an artificial factor in favor of just such an uneconomic movement. The fact that the Georgia producers will lose base if they deliver to Florida is an artificial economic factor that militates against this reasonable arrangement. This provision of the bill is an attempt to avoid this difficulty by assigning the bases of the Georgia producers to their cooperative in the hope that that will pave the way for substitution of the Tennessee milk in filling the Georgia producers base marketings in Georgia.

The example I have given is an oversimplied one in a very complex situation. The cooperatives are constantly looking for a home for their milk as handler demands and production varies. Proper dispatching saves time and money and manpower. It is a very difficult problem for the dispatchers to take the base and all of the other variables into consideration and make the right decisions. They do not always do so. Assignment of bases to the cooperative is designed to remove one of these variables and provide them with the flexibility to market the milk to the best interest of producers and consumers, without needless costs.

RECOGNITION OF BASE HISTORY

The second provision which would be stricken by this amendment gives the same recognition to the history of marketings upon which bases under a State or cooperative base plan have been determined that the law now gives the history of marketings upon which a Federal order base has been determined.

The purpose of a base plan is to make it possible and attractive for a producer to limit his production to his share of the quantity needed for the market. If he does this under a Federal order, he is not penalized therefor when his base is updated; but at each annual updating he will be treated as though he had produced the larger amount upon which his base was originally determined.

It is only fair that the same rule be applied to histories under other Federal, State, or cooperative orders which are similar in nature and this provision would permit such treatment.

The existing law with respect to the updating of bases under Federal orders is set out in item (5) of the staff memorandum previously inserted in the RECORD. The memorandum further gives an example of four producers, each with a history of marketing 2,000 pounds in a prior base period. Three have reduced in recent years to their bases under, respectively, a Federal order, a State order, and a cooperative base plan. The fourth, not being subject to such a plan, has continued to produce 2,000 pounds. This provision would permit the Secretary, if the evidence showed such action to be equitable, to give all four the same amount of base.

This provision also would permit the orderly and equitable phasing out of Federal, State, or cooperative base plans pursuant to a Federal order.

EXCESS PRICE BELOW THE ORDER PRICE

The next provision which would be stricken by this amendment makes it clear that the return to a farmer for excess milk under a Federal seasonal or class I base plan may be fixed at less than the lowest class price. Again, this is just an available tool which the Secretary may use if it will effectuate the purpose of the act. The purpose of a base plan is to discourage the production of excess and unwanted milk. Disposition of such milk may be expensive and wasteful. A high cost manufacturing plant may have to be operated for a few months in the flush season to provide a home for it. It may have to be trucked a long distance. There may be a number of reasons why an extra measure of discouragement for its production should be provided. This, of course, does not affect the class prices paid by handlers. Lowering the return for excess milk would increase the return for base milk; and discouraging the production of excess milk could, by increasing the percentage utilized for class I purposes, further increase the base price.

MINIMUM CHARGES FOR SERVICES FOR HANDLERS

The next provision which would be stricken by this amendment would permit the fixing of minimum charges for services performed for a handler. Like all other provisions of an order such provisions could be included only after a full hearing and determination that they would tend to effectuate the purposes of the act. One of the purposes of the act is to achieve fair prices for producers, and the manner in which this is done is by fixing minimum prices to be paid by handlers for milk. Where the handler purchases milk and services as a unit, it is difficult to assure the producer or his association of the minimum price for the milk unless there is a separate or clearly recognized charge or value for the service. This provision is therefore designed to permit such assurance.

PRICE POSTING

The next provision which would be stricken by this amendment provides for manufacturing milk orders which do not provide for minimum prices but provide for price posting. Such an order can assure producers that they receive the full price posted and agreed to by the handler for the quality and quantity of milk delivered.

DIFFERING LOCATION DIFFERENTIALS

This amendment permits an order to provide for the use of different location differentials for computing minimum class prices and for computing payments to producers from the pool. Where two orders are merged, different basing points may have been established. It may be difficult to change the established pattern of location differentials for producer returns, and at the same time it may be necessary to alter location differentials for minimum class prices in order to direct the flow of milk to the deficit, rather

than the surplus portions of the marketing area.

SERVICES OF MARKETWIDE BENEFIT

The next provision permits an order in an appropriate case to provide for payments from the pool to cooperatives for services of marketwide benefit. This could be included in an order only after a showing that the services do provide marketwide benefits and that payments from the pool for them is appropriate and will tend to effectuate the purposes of the act.

The principal purpose of marketing orders is to provide for orderly marketing. Milk is a commodity which must be kept flowing to market in the quantity needed. To be sure of this quantity, it is necessary that there be some surplus. But if too much surplus accumulates and no one is willing to buy it, the entire system breaks down. As supply and demand fluctuates the surplus may grow or diminish. To take care of this changing surplus or reserve, storage, manufacturing plants, or other means must be provided to absorb it or release it as needed to the fluid market. This and similar services may benefit every producer in the market and it may be appropriate for pool payments to the cooperative for providing it.

STANDBY RESERVE POOLS

The next provision which would be stricken by this amendment permits an order to provide for a standby reserve pool. Under such a provision payments would be made from the pool to cooperating dairy farmers, associations of dairy farmers, and handlers who under the terms and conditions prescribed in the order make reserve milk available to the market as needed. Such a pool is really an example of a service of marketwide benefit. Its purpose is to provide for a constant flow of milk to the order market and to prevent unwarranted fluctuations in supplies. Instead of the excess milk being shipped to the order market to be absorbed in manufacturing there, it might be used for manufacturing purposes near its point of origin and diverted from such manufacturing to fluid use in the order market on call.

Mr. President, the provisions which this amendment would strike from the bill are simply additional tools which, after a full hearing, the Secretary may use if he finds that they make marketing orders work better and tend to achieve the congressional objective.

They are all designed to provide for orderly marketing, to keep the milk flowing to consumers in the quantities needed, to eliminate wasteful practices, and to keep prices down to reasonable levels. They should be kept in the bill and the amendment should be rejected.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. TALMADGE. Mr. President, is the Senator from Michigan prepared to yield back his time?

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

The PRESIDING OFFICER. Six minutes.

Mr. HART. Mr. President, I yield myself a couple of minutes.

The Senator from Idaho (Mr. CHURCH) was required, because of earlier schedule obligations, to be absent, unhappily at just about this hour. The Senator from Idaho has asked that I offer for the RECORD a statement of his in strong support of the amendment, a statement which I am very grateful to have, and which I ask unanimous consent to have printed at this point in the RECORD.

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

STATEMENT BY SENATOR CHURCH

These highly technical amendments to the basic law governing the operation of federal milk marketing orders throughout the country were, as I understand it, submitted in open testimony along with hundreds of other recommendations. However, although I am not a member of the Agriculture Committee, I have been informed that the proposed amendments were actually written by representatives of the giant milk coops. Certainly an examination of the amendments would indicate that these supercoops would gain the most from approval of these amendments. There is also a great controversy over whether or not a substantial number of individual coops, individual dairy product manufacturers and other organizations were given an adequate opportunity to comment on the proposed amendments before the bill was agreed upon and voted out of the Agriculture Committee.

Mr. President, we are dealing with one of our most vital foods. The pricing of fluid milk and manufactured products and the economic future of many of our milk producers hangs in the balance. This obviously speaks for the care that must be taken with these provisions.

Dairymen in Idaho favor the extension of the basic authority for Class I Base plans. The dairy program which we have had in the past has, on the whole, been successful. Senator Hart's amendment does not delay nor delete these provisions; nor does the amendment delete provisions from this legislation which sets the price support at 80% parity and limits dairy imports to 2% of the domestic production. However, the Senator's amendments does withdraw these highly controversial provisions which would greatly benefit the supercoops; if Senator Hart's amendment is approved interested organizations and the Justice Department would then have an opportunity to be heard by the Committee before we are asked to make such provisions a part of the permanent law.

I urge my fellow colleagues to support Senator Hart's amendment.

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

The PRESIDING OFFICER. Is there a sufficient second?

Mr. HUMPHREY. Mr. President, will the Senator yield? Before the yeas and nays are ordered, I would like to pose a parliamentary inquiry.

The PRESIDING OFFICER. The request for the yeas and nays has been made. Unless the request is withdrawn, it must be acted on.

Mr. HUMPHREY. The request has been made, but the Chair has not ruled, and I want to make a parliamentary inquiry.

Mr. HART. Mr. President, may I suggest the absence of a quorum for 1 minute?

Mr. CURTIS. Mr. President, I yield 1 minute from the bill for a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Michigan asked for the yeas and nays. Unless the request is withdrawn, it must be acted on.

Does the Senator from Michigan withdraw the request?

Mr. HART. Mr. President, I withhold the request for a moment.

Mr. HUMPHREY. Mr. President, my question is, If the yeas and nays are ordered on the Hart amendment, is it still possible to amend the Hart amendment before the yeas and nays are called for?

The PRESIDING OFFICER. An amendment would be in order.

Mr. HUMPHREY. An amendment to the Hart amendment?

The PRESIDING OFFICER. After the time on the amendment has expired and before the roll is called.

Mr. HUMPHREY. I thank the Chair.

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

The yeas and nays were ordered.

Mr. HART. I thank my colleagues, and I am prepared to yield back the remainder of my time.

Mr. TALMADGE. Mr. President, I think the distinguished Senator from Kansas desired to have a colloquy just prior to the vote. I am prepared to make a brief statement before I yield the floor.

Mr. DOLE. Mr. President, as the distinguished Senator from Georgia will recall, yesterday we had a colloquy involving about four questions on block voting and the standards required. There is one additional question I wish to ask today of the distinguished chairman. The question is: If a processor has been buying all his milk from producers within a milk marketing order, and a Federal class I base plan is voted in, can that processor, under the provisions of S. 1888, as amended by Chairman TALMADGE's clarifying amendments, purchase a part or all of his needs from producers outside the milk marketing order area?

Mr. TALMADGE. Yes; there is no question about this. The law is very clear.

Section 8c(5)(G) of the Agricultural Adjustment Act provides as follows:

(G) No marketing agreement or order applicable to milk and its products in any marketing area shall prohibit or in any manner limit, in the case of the products of milk, the marketing in that area of any milk or product thereof produced in any production area in the United States.

In addition, to make this doubly clear in the case of class I base plans, section 201(d) of the Agricultural Act of 1970 provides as follows:

(d) It is not intended that existing law be in any way altered, rescinded, or amended with respect to section 8c(5)(G) of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and such section 8c(5)(G) is fully reaffirmed.

The bill makes absolutely no change in section 8c(5)(G). It extends section 201(d) of the Agricultural Act of 1970 without change.

There is absolutely nothing in the bill that would prevent a processor from purchasing all of his needs from producers outside the milk marketing order area. Such producers would receive bases under section 8c(5)(G)(v) of the Agricultural Adjustment Act.

Mr. DOLE. Mr. President, will the Senator yield me 2 minutes?

Mr. TALMADGE. I yield 2 minutes to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, I invite the attention of Senators who may not have been present yesterday to the colloquy between the junior Senator from Kansas and the distinguished senior Senator from Georgia, which appears on page S10432 of the RECORD.

I believe that in response to those questions—in fact, I know that in response to those questions—the distinguished chairman of our committee made it very clear, in answer to the first question, that block voting was not permitted in voting to bring in a Federal class I base place plan. The chairman's response was very clear.

The second question was as to the percentage of favorable votes necessary to create a class I base plan, and that stands at 66⅔ percent.

The third question was with reference to what action is required of the U.S. Department of Agriculture prior to the vote on the Federal class I base plan.

Then, because of certain reports and rumors that a producer might lose his base, the chairman was asked a final question. I asked the chairman:

Mr. President, if a farmer wants to drop his membership in a cooperative, does he retain his Class I Base Plan arrangement or can he retain his base under the provisions of the bill pending before the Sentae?

Again, the distinguished chairman of the committee made it very clear by responding:

Absolutely. The bill is very specific in this regard.

