considered or voted on until next year will not be able to complain that they were not afforded ample opportunity to discuss the bill. As a matter of fact, the bill has had more discussion, more analysis, more evaluation, more negotiation than any other bill I have been involved with in the many years I have served here.

We started on this legislation in 1969. We passed it. We not only created the Legal Services Division within the OEO, but we subsequently passed two independent Legal Services Corporation bills in both houses on two different occasions. The President vetoed one. He stated the grounds for the veto and we have met every major concern of his veto message. There are only some minor differences left, which the administration is prepared to leave up to negotiations in conference between the House and Senate.

So we are on all fours with the administration on all major parts of the legislation, and we should be prepared to vote at any time. The bill passed this body on two occasions with a substantial majority each time. I will put the rollcall votes in the RECORD tomorrow. I do not believe there have been more than a handful of votes against the Legal Services Corporation bill the two times the legislation has been before us for final passage. But in any event, I will put the rollcall votes in the RECORD and let them speak for themselves.

There is no desire, I believe, on the other side, to take any time on this bill. As the Senator has indicated, not one of the opponents of the bill is in the Chamber now. In fact, there are only four Senators here at this time. So, I am prepared to move to adjourn after a brief quorum call, in the event the distinguished majority whip may desire to make some requests.

Mr. CRANSTON. I should like to state that I altered my plans for this evening because I had understood there would be considerable debate, and I wanted to hear the opposition's points, to consider them, and to refute them if I could. Also I planned to be here into the evening if necessary to protect the rights of those interested in this legislation. I think it is very interesting that those opposed to the bill do not bother to show up for its consideration at this point, after being advised by those who made plans that they wanted to speak on the bill.

Mr. NELSON. I think all the discussion about the issues involved in this bill has already been carried out on the floor of the Senate. I doubt whether anyone could add anything more that has not already been said.

Mr. CRANSTON. Mr. President, I yield the floor.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the program for tomorrow is as follows:

On tomorrow the Senate will meet at the hour of 10 a.m. After the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Indiana (Mr. BAYH) will be recognized for not to exceed 15 minutes; then the distinguished majority leader, the Senator from Montana (Mr. MANSFIELD) is to be recognized for not to exceed 15 minutes, to be followed by the distinguished minority whip, the Senator from Michigan (Mr. GRIFFIN); for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business for not to exceed 15 minutes with statements made therein limited to 3 minutes; at the conclusion of which the Senate will proceed to the consideration of S. 2767, the rail services bill. There may be amendments thereto with yea-and-nay votes occurring thereon.

At the hour of 1 p.m. the Senate will debate the motion to invoke cloture on the Rhodesian chrome bill, which debate will end at 2 p.m., at which time there will be an automatic quorum call, under the rule, before the vote on the motion to invoke cloture. Upon the ascertainment of a quorum, the Senate will vote on the motion to invoke cloture.

If cloture is not invoked, the Senate will probably resume the consideration of the rail services bill. Of course, if cloture is invoked, unless by unanimous consent it does otherwise, the Senate will proceed until it completes action on the Rhodesian chrome bill to the exclusion of all other business.

At any rate, there will be other yea-and-nay votes tomorrow, either on the Rhodesian chrome bill, if cloture is invoked, or on the rail services bill if cloture is not invoked.

Senators are alerted to the fact that tomorrow will be a relatively long day with yea-and-nay votes throughout the day.

ADJOURNMENT TO 10 A.M.

Mr. NELSON. 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 10 a.m. tomorrow.

The motion was agreed to; and, at 6:08 p.m., the Senate adjourned until tomorrow, Tuesday, December 11, 1973, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate December 10, 1973:

DEPARTMENT OF JUSTICE

William B. Saxbe, of Ohio, to be Attorney General.

DEPARTMENT OF STATE

Robert J. McCloskey, of Maryland, a Foreign Service officer of class 1, to be an Ambassador at Large.

DEPARTMENT OF JUSTICE

Thosmas F. Turley, Jr., of Tennessee, to be U.S. Attorney for the western district of Tennessee for the term of 4 years, reappointment.

HOUSE OF REPRESENTATIVES—*Monday, December 10, 1973*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Our soul waiteth for the Lord; He is our help and our shield.—Psalms 33: 20.

O Thou who art from everlasting to everlasting, in whose will is our peace and by whose grace we are made good, at the beginning of another week we bow in Thy presence with humble minds and reverent hearts. We pray that Thou wilt lead us to a higher plane of faith, hope, and love that the decisions we make, the influence we exert, and the example we set may be for the good of our country.

Renew in us a deeper devotion to Thee, a loftier love for our fellow man, and a stronger faith that right is right and that we will do the right, right now.

During this Advent season, may we grow in spirit; may our people increase in faith, and may our Nation enter into a new era of peace on earth and good will among men.

In the spirit of the Saviour, we pray. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

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

H.R. 5089. An act to determine the rights and interests of the Choctaw Nation, the Chickasaw Nation, and the Cherokee Nation in and to the bed of the Arkansas River below the Canadian Fork and to the eastern boundary of Oklahoma.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 9256) entitled "An act to increase the contribution of the Government to the costs of health benefits for Federal employees, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 11459) entitled "An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1974, and for other purposes."

The messages also announced that the Senate agreed to House amendments to Senate amendments Nos. 1 and 2 to the foregoing bill.

The message also announced that the Senate had passed, with amendments in

which the concurrence of the House is requested, a bill and joint resolution of the House of the following titles:

H.R. 10717. An act to repeal the act terminating Federal supervision over the property and members of the Menominee Indian Tribe of Wisconsin as a federally recognized sovereign Indian tribe; and to restore to the Menominee Tribe of Wisconsin those Federal services furnished to American Indians because of their status as American Indians; and for other purposes; and

H.J. Res. 736. Joint resolution to provide for a feasibility study and to accept a gift from the U.S. Capitol Historical Society.

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

S. 210. An act to authorize the establishment of the Boston National Historical Park in the Commonwealth of Massachusetts;

S. 262. An act to provide for the establishment of the Tuskegee Institute National Historical Site, and for other purposes; and

S. 1283. An act to establish a national program for research, development, and demonstration in fuels and energy and for the coordination and financial supplementation of Federal energy research and development; and for other purposes.

PRESIDENTIAL COLD SHOULDER TO CITIZENS OF COUNTRYSIDE

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

Mr. ALEXANDER. Mr. Speaker, now that we have the full story on the impoundment of $150 million intended by Congress for rural water and sewer grants, I regret to advise those Members from countryside congressional districts that $120 million of the $150 million has been impounded for the second consecutive year.

Most citizens of the countryside are agreeable to a policy of equal sacrifice. We want to shoulder our share of the responsibility for a sound economy. But this double impoundment of water and sewer grant appropriations is not just a freeze of funds, it amounts to a Presidential cold shoulder for the citizens of the countryside.

THE CONGRESS REFUSES TO AUDIT AN AGENCY WHICH HOLDS 20 PERCENT OF THE NATIONAL DEBT

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

Mr. PATMAN. Mr. Speaker, it is amazing that the Congress continues to refuse to take up legislation to audit an agency which holds nearly 20 percent of our national debt.

H.R. 10265, which would require an audit by the General Accounting Office of the Federal Reserve System, remains in the Rules Committee despite the fact that it was voted out of the House Banking and Currency Committee by more than a 2-to-1 margin.

The Federal Reserve holds $77 billion of U.S. bonds which have been paid for with Government money. These bonds are in the portfolio of the New York Federal Reserve Bank and despite the fact that they have been paid for, the Federal Reserve refuses to cancel them and continues to charge the U.S. Treasury nearly $4 billion annually in interest payments on these securities.

These bonds, as an obligation which has been paid for, should be canceled and subtracted from the national debt and the Treasury should cease to pay out this $4 billion annually in taxpayers' money.

Mr. Speaker, it is unbelievable that the Congress would refuse to require an audit of this agency and of the portfolio of $77 billion of paid-up bonds. We are not protecting the public interest when we allow this to continue.

PRESIDENT'S TAX PAYMENTS PROVIDE BEST CASE YET FOR TAX REFORM

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

Mr. VANIK. Mr. Speaker, President Nixon's tax disclosure leaves many doubts unresolved.

However, there is one fact beyond doubt—and that is that there is something lousy about a tax system which permits any citizen earning over $200,000 per year to pay income taxes at a rate between 4 and 7½ percent—one-half the tax rate applicable to the head of a family with three dependents and a gross income of $5,000.

Laws which permit such gross avoidance of a citizen's obligation to support his government discriminate against fairness and decency and should be stricken from the books.

The President's tax returns have presented the best case made so far for long overdue tax reform.

THE MILITARY ALL-VOLUNTEER CONCEPT—COMPREHENSIVE REPORT FROM MIDEAST

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

Mr. MONTGOMERY. Mr. Speaker, to continue my 1-minute speeches on the volunteer concept, several weeks ago I suggested in one of my 1 minutes that a group from the House Committee on Armed Services go to Israel and Egypt to study the reserve programs of these two countries. I am pleased to report that a very qualified number of the House Committee on Armed Services did go to the Mideast and have returned with a comprehensive report.

Mr. Speaker, I point out that 1-minute speeches are a vital part of the House proceedings and do bring about action.

I yield to the gentleman from Alabama (Mr. DICKINSON).

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

Mr. MONTGOMERY. I yield to the gentleman from Alabama.

Mr. DICKINSON. I thank the gentleman for yielding.

Mr. Speaker, I was one of those who was privileged to go to the Middle East recently and did make a very comprehensive and indepth study of the reserve forces of Israel which are impressive. I want to say that I think that this was a very important trip. We were very complimented by Secretary of State Kissinger who said we made a distinct contribution toward what we were trying to achieve there.

I want to thank the gentleman from Mississippi for making the trip possible. The gentleman from Mississippi is always interested in our National Guard and Reserves and never fails to make his own distinct contribution to our national defense.

Mr. MONTGOMERY. I thank the gentleman for his remarks, and I was glad to do it.

ADMIRAL RICKOVER AND THE ENERGY CRISIS

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

Mr. PRICE of Illinois. Mr. Speaker, Admiral Rickover did his best, with the help of the Joint Committee, to make the Navy independent of petroleum fuels. Unfortunately, we were not allowed to go as far as we wanted to and, therefore, we are still dependent in a major way for petroleum fuels for our Navy.

The research and development program under Admiral Rickover and his outstanding organization has placed this country in a position of preeminence in the application of nuclear energy to the propulsion of warships. The Department of Defense was, fortunately, convinced that all submarines should utilize nuclear energy but, most unfortunately, they were unconvinced that all surface warships should utilize nuclear power too. So now we are still in a situation where we need large amounts of petroleum for our Navy.

CIVILIAN NUCLEAR POWER

Admiral Rickover, also with the full cooperation of the Joint Committee on Atomic Energy, has also done his best to decrease the dependency of the civilian economy on our critical supplies of petroleum. He apparently has the answer to the question which the President raised in his energy message of November 8, when he said we must find ways of reducing the time required to bring nuclear powerplants on the line from 10 years to 6 years. Admiral Rickover brought the first central station nuclear powerplant on the line in a little over 3 years. This was the Shippingport reactor near Pittsburgh, for which ground was broken in September of 1954, and design power achieved in December of 1957.

The President certainly identified an important area for saving precious petroleum since every year sooner a nuclear plant goes on line—or for that matter a coal plant—the savings in petroleum are over 12 million barrels of oil.

NEED FOR COMMUNICATIONS DURING ENERGY CRISIS

(Mr. FASCELL asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. FASCELL. Mr. Speaker, during this period of uncertainty over energy supplies and before establishment of an effective mechanism to make the difficult decisions which must be made, the biggest problem facing us is clear communications between the Government and the American people.

The American people are ready, willing and able to help when they are assured, first, that the Federal Government's requests are as fair and equitable as possible, and second when they know exactly what the Government wants them to do.

Today the biggest cause of frustration, uncertainty, confusion and anger over the energy crisis is that the American people do not know what is expected of them. They are confused by apparently conflicting statements from national spokesmen and others concerned with energy problems. Many remain skeptical of the dimensions of the crisis or even of its existence. Furthermore local and State energy planners frequently cannot reach Federal officials to find out exactly what their own responsibilities and duties are.