By the fifth question and answer today about a processor buying outside the milk marketing order, I believe we clarified many questions raised by those who at one time or another supported the Hart amendment.

I recall the committee deliberations. I recall the consensus reached by the committee. We were not trying to put anyone on the spot. The understanding is that there are lawsuits pending between certain cooperatives and well respected farm organizations.

We are trying to avoid becoming involved in the litigation. That was the sole purpose. We were trying to protect the dairies and the consumers.

I emphasize that the Record is clear. The colloquy and the clarifying amendments offered yesterday by the distinguished Senator from Georgia, the chairman of the committee, rather negate any reason at this point for the adoption of the Hart amendment.

Mr. TALMADGE. Mr. President, I would like to make a very brief statement, and I will then be ready to yield back the remainder of my time.

First, I want the Members of the Senate to know that cooperative marketing orders for milk are not new. They have been established for 40 years. They were provided for by the Agricultural Adjustment Act of 1933. Since that time, from time to time the law has been modified as economic conditions warranted.

This year we have heard from more than 300 witnesses on the Agricultural Act. Hearings were held in six States and in the District of Columbia. We held hearings ad infinitum, day after day. There was some controversy. However, all witnesses who made timely request were heard.

Milk marketing orders are very complex things. Very few people except dairymen can understand them. We who have served on the Committee on Agriculture and Forestry for a number of years have difficulty sometimes in comprehending these technical provisions relating to milk marketing orders. Every time there is a proposal relating to milk, we call in Mr. Forest, the Department of Agriculture expert on milk. He advises on how these provisions work, and then the committee members have their say. Then we reach an agreement. And the committee reports that provision to the Senate without one single dissent.

That is our best judgment. We did what we thought was appropriate and right. We think it will be of benefit to the country.

I urge the Senate to reject the Hart amendment.

Mr. BENTSEN. Mr. President, will the Senator from Georgia yield?

Mr. TALMADGE. I yield.

Mr. BENTSEN. Mr. President, I have had some people who oppose the bill and support the Hart amendment tell me that nonmembers of a cooperative would be charged for certain services which they might not even utilize. Has that been correct?

Mr. TALMADGE. No, nonmembers would not be charged for any services that were not of benefit to them. The bill would permit an order to prescribe minimum charges for services rendered to handlers and to provide for payments which the Secretary determined were of marketwide benefit that is benefited all producers member and nonmember alike. I offered three clarifying amendments yesterday, two of which related to these provisions, which the Senate accepted, to make it crystal clear that no service could be charged to a handler for a service which he could provide and desired to provide himself; and that no payments could be made from the pool for services which handlers were ready and willing to provide without charge.

Mr. BENTSEN. He has the option to provide the service for himself and not be charged for it if he is not a member of the cooperative?

Mr. TALMADGE. The Senator is exactly correct. As the language appearing in the RECORD on page S10432, down in the middle of the page, first column reads:

On page 4, lines 20 and 21, strike the following, ", including but not limited", and insert the following:
"who is given the opportunity to purchase the milk with or without such services and elects to receive such services, such services to include but not be limited".

On page 6, beginning in line 18 with the word "and", strike all through line 20 and insert the following:
", (ii) furnishing other services of an intangible nature not hereinbefore specifically included, and (iii) providing any services, whether of a type hereinbefore specifically included or not, which handlers are ready and willing to perform without charge';

That is technical language and is difficult to understand. However, it provides that no handler can be charged for a service he can handle for himself and desires to handle for himself.

Mr. BENTSEN. Mr. President, I thank the distinguished Senator.

Mr. TALMADGE. Mr. President, I thank the distinguished Senator from Texas.

Mr. President, I am ready to yield back my time and vote on the amendment of the Senator from Michigan.

Mr. HART. Mr. President, will the Senator yield, since I have no time remaining?

Mr. TALMADGE. I yield.

Mr. HART. The bill, including the amendment of yesterday as it affects the language on page 6 is of concern to all of us. Is it the intention of the Senator from Georgia by his amendment to page 6, which is the amendment beginning in line 18 on page 6 and relating to the marketwide services that this be the case?

This gave me greater concern than the other section, because as I read it there would be deducted from the payment to the pool, in the case of a nonmember, for services that involve laboratory work, whether or not the nonmember used the laboratory.

I do not see that that has been corrected by the amendment of yesterday.

Mr. TALMADGE. The Secretary must find that the service performed is of marketwide benefit and must be provided for a member and nonmember alike, all producers before a payment can be made from the pool.

Mr. HART. Mr. President, what if the nonmember has a brother who happens to be a veterinarian and he wants the brother to do the lab work?

Mr. TALMADGE. Mr. President, if he performs his own service, there can be no charge for it.

Mr. HART. Mr. President, the charge would be deducted from the pool payment for that individual whether he used the lab work or not if the order went out.

Mr. TALMADGE. No. Because the Secretary could not find in that case that the service benefited every producer. It could not be a service providing marketwide benefit.

Mr. HART. A man who has a brother who is a veterinarian would not think he was getting a benefit.

Mr. TALMADGE. Then the order would not provide for that payment.

Mr. HART. That is the intention of the language of yesterday?

Mr. TALMADGE. That is the intention of the language of the bill reported by the committee as clarified by the addition of this language on yesterday.

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

Mr. CURTIS. Mr. President, I yield 5 minutes on the bill to the distinguished senior Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 5 minutes.

Mr. AIKEN. Mr. President, I think that I should explain my position on the bill. I plead guilty to not having spent as

much time at the hearings as I would like to have spent because of other committee work at which I had to be in attendance.

I voted to report this bill out, not because I approved of all the provisions of the bill, but because I realized there were three or four opportunities to correct any errors or omissions or anything else that might be undesirable about it.

First, I knew that a bill, after coming out of the committee, had to be considered by the Senate—and I will say that this bill is being considered, so far, about as thoroughly as any agricultural bill that I have ever seen before this body—where amendments could be offered and accepted, if it was felt desirable, by the entire Senate.

Then the legislation must go to the House of Representatives. The House Agriculture Committee has already been working on it, and I understand that they will try to get action as soon as they find out what kind of a bill we are passing over here, and perhaps change it. In fact, I would be surprised if they did not change it materially anyway, because the House is not quite so agriculturally minded as the Senate, and perhaps its Members do not understand the problems of the dairy people and other agricultural producers as well as do Members of the Senate.

Then, of course, the portions of the two bills in disagreement will have to go to conference between the House of Representatives and the Senate, where there will be still another opportunity to correct any mistakes which have been made by either House. And finally, if they come out with a bad bill, which tends toward the establishment of a monopoly of the dairy industry of this country, I would not expect the President to show any great enthusiasm for signing it. I do not say that he would not, but there is always that possiiblity, too.

So I think it is important that we work out the best agricultural bill that we can.

At present, most of the commodities that people complain about costing the public too much are selling for more than the support price right now. That is the reason why I voted to have this bill come out as quickly as we could, so that we can get final action on it as quickly as we can. I do not know how much longer the Senate will take; I hope we can finish with it tomorrow and get it going, because it is a moral certainty that the House is not going to agree with everything we send over there anyway, in every respect.

I have already spoken briefly on the Hart amendment. Four pages of the Hart amendment I consider good; two pages of it I think it might be better to leave out of the amendment. I believe that the Senator from Minnesota, perhaps, has been working on a substitute for it. I have not seen it yet. But if we could get an amendment there that would be chock full of benefits and contain no liabilities, that would be a good amendment indeed. It would be expecting a little too much, perhaps, but at least we can hope.

I simply wanted to explain my position on the bill. I know for the last 40 years—someone mentioned 1933—I have been concerned with the dairy marketing situation, because at that time I well remember that milk was selling for $1 a hundred. It is now bringing about $7 or $8 a hundred.

Mr. CURTIS. Does the Senator want more time?

Mr. AIKEN. No, I guess not.

Mr. TALMADGE. Mr. President, I yield 3 minutes to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator has only 1 minute remaining.

Mr. TALMADGE. I yield that remaining 1 minute.

Mr. HUMPHREY. Mr. President, the dairy provisions of this bill are the most controversial, in the eyes of many people. It is my judgment that basically those provisions make sense. There are some honest differences of opinion as to whether or not those provisions will interfere with legal actions and whether or not they constitute too much power in the hands of the cooperatives.

I would just like to say, for the cooperatives, that if the dairy farmers of this country depend on the Federal Government to assure them a good chance in the marketplace, they are going to be in trouble. I am going to tell my farm friends that they had better do what the labor people have done, get the right bargainers and go out and get themselves a price. If the laboring people of this country had depended on the Labor Department for their welfare, they would have been serfs; and if the farmers depend on the Department of Agriculture they will be peasants. I suggest that they go out and get the price that they deserve, and then be good citizens.

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

Mr. HUMPHREY. I did not have much time. I hope that the Senator from Vermont gets his good bill.

Mr. CURTIS. Mr. President, I yield the Senator from Oklahoma 15 minutes on the bill.

Mr. BELLMON. Mr. President, if the Senator from Minnesota would like a part of that time, I would be happy to share it with him.

Mr. HUMPHREY. No, I will withhold further comment.

Mr. BELLMON. Mr. President, as has been said, these dairy amendments are perhaps the most controversial aspects of this bill. I am sure we have some very mixed feelings about the committee action, and about the arguments that are being made.

I have in my hand a copy of a study which has been made by the Department of Agriculture relating to the milk marketing order provisions of S. 1888. For the benefit of those who may not fully understand what we are talking about, I would like to refer to a part of this study, to hit the high points of what the U.S. Department of Agriculture feels is involved here.

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

The PRESIDING OFFICER. The Senate will be in order.

Mr. BELLMON. To begin with, the proposed changes would give members of cooperatives a tremendous advantage over nonmembers. An individual co-op member would not receive a lower price for excess milk so long as his excess were offset by the underproduction of other members. But the nonmember could not avail himself of such an offset. He and his fellow nonmembers would be at such a competitive disadvantage that they would eventually be forced either to get out of the dairy business or to join a cooperative.

I think we ought to know what we are doing. We are giving the dairymen who belongs to a cooperative an advantage over the dairymen who is not a cooperative member.

Another difference—and this appears on page 2—is that, as the bill provides—

> Such order may provide that a producer who has acquired a base under a cooperative marketing association's base plan . . . shall . . . be entitled to the history of marketing represented by the base held by him.

The purpose of this is to avoid difficulties that cooperatives have heretofore experienced in phasing into class I base plans. The Department has been unwilling to automatically transfer bases from a cooperative base plan into a successor class I base plan, first, because there has been no legislative authority for doing so and, second, because to do so may not be fair to nonmembers. For example, a nonmember buying a farm just before a class I base plan is initiated would not be credited with the production history of that farm in determination of his base; the co-op member buying a farm would, on the other hand, have been permitted and adjustment in his base and, on the basis of the above provision, this adjustment would carry forward into his new class I base.

Mr. President, during the debate on this bill, the Committee on Agriculture and Forestry invited the Department of Agriculture's witness to come in and testify. I have to say that in listening to that witness, I was not able to fully understand the Department's position or to understand exactly what was involved in the amendment the committee had under consideration. The Department has now prepared this study. It is rather too lengthy to go into in full here on the Senate floor, but I ask unanimous consent that it be printed in the RECORD at this point.

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

S. 1888—MILK MARKETING ORDER PROVISIONS

(Discussion is by page number of the bill)

I.[1]

P. 2 ". . . Such order . . . may provide . . . that the bases of . . . producers shall be allocated to the cooperative association while they are members thereof."

a. *Intent*—to permit the cooperative to offset underdeliveries of base milk by one member with overdeliveries of base milk by another. Under a Class I base plan, a producer receives a lower price for overdeliveries, i.e., the amount delivered in excess of his Class I

[1] Sections I through III apply to Class I base plan legislation. Page 4 of the bill extends such legislation for an additional five years. Though Class I base plans, which inherently are production control oriented, are difficult to justify at the present time, the extension will probably incur only limited opposition.

base. The intent of this provision is, of course, to prevent overproduction. The proposed change would give members of cooperatives a tremendous advantage over non-members. An individual coop member would not receive a lower price for excess milk so long as his excess were offset by the underproduction of other members. The non-member could not, of course, avail himself of such an offset. He and his fellow non-members would be at such a competitive disadvantage that they would eventually be forced into joining a coop. The provision would also allow a cooperative to transfer milk off the market and allocate such transfers to the excess deliveries of its members leaving its milk left on the market as base milk. Non-members would have their history of marketing automatically reduced if they took their base milk off the market.

Depending on how the provision is utilized by the cooperative, it could also deprive the coop member of the right to buy or sell base so long as he is a member of the cooperative. In other words, allocation of a member's base to the coop could give the latter full control of the base, and the right to make decisions on transfers of base between and among members. This right, if it exists, could be used both as a carrot and as a stick by the coop leadership.

The legislative history to date implies that a producer can take his base with him when he terminates membership in the cooperative. But this is not explicit, and needs clarification. Futhermore, there is no showing as to what base he takes with him—his original base, the original base as altered under the base plan, the original base as altered by the cooperative, or something else.

b. *Recommended USDA position*—Opposition based primarily on (1) the potential adverse impact on non-coop members, and (2) ambiguities in potential treatment of the coop members themselves.

II.

P. 2 ". . . Such order may provide that a producer who has acquired a base under a cooperative marketing association's base plan . . . shall . . . be entitled to the history of marketing represented by the base held by him. . . ."

a. *Intent*—To avoid difficulties that cooperatives have heretofore experienced in phasing into class I base plans. We have been unwilling to automatically transfer bases from a coop base plan into a successor Class I base plan, first, because there has been no legislative authority for doing so and, second, because to do so may not be fair to non-members. For example, a non-member buying a farm just before a Class I base plan is initiated would not be credited with the production history of that farm in determination of his base; the coop member buying a farm would, on the other hand, have been permitted an adjustment in his base and, on the basis of the above provision, this adjustment would carry forward into his new Class I base.

b. *Recommended USDA position*—Opposition, based primarily on possible inequities to non-members. We have no information with respect to the grounds on which the bases of cooperatives have been established. Frequently a producer will be given special considerations in computing his base as an enticement to join the cooperative. We recognize that the problem of the transition from a cooperative base plan to a Federal Class I plan is difficult for anyone: the coop bases have value, and that value is lost or diminished in the transfer. Aside from this, it is difficult to evaluate farm transfers and a myriad of other factors that can affect production history. We recognize these problems, for we've been experiencing them in the implementation of Class I base plans. But thus far we've been able to work them out on an ad hoc basis, and hopefully in a fair and just way. Since each situation is somewhat different, we believe that the present system is preferable to legislating a solution that, though definitive, may not be fair to some or all of the producers involved.

III.

P. 3 ". . . The Secretary of Agriculture . . . may provide a price to be paid for milk in excess of base . . . at such level as he deems appropriate without regard to prices established for each class of milk. . . ."

a. *Intent*—To provide an additional tool for supply reduction under Class I base plans. Under such a plan, producers already get a lower price for their excess milk, i.e., milk produced in excess of base, than they do for milk produced in accordance with their base allocation. But they are, nevertheless, entitled to the Class II price (established under the milk marketing order as representing the market value of the milk) for that excess milk. The cooperatives argue that this may not be enough of a production disincentive and that the Secretary should, therefore, have authority to establish the price for excess milk at a level below that of the market value. Otherwise, say the cooperatives, the Class I base plan may fail for lack of production discipline.

b. *Recommended USDA position*—Opposition, for several reasons. The cooperatives argue that if producers vote for a Class I base plan, production discipline is inherent therein, and that there ought to be available in the system sufficient authority to make that discipline effective. Hence, this additional provision. Notwithstanding this line of reasoning, it would not be in the public interest to favor additional production discipline at a time when food prices, including milk prices, are rising, and milk production is already on the decline. Any producer in the market—whether or not a member of a coop—would have the incentive to sell his excess milk to a nonregulated plant willing to pay more than the "below Class II" price established in the order—if there is such a plant in the vicinity. But this in itself would lead to inefficiencies in milk marketing. In order to avoid the low price for excess milk in their home areas, producers would begin to transport that milk to nonregulated plants further away, so long as the price differential would more than offset the additional transportation costs.

In summary, additional production control is incongruous at the moment, and the additional level of prices would probably lead to marketing inefficiencies.

IV.

P. 4—States that a milk marketing order may "provide a method for fixing minimum rates of payment to producers or associations of producers for services performed for a handler, including but not limited to (1) providing specific quantities of milk on designated days and providing milk of a specified grade, quality or composition and (2) performing special services, such as but not limited to, milk assembly, refrigeration, storage, laboratory work, quality supervision and accounting . . ."

a. *Intent*—To require cooperatives to collect "service charges" from handlers under the order. At present, cooperatives must negotiate with handlers for the collection of such charges. This has been done successfully in some markets, for some items of "service." The degree of success is, of course, dependent on the respective bargaining power of the two parties as well as the competition among cooperatives if several are operating in the same market. Under the above provision, service charges could be authorized in the order itself. For cooperatives "selling" such services might be easier through a hearing procedure than through negotiation. It would also tend to make the charges more uniform if there were several cooperatives operating in the market.

We believe that we already have this authority under present law, though the language is not as specific as that quoted above. There is no doubt that cooperatives now perform many marketing functions that years ago were carried out by the handlers themselves. And there is no doubt that many, if not all, of these "services" are beneficial to handlers. If they were not performed by the cooperative, or by someone else, they would have to be performed by the handlers. The difficulty comes in identifying and quantifying the "services" so that fair and just payments are made under the order. For example, how does one quantify the value to a handler of being provided specific quantities of milk on designated days.

b. *Recommended USDA position*—Opposition, based on our position that these charges should be negotiated between cooperatives and handlers, rather than determined under the order. Negotiation is the free enterprise way of doing this, and it avoids the difficult, if not impossible, problem of identifying and quantifying "services" under the order. The Department of Justice points out that this provision is, in essence, legalized price fixing in an area that should be left to free competition. If, however, the Congress desires to pursue this course, the above language would be preferable to that of the existing law.

V.

P. 5—States that a milk marketing order may provide payment to producers or associations of producers ("before computing uniform prices") ". . . for services of marketwide benefit, including, but not limited to, (a) providing facilities to handle and dispose of milk supplies in excess of quantities needed by handlers and to furnish additional supplies of milk needed by handlers; (b) handling of milk on specific days in excess of the quantities needed by handlers; (c) transporting milk from one location to another for the purpose of fulfilling requirements for a higher class utilization or providing a market outlet at any class of utilization; and (d) performing special market services, such as, but not limited to, providing milk assembly, refrigeration, storage, laboratory work, quality supervision, and accounting; but excluding (1) providing economic, education, and legal services for the benefit of all producers. . . ."

a. *Intent*—To provide that cooperatives may collect "service charges" from the pool, i.e., from the milk proceeds prior to their distribution to producers. In other words, this gives cooperatives two options for obtaining reimbursement for such "services:" (1) from handlers, under the provision discussed in section IV, and (2) from all producer members and non-members, under this provision. With the exception of (c) above, the language of the two provisions is virtually identical. But the impact is considerably different. A non-coop member may well have no major objections to the provision of section IV, i.e., to the collection of service charges from handlers. But such member may object vigorously to the collection of such charges from the pool. The latter would directly reduce the amount of money that the non-coop member would receive for his milk. The cooperatives argue, of course, that these are services of benefit to all producers in the market, both members and non-members. Therefore, say the coops, non-members should have no objection to deduction of such charges from the pool. Some non-members would probably agree—but many would not. This is a highly controversial issue.

Note that this provision specifically excludes charges for economic, education and legal services. (A deduction for such services is now authorized in one of our orders.) Apparently this was added at the behest of some members of the Ag Committee in order to make sure that present dairy lawsuits are not financed from the pool.

This provision has many aspects of a "subsidy" for cooperatives. In the long run cooperatives would be weakened by their dependence on government regulation for operating income with its accompanying increased government supervision.

b. *Recommended USDA position*—Opposition, based (1) on the problems of identifying and quantifying such services (already discussed in section IV), and (2) more importantly, on grounds that such services are not necessarily beneficial to non-coop members. Even if they do have marketwide benefits, it is difficult to justify imposing those benefits on the non-member who does not want them.

In addition, most of these services are of primary benefit to the handler, rather than to the producer. Therefore, they should be collected from the handler. As indicated in section IV, our preference is that this be done by negotiation, rather than through the marketing order.

P. 6—Provides for the establishment of ". . . a reserve supply management program . . . designed to prevent unwarranted fluctuations in supplies . . . . by compensating cooperating dairy farmers cooperatives and handlers . . . . who . . . make their milk available in an efficient and orderly manner as needed.

a. *Intent*—To put under Federal regulation a so-called "standby pool," one form of which is now being operated on a voluntary basis by the cooperatives. The purpose of the standby pool is to ease new Grade A milk producers into the market system without unduly disrupting that system. This has been precipitated by the rapid conversion by producers in recent years from Grade B to Grade A, especially in some areas. If these new Grade A milk supplies were absorbed into the fluid milk market immediately, an excess of milk would have to be pooled under certain marketing orders, and producers in those orders would suffer. Thus, producers now operating under those orders are not anxious to have new Grade A producers enter. But they are willing to pay a few cents per hundredweight to keep that new supply in reserve. In addition, distant producers in an area where milk is in short supply during part of the year are also willing to pay a few cents per hundredweight to keep that new reserve supply available for use when needed. If they can call upon that supply on a moment's notice at a reasonable price, they can keep their handlers happy. Thus, nearby producers pay a little to keep this new supply from coming to their markets; distant producers pay a little to have it come to theirs, but only when needed.

Producers in the standby pool sell their milk to nearby manufacturing plants except when it is needed by the distant market(s). But they receive enough in payments from the other producers that their total returns are approximately comparable to those of their neighbors who are already in the nearby fluid milk market.

The standby pool does ease the transition from Grade B to Grade A, a transition with which dairy producers will have to live until (1) virtually all producers are Grade A, and (2) such producers are gradually absorbed into the marketing system. But such a pool does constitute a modification of the free market system and is, therefore, objectionable to the Justice Department. If standby pools are to be permitted to operate, Justice would much prefer that they operate under USDA jurisdiction, as provided in this legislation, than by the cooperatives themselves.

b. *Recommended USDA position*—Opposition to the legislation, on grounds that it needs greater public exposure and a careful hearing. It is very clear that some kind of Grade B-Grade A transitional mechanism is needed; but it is not at all clear that this provision is the proper mechanism. If government is to operate standby pools or "reserve supply management programs", whichever they are called, how do we decide (1) which producers can come into the fluid milk markets; (2) which must stay out of those markets; (3) which distant markets must contribute to the standby pool; (4) how much the producers must contribute; (5) how much the standby pool recipients are to receive; (6) at what prices will the standby pool reserve milk be made available to fluid markets; and a whole host of additional questions. In our judgment, legislation at this point would be premature. In addition, cooperatives could lose their Capper-Volstead exemption if proprietary concerns were to be included in the voluntary standby pool. If operated under a Federal program proprietory concerns would be permitted to participate.

VII

P. 8— ". . . [I]f one-third or more of the producers . . . in a milk order apply in writing for a hearing on a proposed amendment . . . the Secretary shall call such a hearing. . . . [T]his section shall not be construed to permit any cooperative to act for its members. . . ."

a. *Intent*—Self explanatory. USDA now has discretionary authority in the calling of hearings, and hearing requests are occasionally refused. The above provision would remove that discretionary authority.