Since it may be months before an effective organization can be set up to speed the communication process it is essential that the communications gap be ended at once. To do this I am today recommending to the new Administrator of the Federal Energy Office, William Simon, that he immediately institute the issuance of a daily radio and television energy bulletin to directly communicate both to the public as a whole and specifically to local and State officials exactly what they should be doing. In addition I am today writing to the Corporation for Public Broadcasting and the National Association of Broadcasters to urge their cooperation in the establishment of a special Energy Communications Network to carry vital communications from the Federal Energy Office and similar State and local government offices.

TRADE BILL OF VITAL IMPORTANCE TO AGRICULTURE

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

Mr. MAYNE. Mr. Speaker, the House is scheduled to take up the Trade Reform Act of 1973 in a few minutes. I want to alert my colleagues to the vital importance this legislation has for American farmers.

It is easy to forget, in a time of strong world demand, that the success of American agriculture is closely related to a continued growth in our overseas markets. Without large exports, U.S. farmers could not operate on a scale anywhere near the size of our present agriculture. Nor could our farm-oriented industries expect to survive.

Our agriculture can produce—and does produce—far beyond what can be consumed at home. Moreover, it produces those commodities with an efficiency that enables our farmers to compete successfully in the world market. Our farm trade is, therefore, the most important defender of the dollar overseas—and the most important means of paying for the imported products essential to our economy and our standard of living.

American farmers must continue to have the opportunity to trade—to share in the growth of their traditional markets and to seek greater access to new markets. We must find a way to negotiate toward a more open trading world. That is the purpose of the Tokyo round of multilateral trade negotiations under GATT.

Our ability to negotiate in these areas is strongly dependent on the Trade Reform Act of 1973. Failure to enact this bill will raise questions among other GATT members as to whether we are really serious about a negotiation, and whether negotiation is worth pursuing.

We should not lose the momentum for trade negotiations. We should get on with the Tokyo round. It is important that agricultural trade be negotiated along with nonagricultural trade. We should pass the trade bill without delay.

HISTORIC PAPERS TAX LOOPHOLE HAS BEEN CLOSED

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

Mr. COLLIER. Mr. Speaker, lest there be some misunderstanding or so that we might place in the proper perspective the remarks made by my colleague, the gentleman from Ohio (Mr. VANIK), I call to the attention of the House the fact that the one preferential tax provision which seems to be the major bone of contention in the President's tax return was that involving the gift of historic papers in excess of some $500,000, a tax advantage which other Presidents have enjoyed.

But I call to the attention of my friends in the House that we did close this loophole—and the gentleman from Ohio was on the committee—effective July 25, 1969. The provision in the tax law that permits, as a deduction, the gift of historic papers such as was the case in Mr. Nixon's tax returns for those years, has already been remedied by the 1969 Tax Reform Act.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 638]

Abdnor	Buchanan	Dent
Archer	Burke, Calif.	Diggs
Armstrong	Byron	Donohue
Ashley	Carey, N.Y.	Dorn
Aspin	Cederberg	Dulski
Barrett	Chisholm	du Pont
Bell	Clark	Edwards, Ala.
Bergland	Conyers	Erlenborn
Esch	Keating	Rousselot
Eshleman	Kemp	St Germain
Fish	Kluczynski	Scherle
Fisher	Kuykendall	Staggers
Flowers	Lent	Stokes
Giaimo	McEwen	Stuckey
Goldwater	McSpadden	Symms
Grasso	Madden	Veysey
Gray	Martin, N.C.	Waggonner
Gubser	Melcher	Walsh
Hanrahan	Mills, Ark.	Wampler
Harsha	Mitchell, Md.	Widnall
Hébert	Murphy, N.Y.	Wolff
Henderson	Reid	Wyatt
Hogan	Rhodes	Wydler
Holifield	Roncallo, Wyo.	Young, Ill.
Hunt	Roncallo, N.Y.	Zwach
Jarman	Rooney, N.Y.	

The SPEAKER. On this rollcall 355 Members have recorded their presence by electronic device, a quorum.

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

PROVIDING FOR CONSIDERATION OF H.R. 10710, TRADE REFORM ACT OF 1973

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 657 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 657

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed seven hours, six hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, and one hour to be controlled by Representative John H. Dent, of Pennsylvania, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, an amendment offered to section 402 of said bill containing the text printed on page 34311 of the Congressional Record of October 16, 1973, an amendment proposing to strike out title IV of said bill and an amendment proposing to strike out title V of said bill, and said amendments shall be in order, any rule of the House to the contrary notwithstanding, but shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I shall consume.

Mr. Speaker, this rule provides a modified closed rule for 7 hours of general debate on the bill H.R. 10710 entitled "The Trade Reform Act of 1973." There will be 6 hours of general debate, which

will be equally controlled and divided between the chairman of the Committee on Ways and Means, and the ranking member of that committee.

This bill contains a bit of an exception to the usual rule in that there will be 1 hour of debate under the control of the gentleman from Pennsylvania (Mr. DENT).

Mr. Speaker, the rule, as I said, is a modified closed rule. No amendments are in order to the rule except in four instances:

First, any amendments offered by the Committee on Ways and Means. Second, the so-called Vanik amendment, having to do with the extension of credit to nations who do not meet certain criteria. Third, an amendment to strike title IV of the bill and, fourth, an amendment to strike title V of the bill.

Other than those four permissable amendments the bill is a closed rule as reported by the Committee on Rules.

Mr. Speaker, this bill is, as I said, known as the Trade Reform Act of 1973, and in title I contains authority subject to clearly defined limitations for the President to enter into and negotiate tariffs. In other words, the President's authority, which is under the constant surveillance of the Congress, is to enter into negotiations with other nations in respect to tariffs and other matters, including nontariff impediments with the United States. Title II is intended to protect business and employees in the United States who might suffer adverse effects from the exercise of the authority granted the President under this bill. The showing will be made to the Tariff Commission by the employees or businesses believed to be injured under the exercise of the authority of this bill.

In title III the President is given authority to deal with instances that he finds exists wherein discriminatory trade practices or policies are asserted against the United States by other nations of the world. And, fourth, the bill gives the President authority, acting on behalf of the United States or in concert with other developed nations to grant trade preferences to the underdeveloped nations of the world in order to encourage the development and the economy of those countries.

There are many who think that this is far-reaching legislation which will be important to the benefit of industry, the consumers, and the trade of the United States, and which will serve to materially reduce the unfavorable trade balances which our country has had for a considerable time.

I am aware of the fact, as is the distinguished Committee on Ways and Means, that there is objection to this bill, but may I ask of our colleagues that if they are opposed to the bill that they express those objections when the bill is before the House for consideration.

I do hope, and I think all of the Members agree that it is the only fair thing, that the House will adopt the rule and allow the House to work its will upon this measure, when full debate has been had and a full opportunity for discussion and consideration of the measure has been had by the Members of the House.

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

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

Mr. GROSS. I thank the gentleman for yielding.

I should like to ask the gentleman: One of three amendments the gentleman stated will be offered by the gentleman from Ohio (Mr. VANIK). Who are the other two privileged individuals of the House who have been singled out to offer amendments?

Mr. PEPPER. As to the other two individuals who will offer motions to strike section 4 and section 5, I will ask the chairman, the gentleman from Oregon (Mr. ULLMAN) or the gentleman from Florida (Mr. GIBBONS) on behalf of the committee if they wish to respond. We were advised in the Rules Committee that there were those who wished to offer amendments to strike section 4 and to strike section 5, and we made those in order.

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

Mr. PEPPER. I yield to the gentleman from Oregon.

Mr. ULLMAN. I thank the gentleman for yielding.

The committee had no intention of offering those motions, but the rule allows them to be made by any Member of the House. The committee feels the House should work its will on this.

Mr. GROSS. If the gentleman will yield, I still wonder who the other two privileged individuals are that they should be singled out to offer amendments.

Mr. ULLMAN. If the gentleman would yield, the committee will not offer these motions, but we think that the House might want to work its will on those amendments, and if any Member—including the gentleman—wants to offer an amendment, the rule provides that he be recognized.

Mr. GROSS. If the gentleman will yield further, do I understand that the committee did not ask for this kind of rule?

Mr. ULLMAN. It was the feeling of the committee, if the gentleman will yield, that those two sections are far-reaching in their own way. We feel they are important, but if the House has objections, we asked for a rule that would provide for any Member to be given an opportunity to strike these sections.

Mr. GROSS. If the gentleman will yield further, will we be given an opportunity to vote the amendments up or down? Will we have that right under the rule?

Mr. ULLMAN. Yes. If the gentleman makes the motion, he certainly will.

Mr. GROSS. I am glad we were not excluded from voting.

Mr. PEPPER. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Speaker, I thank the gentleman for yielding.

I should like to ask the gentleman from Oregon some questions that I think have a bearing on whether we ought to vote this rule or whether we ought to recommend that the committee resume its hearings and deliberations on the vital subject of international trade.

The committee's report on the bill states that the bill is presented to us at this time because it is high time, in the light of changed conditions, to rework our international trade policies. One of the things that bothers me about this is that there is at stake a lot more than just renegotiating trade restrictions. For example, you cannot develop a comprehensive trade policy unless you decide what you are going to do about tax preferences and other benefits which our laws now give to foreign investment. Specifically, our laws allow a deferral of tax on foreign-source income. Our laws allow the Overseas Private Investment Corporation—OPIC—to grant guarantees to businesses investing abroad. Our tariff laws allow American firms to assemble abroad parts manufactured in this country and bring them back at lower tariff rates.

Then we have the whole question of the energy crisis, which broke wide open after the hearings and markup of this bill. The economic circumstances existing when this bill was written have radically changed. Undoubtedly some of the basic premises on which this bill was drafted are no longer valid.

For example, we have assumed that the critical barriers to trade were primarily artificial barriers in a world economy of abundance. Yet we now find ourselves heading into a worldwide scarcity of the most basic commodities—food, oil, and other essential materials. We do need to eliminate obstacles to an expanding world trade. But this bill only addresses itself to one class of obstacles.

We need to know what the committee thinks our legislative policy should be in the world energy shortage. We cannot separate this from general trade policy. For example, should our tax laws continue indiscriminate granting of oil depletion allowances and similar tax advantages for investment in foreign oil fields or should they be limited to cases where the President determines it is in accordance with our national interest?

I could go on at great length. What assurance do we have from the Committee on Ways and Means that these questions are going to be taken up and decided and integrated with the approach of this bill so that we are not acting in a piecemeal fashion but have some picture of the whole foreign trade and investment package the gentlemen have in mind?

Mr. ULLMAN. Mr. Speaker, if the gentleman from Florida will yield, I will state to the gentleman that the Committee on Ways and Means is greatly concerned about all matters mentioned by the gentleman from Ohio. The matter of energy will certainly be taken up, if it involves taxes, at a very early time, as soon as we get a proposal.

There is already a task group of the Ways and Means Committee working on the matter and we will be ready when the report comes from downtown.

The other matters the gentleman referred to are matters that involve tax reform and that will be thoroughly considered as early in the year as we can get a tax reform bill to the Congress.

Mr. SEIBERLING. Should this not all be done as a package instead of having us acting in the dark on trade legislation without knowing what the tax legislation will be?

Mr. ULLMAN. It will be in a package in the tax reform bill when it comes and it will be fully discussed and considered. The Ways and Means Committee intends to deal very comprehensively with this whole question of tax reform.

Mr. PEPPER. I yield 5 minutes to the gentleman from Minnesota (Mr. KARTH).

Mr. KARTH. Mr. Speaker, the trade bill is the most major national policy legislative matter to come before the Congress in this session. In fact, it is one of the major legislative proposals of the last 10 years.

It is not a perfect bill.

I know of no major legislative matter during my 15 years in Congress that has been perfect. I doubt seriously anyone would challenge that.

To make a major piece of legislation "perfect," that is perfect in the minds of each of us, we would perhaps find it necessary to pass 435 different bills on each major issue. We all know that cannot be done.

There are those outside the Congress who feel the same way—that this is not a perfect piece of legislation. There are degrees of variation both in opposition to and in favor of the bill.

Take Mr. Meany's opposition for example. He sees nothing good in this bill.

He has that right.

He favors the highly protectionist-isolationist Burke-Hartke bill.

Again, he has that right.

On the other hand we have the right, yes even the duty of looking beyond one's position. We have the responsibility of asking why people either favor or oppose this and every other bill. When that is done, we find that most organized groups often times favor or oppose legislation for what are largely parocial reasons.

There is nothing suspect about that. That is the way our system works. Mr. Meany is no exception to this common rule.

Mr. Meany is a politician. In fact, I would say he is a super-politician. He has been there a long time. To stay president of the AFL–CIO for any extended period of time such as Mr. Meany has—particularly during a period in our history when politics has been the name-of-the-game requires extraordinary political senses.

I might even suggest that Mr. Meany is a better politician than any Member of this body. Fourteen million voters is a large constituency.

Mr. Meany is elected to his job, too. Not quite as often as you and I, but he is elected.

He knows how to get elected and re-elected again and again.

He undoubtedly feels it is his duty to represent many different international union affiliates.

He has done a masterful political job of representing all of them.

It is no secret. There are some international unions who oppose this bill. They oppose it for what they consider to be excellent personal reasons.

The shoe workers union, the textile workers, steel, and some others.

They oppose it because imports are highly competitive with the products their members produce.

There is nothing wrong with that. If the contrary were true I would be most surprised. The officers of those unions are representing their members, plain and simple.

Mr. Meany represents them too. All of them.

Just like the officers of giant U.S. corporations represent their major stockholders.

More often than not, the national interest may be beyond their concern. Beyond their scope of first interest. It is perfectly normal and to be expected for they too are elected by their peers—the stockholders.

We on the other hand have a responsibility far in excess of that. We must look toward the best interests of our country—the national interest.

In this trade bill our national interest is vitally involved. About 6 percent of our GNP is due to foreign imports. Ninety four percent is not.

It has been said an incalculable number of times that trade—not aid—is the common denominator that cements international relations more concretely than anything else. This is particularly true in cases where countries share a common objective—a common political and ideological philosophy.

We should not write a trade bill that is designed in the short run to exclusively benefit the United States alone and at the expense of our trading partners. Anyone in his right mind knows that would be the end of international commerce.

No country, including ours, can be expected to sign an agreement that will benefit everyone except their own nationals, their own country.

A trade bill must be written so as to provide an equal opportunity for all partners in trade to benefit together.

I think this bill does that.

Of course this bill gives broad and flexible powers to the Executive.

The only way that can be avoided is for Congress itself to negotiate the international trade agreements.

But the Constitution prohibits that.

Legislative bodies of other countries will not be negotiating the trade agreements either.

One cannot expect—because it is impossible to expect—that the Executive can negotiate a detailed trade agreement without giving the Executive flexibility and authority to negotiate and move broadly in many directions simultaneously.

It cannot be done otherwise.

Yet there are enough protections in this bill to guard against either Executive incompetence or superior ability of the opposition. Let me briefly cover an import aspect or two of this bill.

The bill covers areas of both U.S. industrial product and agricultural product interests never before in a trade bill.

Nontariff barriers today constitute greater impediments to international fair trade than tariffs do.

This bill, for the first time, directs the President to give U.S. attention to nontariff barriers.

This is extremely important. Since tariffs have been set by previous agreements, nontariff barriers have been substituted.

These impediments to fair trade have grown over the past few years to unexpected and unacceptable proportions.

It was the judgment of the committee that the only effective way to eliminate these trade distortions would be to reduce the broad industrial and agricultural commodities to product sectors.

Heretofore and too often, the elimination of an unfair trade impediment on an agricultural product could be traded for one on an industrial product and vice versa.

It is the committee's intent that this kind of cross sectoral horse trading be discontinued and disallowed.

Whatever those product sectors are determined to be, the negotiations on eliminating the nontariff barriers should then be confined to those sectors. This should assure equity of access of U.S. exported products to foreign markets. The results of negotiations on these matters must be returned to Congress for approval.

This section also provides an alternative approach. If nontariff barriers cannot be eliminated directly, they can be converted into a rate of duty affording substantially equivalent tariff protection. This tariff in turn can be reduced in part or in total, but must be submitted to Congress with a clear statement of the proposed reductions accompanied by a tariff commission report on the rates of duty which afford substantially equivalent protection to the trade barrier of the United States which is being converted.

Let me turn briefly now to the General Agreement on Tariffs and Trade.

Under existing law we must live by the rules of GATT—rules that have grown to be favorable to the European Community countries—rules that are favorable to them because they have been modified over a period of time by the majority—the European countries. This bill grants authority to negotiate international labor standards, labor conditions, and tax structures, like the value-added tax of some member countries, many of which can be considered nontariff barriers.

To my knowledge no previous trade law has ever directed the President to negotiate a change in GATT rules. Rules that should be fair, and provide equity for all in the field of international commerce. This bill does.

It also provides authority to restrict imports if our balance of payments require it.

Conversely it gives authority to suspend import barriers to restrain inflation, but not if such action would cause or contribute to material injury of firms or workers in any domestic industry, or be contrary to the national interest. It provides for a meaningful economic assistance program to firms and employees

alike if they are injured, or if there is a serious threat of injury due to imports.

All trade agreements reached have a three termination or withdrawal date.

Again I say this may not be a perfect bill. It may well be desirable for the other body to make some changes.

I think they may find it desirable and reasonable to amend the definitions clause so as to provide uniformity of application to firms and employees alike. They may choose to tighten some other areas of the bill. But when the final vote is taken we should pass this bill, send it to the Senate and give them the opportunity of doing so.

Mr. PEPPER. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Speaker and Members, I am hoping later to be able to give more detailed reasons and arguments for the opposition to this legislation and the rule.

One thing I would like to call attention to is that during my lifetime Mr. Meany has always given support, not only to the rule, but also the legislation, but in this case, he has opposed supporting this legislation as I have.

All of a sudden, because he now speaks against this bill, he is supposed to be some kind of slick politician, some kind of wiley change has been made in his character. When he supported this bill he was a statesman, now he is supposed to be a villain. Let me tell the Members what made the change. If we were consuming today the same percentage of American made goods that we were consuming when we started out on the ill-fated Kennedy Round in 1962, we would need at this moment 15 million American jobs.

That is the only premise I have made, to protect American jobs. If this is such a great success, and the Members realize this goes even further than the Kennedy Round ever attempted to go, and yet during the 10 years of the Kennedy Round, during those 10 years we have dropped from a $43 billion American credit overseas to $108 billion debit.

We cannot do that if our trade balance is right. We cannot do that if we are winning at the poker table. The only way we can owe money is if we are losing at the poker table. We have apparently a deceitful present disregard for ourselves, our people and our country.

Let me tell the Members why this bill is coming up today. Because, ladies and gentlemen, the labor movement for the first time in its history since 1926 has decided that free trade is not good for the American people. It is not good for American enterprise. It is not good for American labor and it is not good for the American Congress. Labor has not been able to prepare a fight. It was told this bill would not come until next year. Yet, here we are, where none of us, I believe, have taken 5 minutes to study the results of 10 years of Kennedy and we are marching headlong, precipitously, into 10 years of Nixon.

Let me tell the Members of the House that it does not matter who is occupying the top position of the Presidency of the United States; it is what we are doing to the American people. Sixteen million on relief, 14 million drawing food stamps, 7,695,000 drawing unemployment compensation checks as of the first week in July, 30 million on public so-called social security. Millions more on pensions—all nonproducers in our economy.

Where are we going? What can we do? Oh, I know there will be answers given time and time again. They will give us answers, but they cannot answer this; none of them can answer this: How come, if this is such a great, wonderful, public give away and peacemaker, we have had war every year since it passed in 1962, we have had unemployment growing week after week and have had a great deal of sacrifice we never had before?

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

Mr. PEPPER. Mr. Speaker, I am sorry that I do not have the time to yield further to the gentleman from Pennsylvania.

Mr. Speaker, I yield 1 minute to the gentleman from Georgia (Mr. LANDRUM).

Mr. LANDRUM. Mr. Speaker, I support this rule and I support the bill which the rule makes in order. As my friend from Minnesota (Mr. KARTH) has stated, it is not a perfect bill, but it is the very best bill we could produce in the committee. I commend him for his efforts in producing what is here. Without his efforts, we would not have what we do have.

Mr. Speaker, I would say to the Members from my region of the country which is concerned primarily with raw agricultural products and textiles that it is imperative that we have this rule and have this bill. Our negotiators today are in Geneva trying to negotiate a renewal of the long-term cotton agreement that expired in September. They are hoping to get into a renewal agreement an understanding that will include man-made fibers as well as cotton, and unless we have this, the textile industry, the agricultural industry, and the more than 2 million employees in the apparel and textile industry are going to suffer a serious setback.

Mr. Speaker, I urge support of the rule.

Mr. PEPPER. Mr. Speaker, I yield 2 minutes to the able gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Speaker, I rise in opposition to the rule for consideration of the Trade Reform Act of 1973. My reasons for this opposition are twofold. First, I consider this an inappropriate and impolitic time for this branch of Congress to undertake debate on this legislation. Second, on the merits themselves, the terms of the proposed rule are unsatisfactory and unacceptable for dealing with this complex bill.

The delicacy of the present international situation is obvious. Never has there been a greater flurry of international activity since the developments leading to an agreement in Vietnam. It was because of the delicacy of the international situation that President Nixon originally asked a month ago that consideration of this legislation be postponed. It is difficult to see what has changed during the course of this past month to make consideration of the trade bill more timely now. The truce in the Middle East is a temporary and tenuous one, filled with threats of a renewed war. Frantic efforts contrive now, to save the December 18 Geneva Conference—among the most critical set of peace negotiations in recent memory. Secretary of State Kissinger is right now engaged in difficult talks with our Atlantic neighbors, with whom the fabric of alliance wears ever thinner.

Only 1 month ago, we recognized the impolitic timing of consideration of the trade bill. If our judgment was legitimate and valid at that time, then we only need look around us to see that the same judgment is as legitimate and valid now.

Not only is consideration of this legislation unstatesmanlike in terms of this country's international situation, but it is impolitic in terms of what this Chamber's contribution to trade policy should be. President Nixon's obvious strategy is to entirely discount in his international representations this body's decisions adverse to his position, on the assumption that those provisions can be changed before the bill is enacted into law.

This posture at this time not only makes the House of Representatives look foolish, but it hardly presents a united front during a delicate international period. The position of the House will be discounted by the President, the President's position will be different than ours, and the Senate's view will be unknown. Can anyone seriously argue that this kind of disunity will strengthen America's negotiating posture in trade talks and other international conferences?

Mr. Speaker, these serious risks to the respect for this Chamber, to the unity of our negotiating posture, and to the delicate balance of interests which must be maintained during this international period are not justified by any necessity for swift action. If the Senate gives this bill the kind of sober and deliberate consideration which it demands, then it is virtually impossible that a trade bill can be enacted into law any time soon. The argument that House action is now imperative to give the President the negotiating authority he needs is therefore fallacious—for our action alone simply will not give him that authority.

Under these circumstances, Mr. Speaker, it is unjustified that the House consider this difficult and historic legislation during the end-of-the-year rush. There is clearly more critical business before us which must be acted upon—emergency assistance to Israel, the creation of an independent Special Prosecutor, a package of crucial energy bills, and remaining appropriations measures. With only 2 weeks left in this session, our energies and attention obviously will and should be focused where they have to be focused. And yet, there is no bill pending before the Congress that will have more long-range importance than the trade bill. In short, Mr. Speaker, we are all placed in the impossible situation of considering this important legislation without the undistracted attention which it most certainly deserves.

Even if this were an appropriate time

to consider the trade bill, Mr. Speaker, the rule which has been provided to us would be unacceptable. I am familiar and sympathetic with those arguments that this bill should provide a broad policy framework and should not be threatened by amendments relating to specific industries, interests, or countries. I would wholeheartedly support a rule which excluded those types of amendments. But this rule goes much further.

It takes out of the hands of every Member of the House, other than those on the Ways and Means Committee, the opportunity for making positive contributions to the broad policy framework we are being asked to ratify.