There are a number of reasons why hearings may be refused. If, for example, the action requested would not be legal, there is no point in holding a hearing. Likewise, if the action would be clearly contrary to the general philosophy of the Administration, or specific policies of the Department, there is no point in holding a hearing. Hearings cost the government money, and cost producers and handlers money. Those costs simply should not be incurred when there is no chance that the requested action will be granted.

b. *Recommended USDA position*—Opposition, based on (1) potential abuse of the provision, and (2) absence of proven need. As presently written, the provision withdraws all the Secretary's discretion. He could not refuse a hearing for any reason, even illegality of the proposed action. And, if one hearing were held and a request denied, a third of the producers could force the Secretary to immediately call another hearing on the very same issue. Thus, hearings could be used to harass the Department, at great expense to the taxpayer. (Fortunately, this risk is somewhat minimized by the provision which prevents cooperatives from acting for their members.)

This legislation was probably precipitated by our denial some weeks ago of hearing requests on Class I prices. Producer associations sought an increase in such prices, an impossible request under the circumstances. Nevertheless, they argued vigorously that they should have had a chance to present their case, even if it would not have been favorably received.

We have an obligation not to be precipitous and arbitrary in evaluating hearing requests. When in doubt, we ought to grant such requests, for it is essential in a free society that people be able to enunciate their views. But neither should we waste time and money in useless proceedings. The application of proper administrative judgment would seem to be preferable to legislating an inflexible approach, as is done in this provision.

VIII

P. 9—Provides that the Secretary shall fix prices under the orders that will ". . . insure a sufficient quantity of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs and be in the public interest."

a. *Intent*—Perhaps simply to clarify the section, but probably also to justify higher order prices. The added language starts with "to meet" and ends with "future needs." Presumably references to levels of farm income are intended to enhance producer arguments for higher order prices. The recent requests for a Class I price increase were based primarily on (1) higher feed costs, and (2) an expected decline in net income to dairying.

b. *Recommended USDA position*—Neutrality. We believe that the factors encompassed in the amendment are already implicit in the current language. Thus, the amendment adds nothing substantive to the section. If costs of production are not met, and if an adequate income is not provided to dairy producers, productive capacity will decline, and consumer needs will not be met. The Department now has an obligation to make sure that those needs are met, and this obligation will remain unchanged. Nevertheless, if the amendment is simply to clarify or make more explicit the present language, we see no harm in that.

IX

The Justice Department, in a recent letter to Senator McGovern, has indicated its opposition to these amendments on specific grounds, as well as its general opposition to the anticompetitive tone of the amendments. The Department is also concerned that the intent of at least some of the provisions may be so authorize certain cooperative conduct which is now under prosecution. Several of the specific provisions are directly involved in the litigation. These include the cooperative base plan, the operation of the voluntary standby pool, and the amount of the service charges to handlers.

It is noteworthy that no hearings were held on any of these amendments.

Senator Hart's proposed amendment would delete all these provisions except: (1) the one on productive capacity in fixing Class I prices [Section VIII]; (2) mandatory hearings on [Section VII]; and (3) the five year extension of Class L base plans.

Mr. BELLMON. Mr. President, I have reluctantly come to the conclusion that the committee may have been hasty in taking these amendments without giving some of the Members, particularly including myself, the advantages that we perhaps needed to know exactly what we were doing.

Therefore, I have concluded that I am going to support the Hart amendment, in the hope that during the period of time that is involved here, we will go into the matter more thoroughly and know the full extent of the changes we are making. I feel strongly that the dairy marketing cooperatives have done a great job for the dairy industry. I feel that they have in many ways set a pattern that other agricultural commodity groups will need to follow. At the same time, when we make these kinds of changes, we are setting a precedent and establishing laws that will be with us for a long, long time, so that I, for one, believe we are justified in taking a little more time.

Mr. McGOVERN. I rise in support of Senator HART's amendment which would strike from the bill certain provisions relating to dairy marketing orders. It is now clear that we acted upon these provisions in committee without adequate information as to their importance in the milk industry in this country and without full understanding of the consequences of these proposals if they are to become law. Let me hasten to add that I

appreciate the thrust of Senator HART's amendment. He has not proposed to delay the extension of authority for class I base plans, the armed services milk program, the dairy indemnity program, the modest increase in milk price support, and other provisions on which we should act affirmatively today. This amendment would, however, return other provisions for more thorough consideration.

The dairy provisions stricken by this amendment from title II would appear to make legal some practices of large milk cooperatives urging these provisions—conduct which is the subject of two pending antitrust law prosecutions by the Federal Government and one by the State of Illinois.

One case, now approaching trial, charges a cooperative with conspiracy to restrain trade and attempting to monopolize milk marketing by employing such predatory practices as depressing and manipulating prices, by loading the pool and thus flooding the market, by denying producers access to haulers, and by unreasonably restraining the rights of its members to withdraw from the organization and to market milk independently. Use of a standby pool and of existing base plans are at the focus of this case.

In addition to two Federal prosecutions, a Federal antitrust suit has been filed by the State of Illinois in Chicago Federal Court seeking equitable relief against use of monopoly power by cooperatives. Again, standby pool manipulations and alleged predatory pricing are at the focus of the case.

More than a dozen similar private antitrust cases have been consolidated by the Federal Judicial Panel on Multidistrict Litigation under docket 83, Midwest milk monopolization, and now pending in the Western District of Missouri. These cases involve, either as party defendant or as coconspirator, the major cooperatives which are the proponents of this legislation. This legislation would confirm by statutory enactment, some of the market powers which they are alleged to have used in contravention of antitrust law.

The proposed legislation, summarized under title II, points (2) through (10) on page 2 of the report on S. 1888, appears to confer on some cooperatives wide powers over standby pool and base plan operations, and authorize them to sell milk at below Federal order prices.

Assistant Attorney General Kauper pointed out in a May 25 letter to me that the proposed legislation would frustrate Government prosecutions and confer an even wider exemption from the antitrust laws than the cooperatives now possess under the Capper-Volstead Act.

At the very least, the dairy provisions in question, relating to marketing orders, should be returned to the committee so that hearings may be held, a detailed legislative record can be prepared, and they can be voted on in an informed manner after full development of information about the background, origin, justification, need, purposes, and prospective effects of this type of legislation. This is especially necessary in light of the suggestions of monopolistic abuse which, it is claimed, has already been disclosed in the pending antitrust litigations, both public and private.

I have not commented on the consequences should these provisions immediately become law for both producers and consumers of milk and milk products in this country. It is tremendously important that these aspects be thoroughly examined in open hearings, where, I am sure, a full discussion can more adequately develop the pros and cons than we are able to do on the floor in consideration of this important legislation. So I urge that Senator HART's amendment be approved and that the provisions in question be given the most careful consideration before we ask the Senate to act upon them.

Mr. NELSON. Mr. President, my decision to vote for Senator HART's amendment to delete the controversial dairy marketing provisions of S. 1888 is prompted mainly by the fact that these provisions were not the subject of specific hearings as formal legislative proposals.

It is true, of course, that the same can be said of many other provisions of this bill, and it is a normal legislative procedure to incorporate in executive committee mark-up sessions pertinent suggestions for legislation that have been made in the course of hearings. However, the difference is that in this case there are very sharp differences of opinion concerning these proposals among farm organizations in my State and those who are in opposition should be afforded an opportunity to have their testimony heard in further hearing before the Senate agriculture committee.

Cooperatives are at the very heart of the ability of the American farmer to compete effectively in the modern marketplace. It is understandable, therefore, that many farm spokesmen are anxious to strengthen cooperatives as a means of protecting the family farmer. I support such efforts almost without reservation, but I am certainly anxious that the farmers themselves be in agreement on the specific changes in law that effectuate such strengthening.

In order that the Congress might make a decision in these matters that is both better understood and more widely supported, I think it is proper that public hearings be held on these milk marketing proposals.

The PRESIDING OFFICER (Mr. HATHAWAY). The question is on agreeing to the amendment of the Senator from Michigan (Mr. HART) No. 158.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSTON (after having voted in the negative). On this vote, I have a pair with the distinguished Senator from Idaho (Mr. CHURCH). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Delaware (Mr. BIDEN), the Senator from Idaho (Mr. CHURCH), and the Senator from Virginia (Mr. HARRY F. BYRD, JR.) are necessarily absent.

I further announce that the Senator from Maine (Mr. MUSKIE) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from West Virgina (Mr. RANDOLPH) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The result was announced—yeas 80, nays 10, as follows:

[No. 173 Leg.]

YEAS—80

Abourezk	Griffin	Montoya
Aiken	Gurney	Moss
Allen	Hansen	Nelson
Baker	Hart	Packwood
Bartlett	Hartke	Pastore
Bayh	Haskell	Pearson
Beall	Hatfield	Pell
Bellmon	Hathaway	Percy
Bennett	Helms	Proxmire
Bentsen	Hollings	Ribicoff
Bible	Hruska	Roth
Brock	Huddleston	Saxbe
Brooke	Hughes	Schweiker
Buckley	Humphrey	Scott, Pa.
Burdick	Inouye	Sparkman
Byrd, Robert C.	Jackson	Stafford
Cannon	Javits	Stevens
Case	Kennedy	Stevenson
Chiles	Magnuson	Symington
Clark	Mansfield	Taft
Cranston	Mathias	Thurmond
Domenici	McClellan	Tower
Dominick	McGee	Tunney
Eagleton	McGovern	Weicker
Fannin	McIntyre	Williams
Fong	Metcalf	Young
Gravel	Mondale	

NAYS—10

Cook	Ervin	Scott, Va.
Curtis	Long	Talmadge
Dole	McClure	
Eastland	Nunn	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Johnston, against.

NOT VOTING—9

Biden	Cotton	Randolph
Byrd, Harry F., Jr.	Fulbright	Stennis
Church	Goldwater	
	Muskie	

So Mr. HART's amendment (No. 158) was agreed to.

Mr. HART. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed a bill (H.R. 8070) to authorize grants for vocational rehabilitation services, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 8070) to authorize grants for vocational rehabilitation services, and for other purposes, was read

twice by its title and referred to the Committee on Labor and Public Welfare.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 6, 1973, he presented to the President of the United States the following enrolled bills:

S. 38. An act to amend the Airport and Airway Development Act of 1970, as amended, to increase the United States share of allowable project costs under such Act, to amend the Federal Aviation Act of 1958, as amended, to prohibit certain State taxation of persons in air commerce, and for other purposes;

S. 49. An act to amend title 38 of the United States Code in order to establish a National Cemetery System within the Veterans' Administration, and for other purposes; and

S. 1136. An act to extend through fiscal year 1974 certain expiring appropriations authorizations in the Public Health Service Act, the Community Mental Health Centers Act, and the Developmental Disabilities Services and Facilities Construction Act, and for other purposes.

AGRICULTURE AND CONSUMER PROTECTION ACT OF 1973

The Senate continued with the consideration of the bill (S. 1888) to extend and amend the Agricultural Act of 1970 for the purpose of assuring consumers of plentiful supplies of food and fiber at reasonable prices.

Mr. TOWER. Mr. President, I call up my unnumbered amendment at the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 42, line 7, strike the word "and" following the word "Union,".

On page 42, line 8, strike the period (.) after the word "Association" and add "and the American National Cattlemen's Association."

Mr. TOWER. Mr. President, this is a very simple amendment. All it does is add the American National Cattlemen's Association, which is authorized under the bill as a representative of the cattle industry.

I point out that 25 percent of our agricultural income comes from livestock, and this is an important segment of the industry, important to all 50 States. Therefore, it occurs to me that that industry should be represented on this committee.

It is my understanding that the managers of the bill will accept the amendment.

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

Mr. TOWER. I yield.

Mr. CURTIS. Mr. President, as one of the movers of this amendment in the committee, I will be happy, so far as I am concerned, to see the amendment of the distinguished Senator from Texas accepted.

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

Mr. TOWER. I yield to the Senator from Georgia.

Mr. TALMADGE. Mr. President, the amendment of the Senator from Texas would add a representative of the livestock industry to the National Agricultural Transportation Committee which is set out in section 813. I join my distinguished colleague from Nebraska, the ranking minority member of our committee, in urging that the Senate agree to the amendment offered by the distinguished Senator from Texas.

I yield back the remainder of my time.

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

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the time not to be charged against either side.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

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

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 42, line 5, insert "National Council of Farmer Cooperatives," immediately after "Association,".