The various provisions of this bill are not as interrelated as those in a traditional tax measure. Negotiating authority for nontariff barriers is analytically distinct from that for tariffs. Trade preferences for less developed countries is a subject analytically distinct from negotiation of nontariff barriers with advanced nations. And most-favored nation status for Communist countries is obviously an entirely different matter from trade preferences for less developed nations. Can anyone say with sound justification that the provisions of this bill are more interrelated than those of the Budget and Impoundment Act, or of an appropriations bill, or of the defense authorization bill? No, Mr. Speaker, tradition, not reason, is the basis for this rule. History, not sound policy, is the midwife of these limitations on debate.

For example, Mr. Speaker, there is the overriding question of the balance of authority between the President and Congress. During this Session, we have grappled with this question on several occasions—the war in Vietnam, war powers generally, budget control and anti-impoundment measures, and so on. Never once were amendments related to Presidential and congressional authority foreclosed. Yet, perhaps, the broadest sweep of authority yet granted the President—that related to the negotiation of nontariff barriers—is contained in this bill. Under this provision, the President may negotiate away present laws related to product safety, consumer protection, environmental standards and other domestic safeguards. I find it difficult to see how any fair-minded Member of this Chamber could honestly maintain that the full House is incompetent to consider under an open rule the proper role for congressional oversight of this process.

To be sure, the provisions for legislative veto and consultation make some provision for congressional oversight. But that provision is inadequate. The contribution of the House of Representatives, Mr. Speaker, has always derived from its power to prevent proposals from becoming law, unless it approved.

The legislative veto technique has been used only in exceptional circumstances—where the issue was rather straightforward, such as an impoundment, or where the issue involved certain inherent Executive powers, such as warmaking or reorganization. But to use the legislative veto as the major oversight technique where the entire fabric of domestic legislation may be threatened is simply unacceptable. These trade agreements will inevitably place those of us who favor liberalized trade in the impossible position of voting against an international protocol or voting against necessary domestic legislation. Our opportunity to suggest an accommodation of competing interests will be foreclosed.

As we enter ever more definitely into a period of increased international trade, we must confront this issue of Executive power straightforwardly. We must decide whether our constitutional system demands that trading partners understand that internationally negotiated agreements are subject to the approval of Congress—as we recently did with regard to world financial institutions—or we must candidly concede greater powers to the President than we ever have before. We simply cannot have it both ways. With this kind of fundamental issue at stake, Mr. Speaker, I simply do not understand how it is justifiable to close off the catalyst to really meaningful debate which would be provided by the offer of a procedural amendment to this nontariff barrier provision.

Mr. Speaker, there are other problems with this bill. It continues, with admittedly progressive changes, the past policy separately from the policies related to domestic industries involved in trade. Rather than an escape clause provision, for example, for those industries affected by imports, we should have a sector-by-sector industrial policy from which the trade policy for each industry flows.

These questions of fundamental policy are hardly the same thing as the "Christmas-tree" provisions which advocates of trade negotiations are afraid of. But even though issues of fundamental national policy are admitted by all to be different from possible special interest amendments, they are treated the same way under the rule before us. I submit, Mr. Speaker, that we have the time to reject this rule in favor of different terms of consideration next session.

Mr. Speaker, the House of Representatives is designed to be a great deliberative assembly. Any limitations on deliberations can only be justified by overriding and compelling necessity. When limitations are proposed with no necessity offered as justification, the limitations are artificial and high-handed. Our efforts at reform of Congress are meaningless if we allow this practice to continue. Truly liberalized trade can only come as a result of free debate. I urge all of my colleagues who favor reform and free trade to show the consistency of their positions by voting against this rule.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support the rule and I support the bill. However, I, like the gentleman from California (Mr. HANNA) who just spoke, think the timing is bad.

I do not think this is the most opportune time to bring up this legislation. In view of the delicate situation in the Middle East and our desire for a better understanding with all nations of the world, I think this legislation could well have been put off until after the first of the year. Certainly it will not soon be passed by the other body. I think the timing is bad, even though I support the rule and support the bill.

Let me just say one thing about the rule. It is a precedent-shattering piece of workmanship by the Committee on Rules. The Members will note that it provides for 7 hours of debate, 6 hours to be equally divided between the majority and the minority, and 1 hour to be given to our beloved friend, the gentleman from Pennsylvania (Mr. DENT).

Now, even though I like the gentleman from Pennsylvania and wish to accommodate him whenever possible, I hope that we do not do the like of this in the future. I just do not think this is the way to legislate.

Nevertheless, a majority of the members of the Committee on Rules thought they should do this, and it was done. I hope, however, this does not set a precedent for the future. We have 435 Members sitting in this body, and if we start designating individuals to have certain time unto themselves, then we are heading in the wrong direction if we truly want to preserve some semblance of free and open debate in the House.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield to me?

Mr. LATTA. I will be happy to yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, can the gentleman shed any light as to the reason why one individual Member was chosen for this favored position over the rest of us in this Chamber?

Mr. LATTA. Well, the gentleman is a very delightful individual, and he is very convincing. He always make a good argument, and he just persuaded a majority of the Committee on Rules to give him an hour.

Let me say, Mr. Speaker, as far as the bill is concerned, I think it heads this country in the right direction. I think it gives to the President of the United States the bargaining authority he needs to cope with our complex trade problems. We have to realize that most of the countries of the world have been outtrading us. They have in many instances been boycotting our products while filling our country to the brim with their products. They get around using our products in other countries by various and devious means.

They impose x amount of duty on the surface and then below the surface they add more hidden taxes and other barriers then you can imagine.

I am hopeful when they start negotiating they will look behind some of these duties and see how badly we are being dealt with around the world. Yes, I must add some of our good allies to this list. All you have to do is to travel outside the United States and see how very few American-made automobiles are being driven. On the other hand, drive down the streets of Washington and you can quickly get some idea as to how many foreign-made automobiles are being imported to the United States. Why? Why can we not get a better trading arrangement with these countries importing

their products? There are a good many American workmen involved in producing an automobile. I think it is high time that we gave the President authority to sit down with these countries and insist on a better trading arrangement.

Although there are no quotas being established in this bill, I think it is important that we not establish something in this legislation as a matter of law which would bring about retaliation by other nations.

What we are saying to them is, treat us fairly, and we will treat you fairly. That is all we ask.

I think in the past we have been going too far in protecting the best interests of our trading partners. It is high time we started looking after American interests. The authority given in this legislation to the President of the United States would do exactly that.

Mr. Speaker, much can be said about this legislation and I am sure it will be discussed in depth. I think it is worthy of our consideration. I know that there is objection by some of organized labor to it, but I hasten to point out that two of the largest unions are listed in favor of it—the Electrical Workers of America and the UAW, two of the largest unions, appeared before the Ways and Means Committee in support of it. Hence, all of organized labor is not opposed to it as some would have us believe.

I think this rule should be adopted and the House should discuss the legislation.

Unfortunately, trade legislation is very delicate and complicated legislation and should never be debated under an open rule. Back in 1930 the Smoot-Hawley Tariff Act was passed under an open rule, and it was one of the worst pieces of tariff legislation ever passed. We do not want to repeat that mistake here today.

Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska (Mr. MARTIN).

Mr. MARTIN of Nebraska. Mr. Speaker, I rise in uspport of this rule on H.R. 10710, the Trade Reform Act. The Trade Expansion Act of 1962, which gave the President broad powers in negotiating trade agreements with other countries expired in 1967. In view of the growing economic power of the common market nations Japan, Russia and the People's Republic of China in world trade, it is essential that the President again be given authority to negotiate trade agreements.

The rule granted on this bill is a good rule. To consider this legislation, Mr. Speaker, under an open rule would lead to a Christmas tree piece of legislation. The last time, I believe, that we had an open rule on a trade bill was in 1930 when the Smoot-Hawley bill was considered on the floor of the House. Debate went on for days and the bill ended up a hodgepodge of irresponsible provisions. To open this bill on this complex subject to any amendment would result in a chaotic situation on the floor of the House.

Foreign policy cannot be conducted by 535 Members of the Congress. It must be conducted under the leadership and guidance of the President.

If the experiences of the 1930's have taught us anything, it is that a unilateral type of action with regard to protectionist foreign trade policy which we attempted then, has led us only to a downward spiral affecting the economies of all nations. Certainly I recognize the need to protect American industry and American jobs from being flooded by foreign imports.

Certainly I recognize the need to protect American industry and American jobs when flooded by foreign imports. This is precisely what this bill does in a balanced, moderate fashion. But I would remind those who advocate unilateral quotas on imports and imposition of export controls that the United States is not immune to retaliation by foreign countries, and when we embark upon a purely selfish course, neither the American worker whose welfare we invoke for the short-sighted policy would benefit, nor would the nation as a whole or the international economy.

The bill we have before us will permit the Government of the United States to move in tandem on the monetary and trade negotiations. The monetary negotiations are already underway. The trade negotiations have begun, but cannot get down to serious bargaining until the legislation before us is passed.

There are dangers in not entering into trade negotiations now. There is too much to lose. The trading system is changing as time passes, in ways which few, if any, in this body would find acceptable. If we stand still the United States will be unable to take decisive action to give shape to how the trading system evolves. The discrimination will grow. If we want to see the development of an open, nondiscriminatory and fair world economic system, we must act now to give our negotiators the go-ahead that they require.

Let me finish by saying that on a measure of this kind a vote against the rule is a vote against the bill. It is for these reasons that I support the rule allowing for consideration of H.R. 10710.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, hopes ran high at the beginning of this year that 1973 would prove to be a critical juncture, perhaps a turning-point, for U.S. international economic policy. To be sure, this country has been awash with grave warnings about the "trade crisis" for a number of years now. But other than the dramatic moves of President Nixon during the last 6 months of 1971, few concrete actions or policy decisions have been forthcoming. The hoped for momentum this year never materialized. Though the administration proposal came forth in April, no hearings whatsoever have been conducted in the other body. Furthermore, even though the Ways and Means Committee took the only action in Congress and reported a bill in October, fear that its consideration by the full House would imperil the cease-fire in the Middle East forced three postponements.

But finally the Trade Reform Act of 1973 has come to the floor, and with it has come the opportunity to move substantially closer to resolving the growing national dissensus over the future direction of our international economic policy. On the basis of recent economic indicators, to forego that opportunity at this time may well mean to forego the most favorable climate for beneficial trade adjustments in this decade.

As we all know, the positive adjustments—as far as the United States is concerned—expected to flow from the Smithsonian agreement of December 1971, have taken longer to work their way through the complex international economy than many of us expected. The result was a trade balance that deteriorated in 1972 for a second year in a row, falling to a deficit of more than $6 billion. But in the third quarter statistical reporting period, from July to September 1973, the Commerce Department's merchandise account—the balance of trade—reported a surplus of $783 million. Though the size of the surplus is small, it is not negligible, and more important, it represents the first surplus since early 1971. Many economists predict, furthermore, that we can expect a surplus in the fourth quarter long enough to ring up a surplus for the year.

In other words, as a result of the dollar devaluations begun in 1971, U.S. produced commodities are more competitive in international markets than at any time in the past 4 years. Hence, they are in the best position in this decade to take advantage of reduced tariff and nontariff barriers. Indeed, if international trade were free of government constraints at this time, and if the marketplace was free to determine the flow of trade, the United States could be reaping the benefits.

As you know, Mr. Speaker, the avowed purpose of the General Agreement on Tariffs and Trade, of which the United States is a charter member, is just that—the reduction of Government interference in international trade. The 77 full members of GATT, including the nine nations of the Common Market, and Japan, as well as the 13 associates, are meeting in Geneva for negotiations designed to reduce trading barriers. At the end of October, however, the European members refused to set up crucial working groups pending passage of a U.S. trade bill that would give the administration authority to negotiate reductions. As a result, substantive world trade negotiations that could significantly benefit the United States are at a standstill, and will not proceed until the Congress acts.

It must be in light of this urgency that we take up House Resolution 657 setting the groundrules for consideration of the Trade Reform Act. Under the rule, debate shall extend for 6 hours equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. Significantly, 1 additional hour of debate is to be controlled by the distinguished chairman of the General Subcommittee on Labor (Mr. DENT). Three amendments shall be in order under the rule; first, an amendment will be offered by Mr. VANIK to place export-import credits under the conditions of title IV; second, an amendment will be proposed to strike title IV;

and third, an amendment will be brought to strike title V.

Mr. Speaker, I urge the House to accept the rule in this form and to reject attempts—no matter how well meaning—to amend or defeat it. Whatever form such an effort would take, either to defeat the previous question and amend the rule, or failing that, defeating the motion on final passage, the ultimate effect would be to cause costly delays in the Geneva negotiations with perhaps irreversible consequences.

Though I shall leave discussion of the provisions of the act to the distinguished members of the committee, I call your attention to the possible ramifications of amendments of title I. Under title I, the President is granted authority for 5 years to negotiate agreements to raise or lower tariff and nontariff barriers. It will be argued that the President ought not to be granted such powers, and that furthermore, the President's intention to lower nontariff barriers will work particular hardships on certain product sectors. But without such powers important trade negotiations have already been halted and will not proceed until such powers are granted. In addition, the committee bill not only limits the duration of the authority but also specifically sets limits on tariff rate reductions, and provides a congressional veto mechanism to guard against nontariff adjustments that unduly harm a domestic producer.

I am sure that those who argue the perspective of organized labor will express their misgivings over title I, as well, and will also argue the inadequacies of the adjustment assistance provisions of title II. But should the force of these arguments persuade the House to open the rule, I have no doubt about the effect. A glut of amendments will rain down upon this body that would have the purpose of exempting and protecting every product and labor sector from both the real and imagined dangers of freer trade. The cumulative effect could easily be legislation that would so bind the administration as to be meaningless, and to threaten a veto.

The effect of an amended rule, or its defeat, could, I fear, set the clock back 8 months in the House, and further delay consideration in the other body. It would do so, moreover, without the opportunity for constructive debate that is provided by House Resolution 657.

Mr. Speaker, it is acknowledged by most economic authorities that the huge $6 billion plus trade surpluses that we enjoyed during the early sixties have become relics of another age. The international economy has become just too competitive for us to ever hope to achieve such surpluses again, nor is it necessary that we do so. A helpful index of just how competitive the international market has become is the rate of growth of imports to the United States by competitors we formerly dominated with our exports. Between 1966 and 1972, imports from Western Europe doubled, to a level more than $15 billion annually; and in the same period, imports from Asia—with Japan the major component—have nearly tripled to a level of $15 billion per annum.

Even if it were desirable, we could not shut our trading door to these competitors without severe and potentially catastrophic international ramifications. To the contrary, our best interest is served by striking an equilibrium with these and other trading partners that will guarantee no one permanent surpluses, but rather will stop the seesaw of surpluses and deficits that have proved so damaging to the United States in the last few years. At present the major obstacle blocking the road to this goal is the absence of the negotiating authority that this bill would provide the President of the United States. I firmly believe that the rule before us today would allow for comprehensive debate on that subject without unnecessarily dooming prospects for its acceptance.

Mr. Speaker, I urge adoption of House Resolution 657 in order that the House can consider H.R. 10710, the Trade Reform Act of 1973.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I am pleased to yield to the gentlemen from Massachusetts.

Mr. BURKE of Massachusetts. I thank the gentleman for yielding. I wonder if the gentleman is also pleased at the 1 million permanent jobs lost since 1965 as a result of the trade policies.

Mr. ANDERSON of Illinois. Mr. Speaker, I will not yield any further. I do not accept that figure. That is not true, and any objective observer who looks at the record will discover that those corporations that are engaged in the export industry are creating more jobs here at home by far than those who are not engaged in export at all. So this story about a million lost jobs is absolutely a figment of the gentleman's imagination.

Let me say before my time is up that there is a very good reason why we have elected in the Committee on Rules to provide a modified closed rule in this case.

I see that my friend, the gentleman from Pennsylvania, has returned to the floor. I received a very interesting letter from him under date of December 6 which starts out: "Yes, we have no bananas, steaks, eggs, blue jeans," and so on. This is exactly, I think, an example and this is typical of the kind of protectionist amendments that would be offered under an open rule to this bill.

As the gentleman from Nebraska truly said, if we want to do a Smoot-Hawley all over again with the disastrous economic consequences that bill produced, then go ahead and vote down the previous question, open up this rule, and everybody who wants to can come in with an amendment to exempt bananas, tennis balls, freezers, and all of them will be here in the well offering amendments of that kind.

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

Mr. ANDERSON of Illinois. I yield to the gentleman from Pennsylvania.

Mr. DENT. I thank the gentleman for yielding.

Outside of being a fighter in his opinion, I can tell the gentleman what I really am. I am in favor of American jobs. When I said, yes, we have no bananas, that came from a chamber of commerce and in one of our magazines.

Second, when I read through that list, tennis balls are made in one factory, and it happens to be in my hometown, and they are making less today than they did 20 years ago. The growth of our population and users of tennis balls has been exported and all the jobs that would have been created here in the United States.

Mr. ANDERSON of Illinois. The gentleman from Pennsylvania has just proved my point.

The SPEAKER. The time of the gentleman has expired.

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

Mr. ANDERSON of Illinois. I thank the gentleman.

Tennis balls are made in his hometown. Pajamas are made in smoebody else's hometown; hot water bottles are produced somewhere else; and it is only fair to expect that the protagonists of those interests are going to be here in the well offering amendments to exempt that particular product from the coverage of these negotiations. That is what we want to avoid. We want to give our negotiators the kind of authority that they need to sit down and hammer out a realistic agreement that will be good for American labor, good for the American public, and good for the entire country.

Mr. O'BRIEN. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Illinois.

Mr. O'BREIN. I thank the gentleman for yielding.

With regard to this legislation, my district, actually in my hometown, has one company which produces a great deal of manufactured goods, 40 percent of which goes overseas. There are 4,000 jobs that depend on the manufacture of parts for overseas assembly. Not one of those assembled units comes back to the State of Illinois or the United States for sale. What happens to those 4,000 jobs if we fail to pass this legislation?

Mr. ANDERSON of Illinois. The gentleman from Illinois makes an excellent point. Those jobs are gone.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. SCHNEEBELI).

Mr. SCHNEEBELI. I thank the gentleman for yielding.

Mr. Speaker, I support House Resolution 657, providing for 7 hours of debate on the Trade Reform Act of 1973, and permitting three amendments to the bill. An amendment will be in order to prevent the extension of credits to nonmarket economies that fail to allow free emigration. Also, one amendment to strike title IV, relating to MFN treatment for Communist countries, may be offered, and one amend-

ment to strike title V, providing for U.S. participation in a system of generalized tariff preferences to less developed countries, may also be offered.

Mr. Speaker, this bill is vitally needed to enable the United States to continue to play a leading role in international economic relations. Since 1967, the President has been without tariff negotiating authority and this has hampered our economic relations. In 1970, the House-passed major trade legislation in recognition of this need, but due to the inaction of the other body, this bill did not become law. More than 3 years have elapsed since the House recognized the need to provide this authority, and it is imperative that we act favorably on this bill to do so.

Our committee voted 22 to 3 for the type rule granted by the Rules Committee.

The bill updates provisions of existing law providing import relief, adjustment assistance, and protection against unfair trade practices. It is urgently needed and strongly supported by the administration. The rule will enable us to consider legislation that is vital to continuance of the trade agreements program that has received bipartisan support for nearly one-third of a century. The rule permits the House a specific choice on the most controversial aspects of the legislation while providing for consideration of the remainder of the bill in a responsible way.

I urge all my colleagues to join me in supporting House Resolution 657.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, it is interesting that a great deal of the opposition to this bill seems to center on the rule. I do not think it is opposition to the substance of the rule so much as the fact that we are taking up the bill at all. That raises, of course, the issue as to whether or not we should be seeking this authority for the President at this time.

There is current a very strong feeling that if we do nothing we risk nothing. In fact, doing nothing would be disastrous. Mr. Speaker, in fact since 1967 when the last Presidential authority to seek new trade relationships with our trading partners expired, there have been dramatic changes in those relationships which I maintain require attention at this time. Let me suggest what some of those changes are.

First of all our goods have been increasingly discriminated against overseas as our trading partners have become more prosperous and more protectionist. Both the balance between imports and exports and the volumes of imports and exports, have vastly altered. Our currency has been twice devalued, increasing the competitiveness of our exports in the world market and reducing the competitiveness of foreign goods coming into this country. Japan's economy has surged. Europe has become a customs union during this period. We have become much more dependent on overseas oil. Direct military and political confrontation with the Communists has diminished. England has joined the Common Market. The world agricultural surplus has become a scarcity. The developing nations have become more prosperous, more demanding, and more developed. And we have had ample demonstration of the difficulty under current law of dealing administratively with unfair trade practices by other countries.

Mr. Speaker, I maintain that all these changes indicate the timeliness of this measure. We must not delay. As a matter of fact delay in bringing this measure before the House has resulted in some slippage in the negotiating timetable already. Sir Christopher Soames, speaking for the European community, has urged some delay in moving ahead with the necessary negotiations. If we are going to play an important part in future commerce, if we are going to have a growing share of world markets, it is absolutely essential, Mr. Speaker, that we move ahead now and try to bring about the changed trade relationships which will reflect the changes on the world scene that I have recounted. Delay works against the bill, and against the credibility of our role in opposing the drift to the economic naturalization which has characterized the period since 1967.

I hope the rule will be supported. I believe there is comparatively modest opposition to it as a matter of substance and those who oppose the rule in fact oppose the bill.

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

Mr. CONABLE. I yield to the gentleman from California (Mr. CORMAN).

Mr. CORMAN. Mr. Speaker, I concur in what my colleague, the gentleman from New York, has said, and I wish to underscore the fact that we could do nothing that would leave us where we are. The world is changing very rapidly and we need to be at the negotiating table to give direction to that change. I do not know how soon the Senate will act. The Senate cannot act until after the House acts. Today is the day we ought to pass the rule and tomorrow pass the bill.

Mr. CONABLE. I thank the gentleman from California for his contribution.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. CHAMBERLAIN).

Mr. CHAMBERLAIN. Mr. Speaker, I have listened with interest to the comments in opposition to this rule. Before we make this important decision, perhaps we should reflect a bit about what a vote against this rule would really mean.

You will recall that it was back in April that the President sent a message to the Congress stating that "The need for trade reform is urgent." In fact, it was so urgent that the House leadership agreed, and the Ways and Means Committee put aside tax reform so we could get to work on trade problems. We started hearings on trade immediately after the Easter recess. Why? Because everyone felt that the interest of the country demanded that we act. We had our hearings and we worked through April, all of May, June, and July in the hope of accomplishing our goal before the August recess.

There was broad agreement that our bill was vital to show our intentions for reform before the September conference in Japan that was supposed to be the kickoff for restructuring world trade. We did not make it. But we thought we could recover from this if we got a bill out soon after Labor Day. Well, we finally reported our bill on October 10. And we all know what has happened since then. The whole world has been caught up in the fast moving events in the Middle East.

But we still need a trade bill. It is vital if we are to negotiate with our trading partners to bring about the needed reforms in world trade.

We have heard some critical comment about the timing for the consideration of this bill. I am not too happy about it myself. But what choice do we really have? I rather believe it is now—or never. If this rule is voted down, will it not mean that trade reform has been killed—certainly for this Congress? Is that the message we want to send the world? I think not.

Sure there are lots of hard decisions in this bill. It is terribly complex. But I think we have already delayed much too long. It is time to get this behind us.

We need this bill. We needed it long ago—and we need it now—just as soon as we can get it. I urge that you vote to support this rule.

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

Mr. CHAMBERLAIN. I yield to the gentleman from Colorado.

Mr. BROTZMAN. Mr. Speaker, I rise in support of this rule, because I think we have to move forward now. Often as we discuss the problems of world trade, it becomes an interesting colloquy and discussion about international events. The real fact is that this particular bill touches flesh and blood people that we here represent. It touches them as to what they are going to pay for the products they buy. It touches them as to their own jobs.

I would certainly concur with what the gentleman from Michigan said and I urge support of this rule.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. PRICE).

Mr. PRICE of Texas. Mr. Speaker, today the Congress is in the process of debating perhaps one of the most important pieces of legislation yet to be considered during this session of the Congress, the Trade Reform Act of 1973. Since 1967, the President has not had basic authority to adjust tariff rates because his negotiating powers expired 6½ years ago under the terms of the Trade Expansion Act of 1962.