Mr. CLARK. Mr. President, the bill we are considering wisely creates a National Agricultural Transportation Committee under the direction of the Secretary of Agriculture acting as chairman.

A representative of each of several major national organizations has been designated for membership on the committee and rightly so. These organizations and their membership will contribute toward the solution of transportation and marketing problems in this country.

But I would call attention to an oversight. This bill was reported with only one of the two major associations of country grain elevators included in the membership of the committee.

I suggest that the National Council of Farmer Cooperatives can and will serve well on this committee. They represent thousands of country cooperatives and elevators and are a major dependent of the transportation industry.

I ask that this amendment, which would give them representation on the NATC, be considered and approved.

Mr. TALMADGE. Mr. President, I have examined the amendment offered by the distinguished Senator from Iowa, and I have no objection. I understand the distinguished Senator from Nebraska has no objection to it. I urge that the Senate agree to the amendment.

I yield back the remainder of my time.

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

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAYH. Mr. President, I ask unanimous consent that Mr. Michael Helfer of my staff may be on the floor during the consideration and the vote on the amendment.

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

AMENDMENT NO. 155

Mr. BAYH. Mr. President, on behalf of the Senator from Connecticut (Mr. WEICKER), the Senator from Iowa (Mr. CLARK), the Senator from Connecticut (Mr. RIBICOFF), the Senator from New Mexico (Mr. MONTOYA), the Senator from New Jersey (Mr. WILLIAMS), and myself, I call up amendment No. 155 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BAYH. 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 21, line 8, insert "(A)" immediately after "(10)".

On page 21, line 15, strike out "January 1, 1974", and insert in lieu thereof "beginning on the date of enactment of the Agriculture and Consumer Protection Act of 1973".

On page 21, between lines 16 and 17, insert the following:

"(B) The Secretary of Agriculture is authorized to issue such rules and regulations as he deems necessary to achieve a prompt and effective implementation of the amendment made by subparagraph (A) of this paragraph, and to guarantee that the amounts which a producer would have realized under law for the 1973 crop of wheat from the sale of his farm domestic allotment of wheat in the absence of the changes relating to marketing certificate requirements made by the Agriculture and Consumer Protection Act of 1973 shall be paid to such producer as if such changes had not been made."

Mr. BAYH. Mr. President, I yield myself such time as may be necessary.

The PRESIDING OFFICER. The Senator from Indiana may proceed.

Mr. BAYH. Mr. President, the purpose of amendment No. 155 is very simple.

Mr. BIBLE. Mr. President, may we have order? We cannot hear the Senator.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAYH. Mr. President, the amendment merely would accelerate the effective date of the repeal of the 75 cents per bushel tax on wheat milled into flour—"the bread tax"—from January 1,

1974, to the date of enactment of the bill, whenever that may be.

Mr. President, on March 1 of this year, the Senator from Connecticut (Mr. WEICKER) and I introduced S. 1082, a bill to repeal the bread tax. I said then, and I repeat now, that it is in the interest of the consumer, the baker, the farmer, and sound public policy to repeal this tax. The tax is highly regressive, for poor people tend to spend a greater portion of their income on bread and other wheat products subject to the tax than do rich people. Further, the very existence of the tax exerts upward pressure on bread prices, for the cost to the miller is reflected in the price he charges the baker for flour, and the price the baker charges the grocer or consumer for bread. One recent estimate is, at the retail store, the bread tax costs the consumer nearly 2 cents per loaf of bread. I have heard some estimates as high as 5 cents. I know that that is exorbitant, but about 2 cents is additional cost to each loaf of bread. That kind of inflationary pressure is hardly what our economy needs right now, as every Member knows. Finally, many small independent bakers across the country have been squeezed drastically between rapidly rising flour costs—due largely to the Russian wheat deal—and prices that cannot be raised because of competition from the huge chain bakeries which can sustain operations in situations a small independent baker cannot.

Mr. ROBERT C. BYRD. Mr. President, may we have order?

Mr. BIBLE. Mr. President, may we have order? I cannot hear the Senator and I am sitting next to him.

The PRESIDING OFFICER. The Senate will be in order. The Senator from Indiana may proceed.

Mr. BAYH. The way to preserve a competitive baking industry, to keep bread prices from rising and to eliminate a regressive tax without hurting the farmer one bit, is to repeal the bread tax, so that the flour prices in the competitive milling industry will fall. Mr. President, I wish to commend the distinguished chairman of the Committee on Agriculture and Forestry and the members of the committee for their wisdom in taking our suggestion and putting it in the bill before us.

I commend the committee wholeheartedly for this recommendation. However, the bill now before the Senate makes the repeal effective January 1, 1974. In our view the repeal should be effective as soon as feasible, namely, upon the enactment of the bill.

In my view and the view of the Senator from Connecticut and many of our colleagues the repeal should be as soon as possible, namely, upon the enactment of the bill.

I see no reason not to do this. It seems to me it should be made effective for several reasons. First, the principle that the bread tax is not the right way to raise money for our valuable farm programs having been accepted, it ought to be implemented as quickly as possible. The tax, as I said earlier, hits poor people harder than rich people and ought to be repealed when the bill is enacted. Second, acceleration of the repeal will help stabilize the price of bread by removing a cost which is, in the end, borne by the consumer, and at a time when we have inflationary pressures.

The Senate wisely rejected the alternative to repeal a 10 percent to 15 percent increase in the price of bread when it defeated, on March 19, an amendment by our distinguished colleague from Texas (Mr. TOWER) designed to permit an across-the-board increase.

Third, acceleration of the repeal will help the baking industry remain competitive by keeping many small independent bakers in operation. Many of them are now on the verge of bankruptcy. Many of them have gone into bankruptcy.

Fourth, making the repeal effective on date of enactment will help the cost decrease to be more quickly reflected in flour prices by eliminating the inventory control problems which would occur if the tax were repealed on a date certain, known far in advance, as the bill now provides.

The amendment has two other parts, which are important but, I believe, not controversial, and I shall just touch on them briefly.

First, it gives the Secretary of Agriculture authority to issue regulations necessary to assure an orderly transition at the time the tax is repealed. Aside from the possibility of some temporary inventory control problems—decreased, let me suggest, by the acceleration of the date of repeal—no problems are anticipated. Our goal here is just to assure the Secretary the authority if he decides it is needed. Second, the amendment contains language which guarantees that farmers will receive the same amount of Government payments for the 1973 crop of wheat as they would have if the bread tax were not repealed. This is exactly what I am sure the committee intended in repealing the tax effective January 1, 1974. Our language just further guarantees the farmer will not be affected at all by this amendment.

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

Mr. BAYH. I yield.

Mr. CURTIS. Will the Senator state how much the price of bread will be lowered if his amendment is adopted?

Mr. BAYH. The tax of 75 cents a bushel adds about 2 cents to a loaf of bread, according to the millers and bakers I have talked to. Whether it will result in a decrease in cost of 2 cents or will prevent an increase in the price of bread of this amount remains to be seen. I think we are fighting a rear-guard action to keep the cost of bread from going up. I can guarantee that if we accept this amendment it will keep the price of bread from going up immediately. If we had accepted the alternative of the Senator from Texas (Mr. TOWER), when he expressed earlier his legitimate concern for the small bakers, and suggested that it be passed on, the cost of bread would have been 2 or 3 cents higher. I suggest that, if it does not decrease the cost, it will keep the price of bread from increasing.

Mr. CURTIS. Does the Senator think it will decrease the price of bread?

Mr. BAYH. It will either decrease or prevent an increase, because we are in a marginal area where an increase is right around the corner, according to the millers and bakers I have been talking to.

Mr. CURTIS. The testimony before the Committee on Agriculture and Forestry was that it would not decrease the price of bread. A case can be made for relief from the standpoint of the independent bakers. The committee has gone a considerable way in meeting that request, because it calls for a termination of the tax.

Mr. BAYH. Mr. President, will the Senator yield for a question?

Mr. CURTIS. The Senator still has the floor.

Mr. BAYH. The Senator has been on the committee and I know he is very interested in this. I just ask him the same question he asked me with respect to the effective date of January 1, 1974, in the bill. It seems to me if it is good policy to repeal it, if it is going to affect the price of bread on January 1, 1974, it will have the same effect on the enactment of the bill. That is why I am for it.

Mr. CURTIS. It will cost the Treasury $200 million if we repeal it now. There are other considerations why the tax should not be on a permanent basis, but to move the date up, as the Senator has suggested, will cost $200 million, and I think we should examine whether or not this is going to be reflected in the price of bread.

Mr. BAYH. The Senator from Indiana has reflected and cannot say more than he has. I cannot put my bond on a statement that would say the repeal of the 75-cent cost per bushel is going to result in an immediate 2- or 3-cent decrease in the cost of bread. I think, if we consider the debate when we were debating the matter of passing it on, as I explained earlier, I can say as unequivocally as I know how that if we do not go on to something like this, we are going to see the price of bread going up in that same amount.

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

Mr. BAYH. I am glad to yield.

Mr. DOLE. As one who offered the suggestion in the committee that we ought to roll the expiration of the processor's payment back to January 1, 1974—I can say to the Senator from Indiana that there was discussion at that time that it be made effective as of July 1—there was a feeling on the part of some on the committee that by the time this bill passes and is signed into law, it may be somewhat beyond July 1. There was some discussion—at least, some thought—that perhaps we should make the repeal of the certificate take effect as of the date of the signature by the President. But I think the Senator correctly recognizes the mandate of the committee. Many small bakers have literally been forced out of business. At the time when the certificate amendment was first passed and at the time we started to make processors pay for it, it was bringing the Treasury about $500 million a year, as I recall. In the meantime, with the cost of everything going up for the small baker, and even the large baker, and at

a time when they were prevented from raising their prices by the Cost of Living Council, there was a great hardship. It was recognized by the committee.

The only point at issue is whether we should have a date of July 1, January 1, 1974, or the date on which the bill becomes effective. I think many of us support the Senator's objective. The only point at issue is the effective date.

Mr. BAYH. I can understand reasonable men differing on the effective date. As I said earlier, the most important question to determine is whether it is good public policy. Apparently the committee resolved that, and I salute them for resolving it, on the side of repealing the bread tax. The question is, when should it go into effect?

I dislike to get involved in what I hope the distinguished Senator from Georgia will not consider as nit-picking. I have suggested it, and I have been joined by the Senator from Connecticut (Mr. WEICKER) and 21 other cosponsors, at this time because of the great pressure on the independent baker and the pressure of costs at this time, and we need to act quickly. This will be seen as a determination on our part to take whatever steps are necessary to relieve inflationary pressures, in this case with respect to the price of bread.

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

Mr. BAYH. I yield.

Mr. TAFT. I feel certain that the Senator is right, from what bakers in my own State have said. It is quite possible that a number of small bakers may go out of business between now and January 1, 1974 unless some steps are taken. If that happens, it will lead to more consolidation in the baking industry than has already taken place, and in the long run the consumers will suffer. So if we are going to act on it, I do not see any reason why we do not take immediate action on it. It may cost some money to do it.

It seems to me that it is appropriate and timely, and I send out the message.

Mr. BAYH. Many more bakeries will go out of business in the future.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. TALMADGE. Mr. President, I yield myself such time as I shall use. I shall be very brief. Then, if no one desires to have time, I would be prepared to yield back my time and vote.

Mr. President, for the information of the Senate, I have talked with the assistant majority leader and we have agreed that we would cease voting at about 6 p.m. I presume this will be the last vote today.

Mr. President, this amendment would:

First. Repeal the wheat processing certificate upon date of enactment of this bill.

Second. Assure that producers would not be penalized with regard to payments because of the repeal of the processing certificate.

Under the provisions of the bill, the wheat marketing certificate requirements for processors and exporters would be made inapplicable during the period January 1, 1974, through June 30, 1979.

The amendment would change the beginning date from January 1, 1974, to date of enactment of the bill.

I might point out that the bakers and their representatives appeared before the committee during hearings and made a very effective argument for the repeal of the wheat processor certificate.