Also, since 1967, economic conditions of the world's trading community has changed drastically with production capabilities and marketable products expanding rapidly. Major structural changes have also occurred in the world economy as Europe's Common Market and Japan improved their economic strength and have recently emerged as strong competitors with the United States. Furthermore, our monetary system has in recent years increasingly shown itself to be archaic and terribly outmoded for the needs of our present trading economy.

Never has the need for an effective mechanism to deal with both tariff and nontariff barriers to trade been more apparent, and our lack of authority at the negotiating tables looms most significantly today as a new round of trade negotiations among world powers is under way.

The bill we are considering today is designed to give the United States more leverage in negotiating which hopefully will gain greater access to foreign markets for U.S. products and to provide our American negotiators with the needed latitude equivalent to that which their counterparts have by virtue of their own parliamentary systems.

Although we will all admit that there are problems surrounding the legislation being considered today, nevertheless the need for a trade bill strongly outweighs the problems.

What should be the concern of all my distinguished colleagues today is the effect of the entire Trade Reform Act of 1973 upon their districts and our Nation as a whole. In my district alone the market for our agricultural products will be financially beneficial. If the United States has the necessary products at home, is it not better to export the excesses instead of having the Federal Government pay subsidies. By exporting agriculture products such as wheat feed grains and) foreign countries, our farmers will have the needed incentive and markets to produce record agricultural crops.

The United States has expanded its wheat, grain sorghum, corn, and soybean production to an alltime record level this year. More than 40 million additional acres of U.S. cropland have been made available for production in 1973; and 20 million more acres will be freed for production in 1974. For 1974, the Agriculture Department will not divert any cropland, leaving our farmers completely free to respond to the demands of domestic and export buyers for increased farm products. This should stimulate efficient U.S. farmers to even greater production in 1974. This assurance of increased production should help to eliminate any unnecessary stockpiling by importing nations in the current years.

In 1973, the world grain trade increased by 20 million tons—and U.S. exports increased 30 million tons; thus, the United States provided all of this increase plus making up for some of the shortfalls. The increased demand has been partially due to poor crops in some parts of the world, but more importantly to the increasing world demand for livestock products and thus for livestock feed. It is in the interest of the developing nations, too, to stimulate the increased grain production the world needs and wants. Because the United States recent experience with price and wage controls, together with the long history of failures in international commodity agreements, many authorities are convinced that a free and open market is the best and most realistic way to assure an equitable sharing of available grain supplies.

Japan is looking to the United States for soybeans, cotton, grain sorghum, and other grains. Eastern Europe is importing U.S. soybeans and soybean meals and grain for livestock, and Taiwan is bidding for all U.S. grains plus apples. Although these are only a few examples of our foreign market today, imagine what it can be once the President has negotiating power. If the U.S. agriculture community is to benefit from the opening market for its goods, a trade bill is vitally necessary.

I could go on and on discussing the beneficial points of this bill and its bad points that hopefully will be corrected by amendment, however, I urge my colleagues to carefully reflect on the effects and benefits the Trade Reform Act of 1973 will play upon the people in their own districts and the Nation.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. FRELINGHUYSEN).

Mr. FRELINGHUYSEN. Mr. Speaker, I rise in support of this bill and also in support of this rule. It has been rumored that there may be a concerted effort to defeat the rule and not take up the bill at all. I think this would be a tragic development.

There is a rumor also that some proponents of the legislation are going to vote against the rule. I hope this will not occur. It seems to me essential that the House face up to its responsibilities. This may not be an ideal time to discuss the consideration of this bill, but there may never be an ideal time to discuss legislation of this kind as far as the international situation is concerned.

It has been argued that the House need not act because the Senate may not act. This, if true, would be no excuse for inaction by the House. The House cannot control the Senate, and we should not shirk responsibility for what the other body may or may not do.

The House will not be meeting our responsibilities unless we discuss the matter at some length.

In that connection, I want to associate myself with the remarks just made by the gentleman from Michigan (Mr. CHAMBERLAIN), and the gentleman from New York (Mr. CONABLE) on the importance of this bill.

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

Mr. FRELINGHUYSEN. The gentleman will have an hour on the bill. I refuse to yield. I would think he would stop interrupting for at least 30 seconds. I decline to yield.

Mr. DENT. The gentleman says he will not yield. I only need 30 seconds.

Mr. FRELINGHUYSEN. Major adjustments of the trade relationship between the United States and the rest of the world are needed, and they are important. If we delay in acting, or in effect if we kill the bill and thus eliminate the possibility of negotiating, it seems to me we will be working very definitely to our own disadvantage.

I trust we will accept the rule. I trust we will not defeat the whole proposition. I trust we will not have an open rule. I trust also that we will pass this legislation.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Speaker, in 1962 the Congress enacted the Trade Expansion Act under the theme and slogan that America must either trade or fade. It is still a sound message today.

To those concerned about the future of union labor in this country, I point out that the products of 30 percent of America's agricultural cropland is sold overseas.

The American farmer is the single best consumer of union-made steel products in this country. So, city and rural people alike have high stakes in trade expansion, especially in light of the ever-growing protectionist tendency of the Common Market.

Mr. Speaker, I generally oppose restrictive laws, but I certainly am strongly in support of this rule, and I hope it will be adopted and the bill will be accepted.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentlemen from Illinois (Mr. COLLIER).

Mr. COLLIER. Mr. Speaker, our very persuasive colleague from Pennsylvania (Mr. DENT) pointed out in his earlier remarks that our balance of payments, and indeed our balance of trade, have worsened since the last major trade legislation we enacted in 1962; and certainly he is correct.

But, let me assure the Members that unless we move forward today in adopting this rule, we are merely preserving the status quo. We are never going to get a trade bill upon which all of us agree. That is a foregone conclusion. We are never going to get a trade bill upon which all segments of our society will concur. This bill, however, while it does provide more negotiating power to the Executive, does have built-in protections where the Congress for the first time—and I repeat, for the first time—will have an opportunity to see that those negotiations are conducted in the manner which are in the best interests of this country. This was not in the previous bill.

Therefore, I implore the Members of the House, and I have never been known, as most of you know, as a great free trader in any sense, but I certainly do not think we can any longer survive in a vacuum. I think we have to adopt the rule. It will be in the best interests of the consumer, labor, and to the credit of this body if we adopt this rule today.

Mr. LATTA. Mr. Speaker, I yield to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Speaker, I rise in support of this proposed rule.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I rise in support of both the rule and the bill itself. And I urge my colleagues in the House to do the same.

This country desperately needs a trade bill. Without H.R. 10710, the United States has a trade policy without any teeth, a condition which has existed since the Trade Expansion Act of 1962 expired 6 years ago. The negotiating authorities contained in this bill are crucial to our

effective participation in any GATT talks and to the resolution of other trade negotiations to put us on an equal footing with our foreign trading partners especially Japan and the European Economic Community.

The fact that our balance of payments, which was suffering badly a year ago, has made a dramatic turn around in recent months is no reason to oppose or delay passage of this legislation. In fact, the provisions of this bill will help to strengthen the comparative advantages of these sectors which contributed most to our improved balance-of-payments position, especially agriculture.

The Trade Reform Act does not sell us out to foreign competitors, as some of its critics contend. Neither does it sell out the Congress controls over our trade policy. The authority to negotiate away unfair trade practices, and to retaliate against them when necessary, should be important considerations for those Members interested in protecting American industry and workers. And the bill gives Congress effective procedures for passing judgment on Presidential actions and which more than preserve our powers over trade policy. In addition, the title II adjustment assistance provisions are broadened and liberalized to aid American firms and their employees whose jobs are jeopardized by foreign imports.

Finally Mr. Speaker, a word about title IV. Regardless of how any Member of this House feels about extending most-favored-nation status to the Soviet Union, now or ever, I hope that he or she will realize that this country needs a trade bill now.

The Trade Reform Act of 1973 provides both the incentives for expanded fair and mutually beneficial trade and the authority to take action to correct or defend against unfair treatment. A dispute over title IV should not hold up this bill. The longer we wait, the more we risk loss of trading position in an increasingly chaotic world economy.

Both the United States and the Soviet Governments have known for over a year now that the Mills-Jackson-Vanik provisions would be contained in this legislation. It should come as no surprise to them that this bill will pass with title IV in it, if we are to get a bill at all. This legislation should not be allowed to fail here or be vetoed because of concerns about slippage in our détente with the U.S.S.R. If it can survive at all, détente will survive the title IV provisions.

In my State of Minnesota, tens of thousands of jobs depend on foreign trade. This bill is calculated to expand trade and is therefore, for us, a job protection and job creation bill. Minnesota agriculture needs this bill to expand markets abroad, especially after the production incentives of the new farm bill. Minnesota labor, particularly in our skilled, scientific industries, like data processing systems, needs this bill for more jobs and better jobs. Minnesota products need fair treatment in foreign markets. We believe this bill will give us fair treatment, expanded markets, and more jobs.

This country, the American worker, and the American consumer cannot afford to go without this trade bill. We need the Trade Reform Act now, and I urge its passage.

Mr. BIAGGI. Mr. Speaker, I rise in opposition to the rule to permit consideration of H.R. 10710, the Trade Reform Act of 1973. It seems futile for the Congress to waste many precious hours taking up this ill-conceived bill. It deserves to be recommitted.

This bill would continue an archaic, economically irresponsible, and grossly outdated international trade policy which in the last 7 years has put the United States in a position of inferiority in the international trade market.

This bill could result in the perpetuation of an import policy which has wiped out both jobs and industries at a devastating rate. More than 1 million American men and women have lost their jobs as a result of an unregulated flow of imports into this country.

Moreover, one need only look around to those items of everyday use, such as cars, clothings, and major appliances.

To discover what effect this unrestricted import policy has had on the American economy. Such household names as Sony, Toyota, and Volkswagen, while representing great economic growth for Japan, and Germany, has presented the American people with widespread unemployment, in key industries and the continuation of a dangerous unfavorable balance of trade. In the electronics industry alone, where imported goods make up over 75 percent of all manufactured products 450,000 jobs have been lost in the last 4 years.

The future will continue bleak if this bill passes. Thousands more hard working Americans will be out in the streets standing on unemployment lines as a direct result of the Nixon trade and economic policies. Our unemployment rate could rise to levels we have not seen since the depression.

With this bill, Congress will turn over to the executive branch a vast amount of power in international trade matters and give the President unprecedented authority to regulate U.S. imports and exports. The hands of the representatives of the people in Congress would be completely tied. The only voice we would have in the making of international trade agreements would be a simple veto over the President's determinations of what he thinks is right or wrong for America.

True, certain provisions of this bill which prohibit favorable trade status to nations, such as the Soviet Union, that deny their citizens the right to freely emigrate, could be used as a lever to change these policies. I agree with this principle and am a cosponsor of the Mills-Vanik-Jackson amendment.

However, I do not believe we have to attach a very meritorious piece of legislation to an otherwise worthless bill. We can approve the Mills-Vanick bill separately, if necessary, or attached to a sound trade bill next year. I get the impression that the administration wants to use this provision as a "vote-getter" for their trade bill. The basic human rights of the Soviet Jews should not be used as bargaining chips in a fight between Congress and the President over trade legislation.

On a practical and realistic level, it seems useless for the House to pass this rule. In light of the highly important legislation we have yet to consider, particularly with respect to finding solutions to our current energy crisis, it seems incredulous that the House would vote to waste 7 or more hours on a bill which is clearly not in the best interests of the American people.

Mr. Speaker, it is my fervent hope that the majority of my colleagues will share my sentiments and defeat this rule. H.R. 10710 fails to deal with our current trade problems and stands to initiate further economic havoc by giving the President the tools to turn trade into a million dollar bonanza for the moguls of the supernational corporate giants and the profit-hungry international trading interests. This legislation should be promptly returned to the Ways and Means Committee. It needs major revisions. It does not merit the time and energy of this body this year. The committee should be directed by an overwhelming vote of rejection to develop a bill that will help create American jobs, help maintain the rights of people to freely emigrate, and serve as the framework for a new American trade policy to benefit this Nation for the next decade.

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

Mr. GIBBONS. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Speaker, I just tried to say that when all the emergency was coming on about this in the House when this bill was passed originally in 1962, it died in 1967. If I can count, that is 6 years ago.

In all those 6 years, this great emergency has not come up, but now on the even of Christmas everybody seems to be looking for the "Miracle of 34th Street."