As a result, the committee decided to repeal this provision as of January 1, 1974.

However, I must point out to the Senate that for fiscal 1973 the wheat processor certificate is expected to result in proceeds to the Government in the amount of $393.8 million. Estimates are that about this same amount would be income to the Government in fiscal 1974 under existing legislation.

The committee action reduced this income by about one half. This amendment would result in the additional loss of income to the Government of about $200 million.

Mr. President, if no one else seeks time, I am ready to yield back the remainder of my time if the Senator from Indiana is prepared to do so and then vote.

Mr. BAYH. Mr. President, I have one observation to make.

I want to reemphasize what I said earlier. The Senator from Connecticut (Mr. WEICKER) and I and other Senators have been trying to get this measure passed for some time. We are extremely grateful to the chairman of the committee and the other members of the Committee on Agriculture and Forestry. It seems to me that this is developing into a question of when it should happen. If it is good policy, we should not let less than half of the price tag the Senator mentioned keep us from having a good policy.

One question was raised by the Senator from Ohio (Mr. TAFT), that we want to help as many companies in the baking industry as we can. And we know of the plight of the small independent, relatively significant bakers.

I had been advised that since the beginning of 1972, there have been 81 major bakeries go out of business. How many are going to go out of business between the effective date of the enactment of this bill and the first of the year, I do not know. But if we let another 81 major bakeries go out of business between now and the end of the year, we are going to decrease the competition and increase involuntary pressures to increase prices on every loaf of bread in the country. That is why I think we ought to act now.

Mr. WEICKER. Mr. President, I am pleased to offer, along with the distinguished Senator from Indiana, this amendment to accelerate the repeal of the so-called "bread tax." This highly regressive tax, applicable only to wheat for food uses, places an undue burden on the consumer, the miller and the hundreds of small independent bakeries who are struggling to survive amidst the economic squeeze of increased costs and controlled prices.

The present wheat certificate program, enacted by the Congress in the early 1960's, is totally inelastic and fails to reflect current market conditions. In processing wheat into flour, the miller must pay 75 cents per bushel of wheat, and the consumer pays close to 2 cents per loaf, regardless of the market price of flour or its parity price. At the end of May 1972, wheat sold in Kansas City at $1.64 a bushel. As of May 31, 1973, the wholesale price of wheat had skyrocketed to $2.78 per bushel, an increase of approximately 60 percent.

The purpose of the wheat certificate tax was to insure that processors paid at least $2 per bushel, or an average of about $1.25 plus a 75 cents tax. Given the present market price of wheat, it is preposterous to charge an excise tax that must be absorbed by the American consumer.

Department of Agriculture statistics clearly indicate that wheat flour consumption increases sharply as family income decreases, thus dramatically illustrating the regressive nature of this tax. A more responsible public policy would be to finance this program from the general treasury rather than from the people least able to pay for their daily bread.

As I have previously mentioned, the price of wheat has risen dramatically over the past 9 months, largely due to the purchase by Russia of American wheat. This rise in the price of wheat has resulted in increased flour costs, a situation which has forced many independent bakeries to the brink of economic disaster. The competitiveness and economic viability of an important $6 billion industry is at stake. Acceleration of the repeal of the bread tax would help stabilize the bakery industry and avoid an increase in the price of bread at the local supermarket.

While I commend efforts by the committee to move the date of repeal to January 1, 1974, I submit that the problem demands more immediate action. On June 4, the Wall Street Journal quoted the price of flour as $9.35 per hundredweight, while at the same time last year flour was purchased at $6.57 per hundredweight. With the large tier I companies in the bakery industry still operating under phase II controls, many small and independent bakeries, in order to remain competitive, have had to absorb the enormous increase in flour costs. For one of my constituents, Arnold Bakery, this has meant an increase in operating costs of $50,000 per week. Clearly, the 350–400 independent bakeries, which taken together constitute about $3.25 billion of the total bakery industry, do not have the resources to sustain continued losses without increasing the cost to consumers, but to do this would mean suicide in the marketplace. The continuation of this extraordinary tax would mean the loss of hundreds of jobs and would cause the bakery industry to become more monopolistic, thereby insuring an increase in the cost of bread.

For all these reasons, I urge the adoption of the amendment offered by Senator BAYH and myself with 21 other cosponsors as a reasonable means of help-

ing the bakery industry and the consumer without hurting the farmer. The Secretary of Agriculture has been granted authority by our amendment to issue regulations which would insure a smooth transition when the tax is eliminated so that cost reductions can be quickly passed on. Finally, it is important to note that the payments to the wheat growers are in no way affected by this proposal and the National Association of Wheat Growers are not opposed to the Bayh-Weicker amendment. The funds previously generated by the wheat certificate tax would be financed in a more equitable manner from the General Treasury.

Mr. President, this mechanism of providing price support for wheat is unjust and has penalized both the consumer and the bakery industry. The quicker this tax is eliminated the better off we are in helping to avoid an increase in the staff of life, bread.

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

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

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Indiana (Mr. BAYH). 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 Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Iowa (Mr. HUGHES), the Senator from Delaware (Mr. BIDEN), the Senator from Idaho (Mr. CHURCH), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that the Senator from Maine (Mr. MUSKIE), is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. HUGHES), and the Senator from West Virginia (Mr. RANDOLPH) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Texas (Mr. TOWER) is necessarily absent and, if present and voting, would vote "yea."

The result was announced—yeas 77, nays 12, as follows:

[No. 174 Leg.]

YEAS—77

Abourezk	Cook	Hollings
Aiken	Cranston	Hruska
Allen	Dole	Huddleston
Baker	Domenici	Inouye
Bartlett	Dominick	Jackson
Bayh	Eagleton	Javits
Beall	Fannin	Johnston
Bennett	Fong	Long
Bentsen	Goldwater	Magnuson
Bible	Gravel	Mansfield
Brock	Griffin	Mathias
Brooke	Gurney	McClure
Buckley	Hart	McGee
Byrd, Robert C.	Hartke	McGovern
Cannon	Haskell	McIntyre
Case	Hatfield	Metcalf
Chiles	Hathaway	Montoya
Clark	Helms	Moss
Nelson	Roth	Stevenson
Packwood	Saxbe	Symington
Pastore	Schweiker	Taft
Pearson	Scott, Pa.	Thurmond
Pell	Scott, Va.	Tunney
Percy	Sparkman	Weicker
Proxmire	Stafford	Williams
Ribicoff	Stevens	

NAYS—12

Bellmon	Ervin	Mondale
Burdick	Hansen	Nunn
Curtis	Humphrey	Talmadge
Eastland	McClellan	Young

NOT VOTING—11

Biden	Cotton	Muskie
Byrd, Harry F., Jr.	Fulbright	Randolph
Church	Hughes	Stennis
	Kennedy	Tower

So Mr. BAYH's amendment (No. 155) was agreed to.

Mr. BAYH. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SAXBE obtained the floor.

Mr. GRIFFIN. Mr. President, will the Senator from Ohio yield to me briefly, for the benefit of Senators now in the Chamber who would like to know about the schedule, when to go home to dinner, and so forth?

Mr. SAXBE. I yield.

Mr. GRIFFIN. Would the distinguished majority leader give us some idea of what we can expect for the remainder of today, and tomorrow?

Mr. MANSFIELD. Mr. President, I am delighted to respond to the distinguished acting minority leader.

My understanding is that the amendment to be offered by the distinguished Senator from Ohio (Mr. SAXBE) shortly will be the last one to be offered tonight and that there will be a yea and nay vote on it; is that correct?

Mr. SAXBE. That is correct.

Mr. MANSFIELD. Then, of course, beginning at 12 o'clock noon tomorrow, we go back on the pending business. There is a possibility that it might be completed tomorrow night, but my guess at the moment is that it might be Friday, instead.

That will be followed by consideration of the nomination of Robert H. Morris of California, to be a member of the Federal Power Commission. That, in turn, next week, will be followed by the Department of State authorization bill. Then there are other bills on the calendar.

At this time, I wonder whether the distinguished Senator from Ohio would consider the possibility of a 20-minute time limitation on his amendment as a convenience to Members?

Mr. SAXBE. That will be fine.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the amendment of the distinguished Senator from Ohio (Mr. SAXBE) is laid before the Senate, there be a time limitation of 20 minutes on it, to be equally divided and controlled by the sponsor of the amendment and the manager of the bill, the Senator from Georgia (Mr. TALMADGE).

The PRESIDING OFFICER (Mr. GRAVEL). Without objection, it is so ordered.

AMENDMENT NO. 195

Mr. SAXBE. Mr. President, I call up my amendment No. 195 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 9, line 5, strike out "; and". and insert in lieu thereof ".".

On page 9, beginning with line 6 strike out all down through line 12.

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

The yeas and nays were ordered.

Mr. SAXBE. Mr. President, this amendment goes to paragraph 3(c) of the bill which would require a fixed support of 80 percent of parity, or $5.61 a hundredweight, for the manufacture of milk. This support price would be effective for the remainder of the current marketing year which ends on March 31, 1974. My amendment would delete that provision.

The reason is that this highly inflexible support would contradict the judgment and the discretion of the Secretary of Agriculture who already has determined a support price of $5.29, or 75 percent of parity, during the 1973–74 marketing year, which would assure an adequate supply as required by the present statute.

In my mind, the higher support that would be required under the provisions of the bill in its present form is not necessary and would be relatively ineffective in encouraging greater production of milk over such a short period of time.

The market price is already as high as would be required by the present legislation in the farm bill now.

In May, the average price received by producers was $5.60 per hundredweight. Market prices have been continuing strong especially during the productive months this fall, and should average well above present parity for the entire year.

I believe that increasing the support price to 80 percent of parity does not require new legislation. It is authorized, if determined necessary by the Secretary of Agriculture under the present statute. That goes back to the act of 1949.

Consumers are concerned about the soaring price of food. We are leading into the worst inflation since the Korean war. This works out to a 10-percent increase in food prices in 1973 and 1974, 4 percent higher than projected earlier.

Overseas demand continues high for other U.S. farm products, higher dairy supports hurt our chance for successful negotiation in Geneva for expanded concessions with the ECC on feed grain, and citrus—also tobacco.

In further regard to trade, the drafting of this bill and consideration of it comes at the worse possible time. International opinion of the dollar and the productivity of the United States is at a low ebb, and further and higher dairy supports will add fuel to an already blazing attack on our currency and our abilities to produce the wrong commodities at the wrong times.

I believe that in this farm bill, the entire Nation has the right to know whether the Senate will be realistic as to what it

costs to produce milk. While the farmer is getting a fair price for his milk, but certainly increasing the 5 percent, the mandatory amount to be paid for milk, is not in keeping with trying to protect both farmers and consumers. It can lead to a great number of additional problems, and certainly it is one that is not going to attract the support for the bill that it needs. This would make a better bill out of it.

Mr. AIKEN. Mr. President, will the Senator from Ohio yield?

Mr. SAXBE. I yield.

Mr. AIKEN. The Senator referred to $5.65 received by the farmers. Was he referring to the base price or the blend price?

Mr. SAXBE. The base price is $5.29, which is the—the base price is 75 percent of parity.

Mr. AIKEN. For what period was that?

Mr. SAXBE. Current.

Mr. AIKEN. Now?

Mr. SAXBE. Now, for 1973–74. But the actual market price——

Mr. AIKEN. We have the price for May. In the Northeast, at least, 2 percent more of the production was required for table use than a year ago in May. That percentage is rising as production is slowly dropping.

We are having to import the equivalent already of 1 billion pounds of fluid milk from overseas to meet the requirements for cheese and candy manufacturers. That has not affected the price at all. The price of $5.65 is the blend price in Ohio, or considerably less, is it not?

Mr. SAXBE. The national average is $5.60.

Mr. AIKEN. The price received now by the dairy farmer is approximately 80 percent of parity at the marketplace.

Mr. SAXBE. That is right, and that is why I say this is unnecessary and puts inflexibility into the thing.

Mr. AIKEN. What harm does that do if the market price is 80 percent and the prospects are that the supply of milk will be short from now on and is being reduced steadily? For instance, in my area in New England, where there were 4,300 to 4,400 producers 5 years ago, it is now down to about 3,400. Almost 20 percent of them have had to quit business. The price of beef and calves are also increasing and they are not raising cows for the milk supply that they used to. That is something to worry about.

I do not think that a 2-percent restriction on imports on milk equivalents is high enough to meet our requirements. If we do not let them bring in here the skim milk powder for the manufacture of cheese, there will be a tremendous demand to import the cheese itself, and that will be costly to our dairy business here. So I think we may have to bring in more than 2 billion pounds of milk equivalents at the close of the year, which has been provided for in the bill, because in the past 3 or 4 months we brought in half that amount already.

Mr. SAXBE. There will be an amendment on that aspect of it. What I am saying is that this does not go to the implications of the 2-percent level.

Mr. AIKEN. While I fully expect that the House might itself reduce that 80-percent minimum, I am not so sure it would be wise to do it now with the marketplace.

Mr. SAXBE. I think that the Senate, as much as the House, wants to demonstrate to the consumers of this country that we are interested in reasonable prices for milk. I am somewhat familiar with dairy problems.

The PRESIDING OFFICER (Mr. CLARK). The Senator's 10 minutes have expired.

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

Mr. TALMADGE. Mr. President, I am prepared to yield back my time and vote, if the distinguished Senator from Ohio is prepared to do likewise.

Mr. SAXBE. I an prepared to yield back the remainder of my time.

Mr. TALMADGE. Mr. President, dairy support prices are fixed at not less than 75 percent of parity. The Committee on Agriculture and Forestry decided, in view of the problems facing the dairy industry, that there would be a one-shot increase in dairy support prices to 80 percent of parity. It would expire with the end of the marketing year, March 31 of next year. The reason the committee made that decision was largely because of the enormous increased costs in the price of feed that the dairy farmers must pay at the present time.

For example, in May 1971, 44 percent soybean meal cost $113.40 per ton. The price in May 1973 had advanced to $304 per ton, and I believe today's Wall Street Journal shows it in excess of $400 per ton. Corn prices in May 1972 were $1.15 a bushel; in May 1973, $1.61 a bushel.

That is what is happening as a result of the cost of the principal ingredient that goes into milk, and that is feed—to wit, grain and protein, which is primarily soybean meal.

What is happening to the production of dairy commodities? In January–March 1972, the dairy industry produced 17.2 billion pounds. This year, there was a reduction in January–March 1973, to 16.7 billion pounds. The number of producers had decreased from 137,864 in March 1972 to 133,133 in March 1973.

These are the statistics as to the number of cows: In 1963, there were 15.7 million; in 1971, 11.9 million; in 1972, 11.8 million; in 1973, 11.6 million.

The dairy industry is one of America's most important industries. As I recall, the value of the product produced annually is approximately $7 billion. Yet, it is an industry that is rapidly going out of business because the return on the investment is so low. People are finding other utilization for their cattle.

We had a number of people from the dairy industry appear before the Committee on Agriculture and Forestry when we held our hearings. I do not recall a single witness from the dairy industry who received a return as large as 3 percent. They would be better off if they could sell their capital assets and invest their money in a few bonds and sit on the front porch and do nothing.

Senators know that the dairy business is a 7-day-a-week job. When I was a boy, I heard a classic remark about the dairy business in Telfair County. There was only one dairyman in the county. He was somewhat of a wit, named Williams. He said:

> A man in the dairy business doesn't need any Sunday clothes and damn few every day.

That was correct then, and it is still correct.

Mr. President, I believe the Senator from Minnesota desires some time. I am prepared to yield to him whatever time I have remaining, and then we can vote.

I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, this amendment, if adopted, would strike a very serious blow at the dairy producers of this country.

The chairman, in his inimitable fashion, has stated the facts very succinctly. Let me simplify them even more.

There is a reduction in the number of dairy producers, dairy farmers. There is a reduction in the number of cows. There is a reduction in production. There is an increase in consumption and a fantastic increase in feed prices. May I suggest that there is no indication that those feed prices are going to be lowered appreciably in the near future.

Furthermore, 75 percent of parity is $5.29; 80 percent of parity is $5.61; and I believe that the present market price today is $5.60.

So what we are really doing here is merely trying to give a little better floor to the dairy producers for a product that this country needs, for an industry that is a high-cost industry, and for a form of production that requires intensive labor.

I would hope that we would reject any effort to push down these dairy farmers any further. We have had a very bad time today for our dairy farmers.

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

Mr. HUMPHREY. I yield.

Mr. DOLE. I think it should be pointed out that we use great restraint in the number of measures introduced by 20 or 30 Senators asking that it be raised to 85 percent of parity on a permanent basis; and the committee, in its wisdom, or lack of it—depending on one's point of view—decided that we should adopt an 80 percent support price. I think we acted very responsibly, based on the points expressed by the distinguished chairman and the distinguished Senator from Minnesota.

Mr. HUMPHREY. The Senator from Kansas and I joined on this 80 percent amendment. It had the support of the committee. It seems to me that it is a most modest proposal, and I think that to do less would make this country suffer grievously.

I must say—to get it off my chest—that I feel that many people in the urban areas of this country think cows are born weighing about 800 pounds and sitting on a milk bottle.

It is interesting that the cost of other items go up and it is all right. But when the cost of a glass of milk goes up, they say, "Stop that."

When it comes to a farmer who is working his heart out, many people want

to turn their back on him. That is apparently the tendency in this country today.

I say to my urban friends that the best deal they get today is from the American farmer. The cost of dairy products has gone up a lot less than the price of chewing gum and a lot less than the price of a newspaper. The farmers of this country are entitled to a fair deal, and the minute they start to get a fair price, after having worked their hearts out, somebody says, "You have to stop that." But they will be right in there to do a little collective bargaining for themselves—and I support the labor people of this counrty. Certain management people will be right in there to get those postage rates adjusted. Do they like cheap postage.

Mr. President, I am going to give the dairy farmers my vote. They are entitled to it and they are going to get it.

The PRESIDING OFFICER (Mr. GRAVEL). All time is expired on the amendment.

Mr. CURTIS. Mr. President, I yield 3 minutes to the distinguished Senator from Ohio on the bill.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. SAXBE. Mr. President, I have asked for additional time simply because I wish to say that from some of the rhetoric that has come in we might call this a ruptured cow bill or amendment. The thing that disturbs me is that a pathetic picture is painted of the dairy farmer, struggling to produce, but this is not the case. We used to expect 8,000 pounds of milk from a cow and now it is 15,000 pounds. It used to be that a farmer could get along on 10 or 12 cows, but he cannot any more. The reason the number of dairies is dropping down is because they have to go to 100 and 200 cows. The dairy with 10 or 20 cows is going out of business. He cannot stay in business. He has to have the same sanitary equipment as the dairy farmer with 200 cows must have.

Mr. President, the dairy farmer is doing all right. If we wade through the rhetoric here, we come down to the fact that we are raising the price of milk to the consumer. I want the consumers of this country to know that. The dairy farmer is doing all right. He is making money. He is not bleeding and dying out there, losing his farm. He has a pretty good job. He has cows that produce 18,000 pounds of milk a year. He is doing a pretty good job producing. We recognize that when everything else goes up and we put the lid on, we say, "Here is a bill with a little of something for everyone in it and here is something for you."

I do not question that the opponents will pick up the necessary votes but I say again that we are increasing the price of milk to the people and in the long run I think we will have to do some explaining about that.

Mr. BUCKLEY. Mr. President, in principle I fully support the amendment introduced by the distinguished Senator from Ohio (Mr. SAXBE) just as I oppose the rigid and arbitrary provision for target prices contained in S. 1888. It must, however, be considered in the context of the act as a whole which, unfortunately, seems destined to return.

Under these circumstances, and because the mandatory 80-percent parity provision for milk is only of a 1-year duration before flexibility is restored, I will not be supporting the amendment.

The dairy industry in the Northeast has not shared the good fortune of the producers of feed grain. Quite the contrary, the record prices that feed grains have commanded over recent months when combined with the devastation of forage caused by the Agnes hurricane last summer has had a devastating effect on milk producers. These unusual circumstances which have placed the dairy industry in so different a position than that of the farmers affected by the target price provisions in themselves argue for a period of transition.

Therefore, taking into consideration the realities of the legislation which will be adopted by this body, I feel that the 1 year, 80 percent of parity provision contained in this act is a reasonable offset for the probable impact on feed grain prices that will result from other provisions in the act.

I make these observations, Mr. President, because I want to underscore my strong preference for a loosening of governmental interference across the boards.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment. 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 Delaware (Mr. BIDEN), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Iowa (Mr. HUGHES), the Senator from Alabama (Mr. SPARKMAN), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that the Senator from Maine (Mr. MUSKIE) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) and the Senator from Iowa (Mr. HUGHES) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Texas (Mr. TOWER) is necessarily absent, and, if present and voting, would vote "yea."

The result was announced—yeas 16, nays 72, as follows:

[No. 175 Leg.]

YEAS—16

Beall	Pastore	Taft
Case	Pell	Tunney
Griffin	Percy	Weicker
Mathias	Ribicoff	Williams
McClure	Saxbe	
Packwood	Stevens	

NAYS—72

Abourezk	Eagleton	Magnuson
Aiken	Eastland	Mansfield
Allen	Ervin	McClellan
Baker	Fannin	McGee
Bartlett	Fong	McGovern
Bayh	Goldwater	McIntyre
Bellmon	Gravel	Metcalf
Bennett	Gurney	Mondale
Bentsen	Hansen	Montoya
Bible	Hart	Moss
Brock	Hartke	Nelson
Brooke	Haskell	Nunn
Buckley	Hatfield	Pearson
Burdick	Hathaway	Proxmire
Byrd, Robert C.	Helms	Roth
Cannon	Hollings	Schweiker
Chiles	Hruska	Scott, Pa.
Clark	Huddleston	Scott, Va.
Cook	Humphrey	Stafford
Cranston	Inouye	Stevenson
Curtis	Jackson	Symington
Dole	Javits	Talmadge
Domenici	Johnston	Thurmond
Dominick	Long	Young

NOT VOTING—12

Biden	Fulbright	Sparkman
Byrd, Harry F., Jr.	Hughes	Stennis
Church	Kennedy	Tower
Cotton	Muskie	
	Randolph	

So Mr. SAXBE's amendment was rejected.

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

Mr. ROBERT C. BYRD. Mr. President, I move to table the motion to reconsider.

The motion to lay on the table was agreed to.

AMENDMENT NO. 208

Mr. AIKEN. Mr. President, I send to the desk an amendment and ask to have it printed and lie on the table so that it will be available and ready to be worked upon by the Senate tomorrow.

Mr. President, in short, this amendment would restore the good parts of the bill which were taken out by the Hart amendment and also restore 2 Talmadge amendments, excellent and necessary ones, which were approved unanimously by the Senate yesterday but which were also stricken out by the all-inclusive Hart amendment.

I submit the amendment in behalf of Senators HUMPHREY, DOLE, and myself.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. BUCKLEY. First of all, Mr. President, let me state that I shall not be calling up my amendments No. 160, 161, and 162.

Mr. President, I ask unanimous consent that Miss Joan Carroll and Mr. Dan Buckley of my staff be granted the privileges of the floor during the remainder of the consideration of S. 1888 and that that privilege extend through the rollcall votes.

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

AMENDMENT NO. 188

Mr. BUCKLEY. Mr. President, I call up my amendment No. 188 and ask unanimous consent that reading of the amendment be dispensed with.

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

Amendment No. 188 is as follows:

AMENDMENT NO. 188

On page 13, line 6, strike out "Production Incentives" and insert "Wheat".

On page 13, strike out line 15 and insert in lieu thereof the following:

"(c)(1) Payments shall be made for the 1974 crop of wheat to".

On page 13, line 25, strike out "each of the 1975 through 1978 crops" and insert "the crop".