Mr. GIBBONS. Mr. Speaker, I am here today to ask the Members to support the rule and to support this bill.

To respond just briefly to my good friend from Pennsylvania (Mr. DENT), whom I have just yielded to, let me say that part of this act expired in 1967, and for that reason this country has been lassoed and hog-tied and not able to work as it should work in international trade and to defend itself. Things have happened, and the Congress has tried to act in this area before. It tried to act in 1970 and failed to act after a long debate. And it has tried to act since that time.

Mr. Speaker, as so many Members have pointed out here today, times really have changed. I think that one change that I am aware of, and perhaps that all Members ought to be aware of, is that the last time the House tried to use an open rule with a trade bill was in the Smoot-Hawley days.

Mr. Smoot was a Member of the Senate, and Mr. Hawley was a Member of the House. Mr. Hawley's picture hangs over the room occupied by the Committee on Ways and Means. He was chairman of that committee at that time. I think all of us know, and as history has taught us, what a sorry mistake the Smoot-Hawley Act was.

Under an open rule it becomes incumbent upon every Member sitting here to try to defend the interest of his own district. What happens, though, is that sometimes we get a horrible monstrosity, such as Smoot-Hawley was.

Smoot-Hawley helped pull this country down into the very depths of the depression. It helped pull world trade from a very substantial amount of trade to almost a zero balance. Twenty-five nations responded in the only way they could to retaliate against us, and historians tell us and those of us who were old enough to remember realize that Smoot-Hawley was probably one of the main causes of the disintegration of world trade that took place then, and it led to World War II with the tremendous loss of life during that war.

Mr. Hawley was a Member of Congress from the State of Oregon, and the acting chairman of our committee today is from the State of Oregon. So, my, how times have changed.

The Smoot-Hawley bill was full of all kinds of little "goodies" for little industries in particular areas.

One thing we can say about this bill today, Mr. Speaker, is that no special interest has been served by it; only the American general interest has been served by it. The gentleman from Oregon, Chairman ULLMAN, resisted with skill and determination any attempts to put into this bill the kind of things that would lead us back into the Smoot-Hawley days, the kind of things that Members of Congress are inclined to do when they are protecting their own district interests and political interests in a bill like this.

So it is rather fitting that here on this day, some 40 years after Smoot-Hawley, another gentleman from Oregon would be leading us in the consideration of what I think is a very fine and a very courageous piece of legislation, a very well-founded and well-thought-out and well-debated piece of legislation.

Mr. Speaker, some Members of this body have objected to the timing of this bill, as my friend, the gentleman from Pennsylvania (Mr. DENT), just did.

There is never an easy time or a good time to vote on a piece of trade legislation. They are tough bills. They get ground right down into the foundation on which America has been built.

But the House of Representatives, through its Committee on Ways and Means, through its other deliberative processes and through its Committee on Rules, has been working on this bill since April. We must pass it soon in order to give the other body a reasonable chance in the next year to try to get something done to express their ideas on this subject.

Mr. Speaker, I think we ought to support the bill and the rule.

Mr. PEPPER. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. VANIK).

(Mr. VANIK asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. VANIK. Mr. Speaker, at this point in the Record, I would like to enter the full text of the "Freedom of emigration amendment" which I will offer tomorrow to the Trade Reform Act of 1973 pursuant to the rule, House Resolution 657:

AMENDMENT TO H.R. 10710, AS REPORTED OFFERED BY MR. VANIK

Page 129, line 25, after "treatment)," insert the following: "such country shall not participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, directly or indirectly.".

Page 130, line 20, strike out "and (B)" and insert the following: ", (B) such country may participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, and (C)".

Page 131, line 6, after "received", insert the following: ", such credits or guarantees extended,".

Mr. PEPPER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the President has recommended the passage of this bill, the Committee on Ways and Means has recommended it, and the Committee on Rules has brought the rule out.

I hope that this rule will be adopted and that the House will have the chance to work its will on this bill.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 230, nays 147, not voting 55, as follows:

[Roll No. 639]

YEAS—230

Alexander	Clawson, Del	Gilman
Anderson, Ill.	Cochran	Ginn
Andrews, N.C.	Cohen	Goldwater
Andrews, N. Dak.	Collier	Goodling
Arends	Conable	Green, Oreg.
Ashley	Conte	Griffiths
Badillo	Corman	Grover
Bafalis	Coughlin	Gude
Baker	Cronin	Gunter
Beard	Culver	Guyer
Bevill	Daniel, Dan	Haley
Biester	Daniel, Robert W., Jr.	Hamilton
Blackburn	Davis, Ga.	Hammer-schmidt
Blatnik	Davis, Wis.	Hanley
Boggs	de la Garza	Hansen, Idaho
Bolling	Delaney	Harvey
Bowen	Dellenback	Hastings
Bray	Dennis	Heckler, Mass.
Breckinridge	Devine	Heinz
Brinkley	Dickinson	Hillis
Broomfield	Downing	Hinshaw
Brotzman	Dulski	Holifield
Brown, Calif.	Duncan	Holt
Brown, Mich.	Esch	Horton
Brown, Ohio	Evins, Tenn.	Hosmer
Broyhill, N.C.	Fascell	Hudnut
Broyhill, Va.	Findley	Hutchinson
Burgener	Flynt	Ichord
Burke, Fla.	Foley	Jarman
Burleson, Tex.	Forsythe	Johnson, Colo.
Butler	Fountain	Johnson, Pa.
Camp	Fraser	Jones, Ala.
Carter	Frelinghuysen	Jones, N.C.
Casey, Tex.	Frenzel	Karth
Chamberlain	Frey	Ketchum
Chappell	Fulton	King
Clancy	Fuqua	Landrum
Clausen, Don H.	Gettys	Latta
	Gibbons	Lehman
Litton	Patman	Slack
Long, La.	Pepper	Smith, Iowa
Long, Md.	Perkins	Smith, N.Y.
Lott	Pettis	Staggers
Lujan	Peyser	Stanton, J. William
McClory	Pickle	Steele
McCloskey	Pike	Steiger, Ariz.
McCollister	Powell, Ohio	Steiger, Wis.
McDade	Preyer	Stephens
McEwen	Price, Tex.	Talcott
McKinney	Pritchard	Taylor, N.C.
McSpadden	Quie	Teague, Calif.
Macdonald	Quillen	Teague, Tex.
Madigan	Railsback	Thomson, Wis.
Mahon	Regula	Thone
Mailliard	Reuss	Thornton
Mallary	Rinaldo	Treen
Mann	Roberts	Udall
Maraziti	Robinson, Va.	Ullman
Martin, Nebr.	Robison, N.Y.	Van Deerlin
Mathias, Calif.	Rogers	Vander Jagt
Mathis, Ga.	Roncalio, Wyo.	Vanik
Mayne	Rooney, Pa.	Waldie
Mazzoli	Rose	Ware
Michel	Rostenkowski	Whitehurst
Miller	Roy	Whitten
Mitchell, N.Y.	Ruppe	Widnall
Mizell	Ruth	Wiggins
Mollohan	Sandman	Williams
Montgomery	Sarasin	Wilson, Bob
Moorhead, Calif.	Satterfield	Winn
Mosher	Schneebeli	Yates
Nelsen	Sebelius	Young, Fla.
Nichols	Shoup	Young, S.C.
O'Brien	Shriver	Young, Tex.
O'Neill	Shuster	Zion
Parris	Sikes	Zwach
Passman	Sisk	
	Skubitz	

NAYS—147

Abzug	Green, Pa.	Podell
Adams	Gross	Price, Ill.
Addabbo	Hanna	Randall
Anderson, Calif.	Hansen, Wash.	Rangel
Annunzio	Harrington	Rarick
Ashbrook	Hays	Riegle
Bauman	Hechler, W. Va.	Rodino
Bennett	Helstoski	Roe
Biaggi	Hicks	Rosenthal
Bingham	Holtzman	Roush
Boland	Howard	Rousselot
Brademas	Huber	Roybal
Brasco	Hungate	Runnels
Breaux	Johnson, Calif.	Ryan
Brooks	Jones, Okla.	St Germain
Burke, Mass.	Jones, Tenn.	Sarbanes
Burlison, Mo.	Jordan	Schroeder
Burton	Kastenmeier	Selberling
Byron	Kazen	Shipley
Carney, Ohio	Kemp	Snyder
Clark	Koch	Spence
Clay	Kyros	Stanton, James V.
Cleveland	Landgrebe	Stark
Collins, Ill.	Leggett	Steed
Collins, Tex.	McCormack	Steelman
Conlan	McFall	Stratton
Cotter	McKay	Stubblefield
Crane	Madden	Studds
Daniels, Dominick V.	Matsunaga	Sullivan
Danielson	Meeds	Symington
Davis, S.C.	Metcalfe	Taylor, Mo.
Dellums	Mezvinsky	Thompson, N.J.
Denholm	Milford	Tiernan
Dent	Minish	Towell, Nev.
Derwinski	Mink	Vigorito
Diggs	Minshall, Ohio	Whalen
Dingell	Mitchell, Md.	White
Drinan	Moakley	Wilson, Charles H., Calif.
Eckhardt	Moorhead, Pa.	Wilson, Charles, Tex.
Edwards, Calif.	Morgan	Wright
Eilberg	Moss	Wylie
Evans, Colo.	Murphy, Ill.	Wyman
Flood	Murphy, N.Y.	Yatron
Ford, William D.	Myers	Young, Alaska
Froehlich	Natcher	Young, Ga.
Gaydos	Nedzi	Zablocki
Giaimo	Nix	
Gonzalez	Obey	
Gray	O'Hara	
	Owens	
	Patten	
	Poage	

NOT VOTING—55

Abdnor	Chisholm	Grasso
Archer	Conyers	Gubser
Armstrong	Donohue	Hanrahan
Aspin	Dorn	Harsha
Barrett	du Pont	Hawkins
Bell	Edwards, Ala.	Hébert
Bergland	Erlenborn	Henderson
Buchanan	Eshleman	Hogan
Burke, Calif.	Fish	Hunt
Carey, N.Y.	Fisher	Keating
Cederberg	Flowers	Kluczynski

Kuykendall	Roncallo, N.Y.	Walsh
Lent	Rooney, N.Y.	Wampler
Martin, N.C.	Scherle	Wolff
Melcher	Stokes	Wyatt
Mills, Ark.	Stuckey	Wydler
Rees	Symms	Young, Ill.
Reid	Veysey	
Rhodes	Waggonner	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Rooney of New York against.
Mr. Waggonner for, with Mr. Barrett against.
Mr. Carey of New York for, with Mr. Kluczynski against.
Mr. Bergland for, with Mr. Donohue against.
Mr. Fisher for, with Mr. Hawkins against.
Mr. Rees for, with Mr. Symms against.
Mr. Wyatt for, with Mrs. Chisholm against.
Mr. Rhodes for, with Mr. Melcher against.
Mr. Mills of Arkansas for, with Mr. Stokes against.
Mr. Erlenborn for, with Mr. Conyers against.

Until further notice:

Mrs. Grasso with Mr. Abdnor.
Mr. Reid with Mr. Hanrahan.
Mr. Wolff with Mr. Eshleman.
Mr. Aspin with Mr. Edwards of Alabama.
Mr. Dorn with Mr. Cederberg.
Mrs. Burke of California with Mr. du Pont.
Mr. Flowers with Mr. Fish.
Mr. Henderson with Mr. Gubser.
Mr. Stuckey with Mr. Buchanan.
Mr. Hogan with Mr. Harsha.
Mr. Lent with Mr. Hunt.
Mr. Roncallo of New York with Mr. Martin of North Carolina.
Mr. Walsh with Mr. Scherle.
Mr. Wydler with Mr. Wampler.
Mr. Archer with Mr. Young of Illinois.
Mr. Bell with Mr. Kuykendall.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

RESIGNATION OF AND APPOINTMENT OF CONFEREE ON H.R. 11324

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the gentleman from Georgia (Mr. STUCKEY) be excused from further service as a conferee on the bill H.R. 11324, and that the Speaker be authorized to appoint a Member to fill the vacancy.

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

There was no objection.

The SPEAKER. The Chair appoints the gentleman from Texas (Mr. ECKHARDT) to fill the vacancy, and the Senate will be notified of the action of the House.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO FILE REPORT ON H.R. 11450

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce have until midnight tonight to file a report on the bill H.R. 11450.