On page 14, line 8, insert "1974" immediately before "farm".

On page 14, between lines 15 and 16, insert the following:

"(2) Payments shall be made for the 1975 through 1977 crops of wheat to producers on each farm in such amounts as the Secretary may prescribe in order to achieve a complete phaseout of such payments to producers after the 1977 crop. In determining the amount of such payments, the Secretary shall take into consideration the amount paid on the 1974 crop, the market conditions, and such other factors as he deems appropriate."

On page 15, line 13, strike out "through 1978" and insert "through 1974".

On page 15, line 17, strike out "through 1978" and insert "through 1974".

On page 15, line 20, strike out "through 1978" and insert "through 1974".

On page 15, line 25, strike out "through 1978" and insert "through 1974".

On page 16, between lines 3 and 4, insert the following:

"(vii) Effective with respect to the 1975 through 1978 crops, section 379(c)(1) is amended to read as follows:

"'(1) The Secretary shall provide for a set-aside of cropland if he determines that the total supply of wheat or other commodities will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. If a set-aside of cropland is in effect under this paragraph, then as a condition of eligibility for loans and purchases on wheat, the producers on a farm must set aside and devote to approved conservation uses an acreage of cropland equal to such percentage of the cropland base for the farm as may be specified by the Secretary. For the purpose of this section, the cropland base shall be the acreage devoted to major crops as determined by the Secretary is authorized to limit the acreage planted to wheat on the farm to such extent as he determines necessary to adjust the acreage of wheat to desirable goals. The Secretary may permit the set-aside to be grazed subject to such reduction in the payment and to such other terms and conditions as he may prescribe. The Secretary shall make payments to producers on a farm who set aside acreage under this section. The payments for a farm shall be at such rate or rates as the Secretary determines to be fair and reasonable taking into consideration the diversion undertaken by the producers and productivity of the acreage diverted."

On page 23, strike out lines 5 and 6, and insert in lieu thereof the following:

"(17) Section 410 is amended, effective beginning with the 1974 crop, to read as follows:

"'SEC. 410. Effective with respect to the 1974 through 1978 crops, land on a farm devoted to a summer fallow use shall not be eligible to be designated as set-aside acreage under the wheat, feed grain, or cotton program.'."

On page 23, line 21, strike out "each" and insert "the 1974".

On page 24, line 12, strike out "for each of the 1975 through 1978 crops" and insert "for the crop".

On page 24, line 20, insert "1974" immediately before "farm".

On page 24, after the period in line 24, insert the following: "The Secretary shall also make available to producers payments for the 1975 through 1977 crops of such commodities in such amounts as he may prescribe in order to achieve a complete phaseout of such payments to producers after the 1977 crop. In determining the amount of such payments for 1975 through 1977, the Secretary shall take into consideration the amount paid on the 1974 crop, the market conditions, and such other factors as he deems necessary. The payments for grain sorghums and, if designated by the Secretary, barley, for the 1975 through 1977 crops shall be at such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn."

On page 27, line 12, strike out "through 1978" and insert "through 1974".

On page 27, line 17, strike out "through 1978" and insert "through 1974".

On page 28, line 1, strike out "through 1978" and insert "through 1974".

On page 28, between lines 3 and 4, insert the following:

"(G) amending, effective with respect to the 1975 through 1978 crops, section 105(c)(1) to read as follows:

"'(1) The Secretary shall provide for a set-aside of cropland if he determines that the total supply of feed grains or other commodities will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices of feed grains and to meet a national emergency. If a set-aside of cropland is in effect under this paragraph, then as a condition of eligibility for loans and purchases on corn, grain sorghums, and, if designated by the Secretary, barley, respectively, the producers on a farm must set aside and devote to approved conservation uses an acreage of cropland equal to such percentage of the feed grain base for the farm as may be specified by the Secretary. The Secretary is authorized to limit the acreage planted to feed grains on the farm to such extent as he determines necessary to adjust the acreage of feed grains to desirable goals. The Secretary may permit the set-aside to be grazed or cut for hay subject to such reduction in the payment and to such other terms and conditions as he may prescribe. The Secretary shall make payments to producers who set aside acreage under this section. The payments for a farm shall be at such rate or rates as the Secretary determines to be fair and reasonable taking into consideration the diversion undertaken by the producers and the productivity of the acreage diverted.'."

On page 30, line 3, strike out "each" and insert "the 1974".

On page 30, line 14, strike out "1975 through 1978 crops" and insert "crop".

On page 30, line 18, insert "1974" immediately before "allotment".

On page 31, line 15, strike out "1978" and insert "1974".

On page 31, line 24, insert a semicolon after the quotation marks.

On page 31, after line 24, add the following:

"(F) effective with respect to the 1975 through 1978 crops, amending paragraph (4)(A) of section 103(e) of the Agricultural Act of 1949 as it appears in such section 602 to read as follows:

"'(A) The Secretary shall provide for a set-aside of cropland if he determines that the total supply of agricultural commodities will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. If a set-aside of cropland is in effect under this paragraph (4), then as a condition of eligibility for loans and payments on upland cotton the producers on a farm must set aside and devote to approved conservation uses an acreage of cropland equal to such percentage of the farm base acreage allotment for the farm as may be specified by the Secretary. The Secretary is authorized to limit the acreage planted to cotton as he determines necessary to adjust the acreage of cotton to desirable goals. The Secretary may permit the set-aside to be grazed or cut for hay subject to such reduction in the payment and to such other terms and conditions as he may prescribe. The Secretary shall make payments to producers who set aside acreage under this section. The payments for a farm shall be at such rate or rates as the Secretary determines to be fair and reasonable taking into consideration the diversion undertaken by the producers and the productivity of the acreage diverted.'"

Mr. BUCKLEY. Mr. President, the hour is late, and I have a rather lengthy opening statement. I ask unanimous consent that I continue with the debate and explanation of my amendment tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Is that an amendment on which there is a limitation of 1 hour debate or 3 hours?

Mr. BUCKLEY. Three hours' debate.

Mr. President, I do not anticipate using that amount of time.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, for the RECORD, what is the pending business before the Senate?

The PRESIDING OFFICER. The pending business before the Senate is the Buckley amendment No. 188.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no time be charged on the amendment during the remainder of the day.

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

ORDER FOR RECOGNITION OF SENATOR BELLMON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Oklahoma (Mr. BELLMON) be recognized for not to exceed 15 minutes.

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

ORDER FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, following the remarks of the Senator from Oklahoma (Mr. BELLMON), there be a period for the transaction of routine morning business not to extend beyond 12 o'clock noon with statements therein limited to 3 minutes.

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

ORDER FOR THE CONSIDERATION OF AGRICULTURE AND CONSUMER PROTECTION ACT OF 1973 TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at 12 o'clock noon on tomorrow, the Senate

resume its consideration of the unfinished business, S. 1888.

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

ORDER FOR RECOGNITION OF SENATOR MONTOYA ON FRIDAY, JUNE 8, 1973

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Friday, immediately after the remarks of the distinguished Senator from Wisconsin (Mr. PROXMIRE), the distinguished Senator from New Mexico (Mr. MONTOYA) be recognized for not to exceed 15 minutes.

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

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

Mr. CRANSTON. Mr. President, would the Senator withhold that suggestion?

Mr. ROBERT C. BYRD. Mr. President, I withhold my suggestion.

QUORUM CALL

Mr. CRANSTON. 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. 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.

AUTHORIZATION FOR THE PRESIDENT TO PROCLAIM JUNE 17, 1973, AS A DAY OF COMMEMORATION OF THE OPENING OF THE UPPER MISSISSIPPI RIVER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Chair lay before the Senate a message from the House of Representatives on House Joint Resolution 533. I do this at the request of the distinguished Senator from Iowa (Mr. HUGHES).

The PRESIDING OFFICER (Mr. GRAVEL) laid before the Senate H.J. Res. 533, a joint resolution authorizing the President to proclaim June 17, 1973, as a day of commemoration of the opening of the upper Mississippi River by Jacques Marquette and Louis Jolliet in 1673, which was read twice by its title.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent for the immediate consideration of the joint resolution.

The PRESIDING OFFICER. Is there objection to the consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be offered, the question is on the third reading of the joint resolution.

The joint resolution (H.J. Res. 533) was read the third time.

Mr. ROBERT C. BYRD. Mr. President, I am informed by the distinguished Senator from Iowa that this matter has been cleared with Senators EASTLAND, HRUSKA, and MCCLELLAN.

I have discussed it with the distinguished assistant Republican leader today.

Mr. GRIFFIN. Mr. President, may I say that Father Marquette was especially prominent in the early pioneer days in such areas as Michigan. In fact, he died in Michigan. I am very happy that the joint resolution is being considered and will be passed.

The PRESIDING OFFICER. The Joint resolution having been read the third time, the question is, Shall it pass?

The joint resolution (H.J. Res. 533) was passed.

ORDER FOR ADJOURNMENT TO 11:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11:30 a.m. tomorrow.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the program is as follows:

The Senate will convene at 11:30 a.m. tomorrow. After the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Oklahoma (Mr. BELLMON) will be recognized for not to exceed 15 minutes; after which there will be a period for the transaction of routine morning business for not to extend beyond the hour of 12 noon; during which time the statements will be limited to 3 minutes.

At the hour of 12 o'clock noon, the Senate will resume its consideration of the unfinished business, the farm bill, S. 1888. The pending question at that time will be on the Buckley amendment No. 188.

I am sure that there will be a rollcall vote thereon. There will be yea-and-nay votes tomorrow on the bill. If the bill is not passed tomorrow, of course, action thereon will continue on Friday.

ADJOURNMENT TO 11:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move in accordance with the previous order that the Senate stand in adjournment until the hour of 11:30 a.m. tomorrow.

The motion was agreed to; and at 6:45 p.m., the Senate adjourned until tomorrow, Thursday, June 7, 1973, at 11:30 a.m.

NOMINATIONS

Executive nominations received by the Senate June 6, 1973:

DEPARTMENT OF DEFENSE

Malcolm R. Currie, of California, to be Director of Defense Research and Engineering, vice John S. Foster, resigning.

CONFIRMATIONS

Effective nominations confirmed by the Senate June 6, 1973:

DEPARTMENT OF STATE

David H. Popper, of New York, a Foreign Service Officer of the class of Career Minister, to be an Assistant Secretary of State.

INTERNATIONAL MONETARY FUND

William B. Dale, of Maryland, to be U.S. Executive Director of the International Monetary Fund for a term of 2 years.

Charles R. Harley, of Maryland, to be U.S. Alternate Executive Director of the International Monetary Fund for a term of 2 years.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Matthew J. Harvey, of Maryland, to be an Assistant Administrator of the Agency for International Development.

INTER-AMERICAN DEVELOPMENT BANK

Kenneth A. Guenther, of Maryland, to be Alternate Executive Director of the Inter-American Development Bank.

U.S. ADVISORY COMMISSION ON INFORMATION

The following-named persons to be members of the U.S. Advisory Commission on Information for a term expiring January 27, 1976: Hobart Lewis, of New York. J. Leonard Reinsch, of Georgia.

INTERNATIONAL ATOMIC ENERGY AGENCY

Gerald F. Tape, of Maryland, to be the representative of the United States of America to the International Atomic Energy Agency, with the rank of Ambassador.

(The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Wednesday, June 6, 1973*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

God is spirit; and they that worship Him must worship Him in spirit and in truth.—John 4: 24.

O God of grace and glory who with each new morning spreads the mantle of light about us, with grateful hearts we lift our spirits unto Thee seeking light upon our way and strength for this new day.

Sustain us, we pray Thee, as we carry our share of the burden that leads men upward to Thy kingdom of love and peace and support us as we endeavor to make truth and good will reign in our life together as a free nation.

"Spirit of life, in this new dawn,
Give us the faith that follows on,
Letting Thine all-pervading power
Fulfill the dream of this high hour.

"Spirit creative, give us light,
Lifting the raveled mists of night,
Touch Thou our dust with spirit hand
And make us souls that understand."

Amen.