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

There was no objection.

TRADE REFORM ACT OF 1973

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

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

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 10710, with Mr. BOLAND in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule the gentleman from Oregon (Mr. ULLMAN) will be recognized for 3 hours, the gentleman from Pennsylvania (Mr. SCHNEEBELI) will be recognized for 3 hours, and the gentleman from Pennsylvania (Mr. DENT) will be recognized for 1 hour.

The Chair now recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, first I want to express my appreciation to the Members of the House for the vote on the rule. We in the Ways and Means Committee recognize the difficulties of voting on a very complex and important piece of legislation such as this, but it is a piece of legislation that must be passed by this Congress. I think when the Members look back on it they will recognize that this is the best time to dispose of this very important piece of legislation.

I wish to again thank the members of the committee on Ways and Means who labored long hours over many weeks to report responsible trade legislation to the House. The result was truly a committee effort to which all members of the committee contributed.

All members of the committee, and I am sure other Members of the House, will join me in expressing our great appreciation for the fine work of Ambassador William R. Pearce, Deputy Special Trade Representative who presented the original proposal to the committee on behalf of the administration. Ambassador Pearce and his excellent staff, representing the appropriate agencies, were of great assistance to the committee during the committee's development of the bill into an innovative and forward looking trade bill.

Mr. Chairman, I would like to say a few words about the staff of the committee on Ways and Means. It is an excellent staff, all of whom are completely dedicated to assisting the committee to write the best legislation possible. Indeed, the staff needs to be enlarged in order that the full oversight responsibility of the committee under the trade bill can be met. We often forget the hard work that goes into preparing for and conducting lengthy public hearings and markup sessions. The trade bill involved many extra hours of work by the whole staff and the committee is extremely grateful for their fine efforts.

The committee has long prided itself on the soundness and high quality of the bills it reports, and their presentation to the House. Much of the credit for those characteristics in the Trade Reform Act is due to the high professional standards and dedicated efforts of the following members of the staff: John M. Martin, Jr., chief counsel, Richard Wilbur, minority counsel, and Harold T. Lamar and Arthur Singleton, professional staff members. For their contributions to the trade bill the committee is deeply appreciative. It is also necessary, Mr. Chairman, to recognize and indicate our appreciation to Mr. Ward Hussey, House legislative counsel and Mr. Roger Young, assistant legislative counsel for their wise counsel and expertise in drafting the committee's bill.

I hope the Congress will be able to go home over the Christmas recess and say that they have considered and approved trade legislation that is broad in scope, that is responsible, and that will help us in this critical time to face up to our world obligations.

Mr. Chairman, the legislation that we bring before the Members today could well be the key to American industrial and overall economic growth in the next 20 years.

It can be the key to millions of new jobs and new markets for our factories and our farms. It can be the key to the achievement of sound international monetary reforms and monetary and financial stability for the years ahead. It can be the key to the reform of our international trade system and continued expansion of world trade and economic growth. It can be the key to peace and prosperity in our times.

Mr. Chairman, this legislation is sorely needed to further our economic and political interests abroad and improve competitive conditions for our producers at home and abroad.

Mr. Chairman, it is only because of circumstances beyond our control that fuller consideration of this matter has been delayed. One may ask why we are considering H.R. 10710 on December 10, almost 2 months after it should have been considered in the House.

The Committee on Ways and Means spent 24 full days in public hearings and 37 more days, and I mean full days, in markup sessions.

The bill was ordered reported on October 3 by a vote of 20 to 5.

On October 10 the report was filed and immediate consideration of the bill was requested. The leadership responded by scheduling the bill for consideration on October 17.

Let me here express my appreciation to all the members of the Committee on Ways and Means for their long, hard, and diligent efforts in producing what I consider one of the best and most re-

sponsible trade bills that has come out of this Congress for a long, long time.

I want to express my appreciation to all of the members. The vote was 20 to 5; but even those members who voted against the bill were extremely diligent in attempting to improve it and allow it to come to the floor in a responsible way.

Now, the answer to why this bill is being considered today is that the President asked that the bill be delayed. He requested that the bill be delayed on the grounds that title IV of the bill authorizing the President to extend nondiscriminatory treatment to certain Communist countries, contains language that the administration objected to because the rule which had been granted for the bill provides the opportunity to add additional language with respect to limitation on credits to those countries, which the administration also found objectionable.

In view of this request for delay, one might ask why the provisions on most-favored-nation treatment to certain Communist countries are in the bill at all.

The answer to that question is that the administration asked for the provisions of title IV at the time the draft proposal was submitted to Congress. They considered this an extremely important part of the bill.

The provisions on most-favored-nation treatment to certain Communist countries was requested by the administration at a time that they had to be aware that the Jackson-Mills-Vanik amendment was already pending in the House and in the Senate. Indeed, in the House the Mills-Vanik amendment had almost 280 sponsors at the time the President submitted the trade proposal, including in his request for authority to extend most-favored-nation treatment to certain Communist countries.

Because the President specifically tied his request for delay to matters of grave national security in the Middle East and the possibility of the outbreak of general war, there was no way that either the Speaker or the Committee on Ways and Means could refuse that request.

Now—at this late hour—the President has asked us to go forward. I believe it is imperative that we do go forward.

It seems to me that further delay could well cause serious injury to our international relations with the free world.

Some have asked also, "Will the Senate act?"

I have been assured by Chairman LONG and members of the Senate Finance Committee that they will most certainly take the measure up once we send it to them.

I find it inconceivable that the Finance Committee would fail to act, and the Senate itself would fail to act on such a major piece of legislation involving the long run economic well-being of the entire country.

Some ask, why do we need a bill at all? Mr. Chairman, before getting into a discussion of some of the major provisions of the bill, I would like to address myself very briefly to the subject of why we need a bill.

As this year has unfolded, we face a much different picture than we did at the end of last year when we experienced the largest trade deficit in the history of our country, almost $7 billion. Our trade balance has now moved into a favorable trade position and some analysts estimate our trade surplus for 1973 could amount to over a billion dollars. This is certainly a most welcome change.

Our balance-of-payment position has also improved, but these developments, let me say, while welcome, in no way indicate that we are in a sound position with regard to our trade posture. Just the opposite is true. The disruptive factors of inflation, devaluation, and other market uncertainties all point to the absolute necessity of moving toward a much stronger posture in world trade. There are ominous signs of future economic crises if we fail to act.

We must strengthen the opportunities and the resolve of nations to cooperate in international trade matters, for the world is closer in many ways to the bilateralism and narrow self-interest of the 1930's than ever before, and we cannot slip back into that posture. The result worldwide would be disastrous.

Moreover, while some progress is being made in international monetary reform, we cannot disassociate successful resolution of that effort from one of the basic purposes of this bill, which is trade reform domestically and internationally.

Let me expand on some of the reasons for the bill. The bill is needed to assure job opportunities for American workers. Under this bill, when temporary import restraints are needed to provide relief to industries and their workers who are seriously disadvantaged by injurious import competition, timely and effective relief will be available.

Beyond this, the bill reforms our domestic laws to better assure conditions of fair trade in our own market and the mechanism to better assure our producers conditions of fair trade in foreign markets.

The best assurance of expanding job opportunities is sound economic growth. More than ever before in the United States, a large part of such growth must be generated by expanding world trade, a principal aim of this bill. The next greatest contribution that can be made to job opportunities is by assuring our own producers that they can continue to produce in the United States and survive competitively. This, too, the bill does.

Indeed, H.R. 10710 does more to provide tools to achieve conditions of fair trade and expanded markets for our producers and workers than any trade legislation yet enacted.

It is ludicrous, Mr. Chairman, to think that we would be able to increase job opportunities for an ever increasing work force by adopting a negative growth policy of trade restriction and insulated markets. Our great and productive economy was built on the basis of open markets and unrestricted competition. We can very quickly dismantle it if we choose to restrict competition and impose more vigorous and more Government controls, which certainly would happen in the case of a quota system.

We need this bill to assure and enhance our own standard of living, for just as the bounty of our own factories and farms contribute to our standard of living, the uniqueness and variety and the attractive cost of imported products benefit all of us as consumers and producers. To deny ourselves imported products which enrich our lives on the basis of some magic mathematical market-share formula, on the erroneous assumption that such controls on our economy can insure our continued prosperity, would be both shortsighted and self-defeating.

Mr. Chairman, we need this bill, because it is an essential ingredient to a foreign policy that is in our national interest. To some extent, the last few weeks have been unreal in terms of a discussion of this bill which many considered to be the "Soviet Union's most-favored-nation treatment bill."

And yet what this bill is really about is a recognition that our friends are important to us politically, and that our trading partners are important to our survival as an economy and as a nation.

The major provisions of this bill have to do with improving the opportunity for expanding our trading relations with the free world, and that is why this bill is needed.

The preoccupation with title IV has run the risk of alienating our trading partners. As dangers to détente have occupied the news, our trading partners have wondered whether anyone was interested in considering a bill which would make it possible for this country to participate in trade relations which have been agreed to by our own Government.

The development of the European communities has been an important part of our foreign economic policy over the past two decades. Are we to continue to be so preoccupied with the problems of encouraging better political and economic relations with the Soviet Union that we endanger our relations with Western Europe?

I would hope not, Mr. Chairman.

The path to peace does not involve the benign neglect of the need for expanding economic exchange with those countries who have moved with us in the postwar period to achieve the goals of a free society and of the ideals that bind us all together. The bill, Mr. Chairman, is needed to enable this country to participate fully in those multilateral trade negotiations which are already underway but which cannot go forward without the United States. The bill is needed now for daily events continually demonstrate that we are drifting, without a coherent and strongly supported trade policy, at our own peril.

Thus, the bill, the Trade Reform Act of 1973, provides the President authority to enter into trade agreements with foreign countries for a period of 5 years. This negotiating authority is fully adequate for the negotiations contemplated.

The bill most assuredly does not, however, give the President unfettered new power and authority.

In this bill the trade agreement authority is delegated to the President un-

der stricter statutory guidelines and more specific limitations than ever before.

Moreover, it provides for this authority in a manner that demands active consultation with and participation by the Congress in the development of and the administration of the trade policies set forth in the bill.

In this respect, the bill is the most innovative approach to establishing a real partnership in the conduct of our international trade relations that has ever been proposed.

H.R. 10710 renews the President's authority to modify rates of duty pursuant to trade agreements. I will discuss the specific limitations on this authority later.

Suffice it to say the committee did not approve the President's request for unlimited authority to modify rates of duty.

This bill provides a new mechanism for dealing with nontariff barriers to trade, which is something long needed. Agreements on reducing or eliminating nontariff barriers are difficult to negotiate since often their implementation affects domestic laws and regulations and, for the United States, raises serious questions of constitutional responsibilities and prerogatives.

Yet these types of barriers have become more important as tariffs have been reduced. It has long been recognized that further trade liberalization is not possible without reducing and eliminating these trade restraining and trade distorting measures.

The delegation of authority in this bill to negotiate trade agreements on nontariff barriers, the guidelines and limitations on such negotiations, and the congressional consultation and disapproval procedures regarding their domestic implementation, constitute sound, and innovative legislation. The bill preserves the constitutional power of the Congress, and it gives the executive branch strong backing in the forthcoming negotiations.

This bill looks at the whole background of world trade practices and sets the stage for a complete revision of the outmoded trading rules that we have lived by.

Thus, for the first time in trade legislation, Congress would direct the President to use the GATT to further United States economic interests. In the past, while we in Congress have complained that our negotiators have not pursued our interests fully and effectively, we have ignored the international organizations and institutions which are vital to our trading interests.

By directing the President to seek a revision of the international trading rules, we are in effect saying that the GATT must be revitalized effectively to further our interest, but if the institutional problems are insoluable, a new organization and a new set of rules must be found in order to meet U.S. interests of the 1970's and beyond.

This bill would provide carefully limited authority to modify import restrictions for balance-of-payments reasons or to restrain inflation.

This bill would assure careful preparations for and conduct of the trade negotiations by providing: Public hearings, thorough Tariff Commission investigations of probable economic effects of trade agreements, a well-structured public advisory committee mechanism and continuing congressional oversight through the establishment of congressional advisers.

This bill provides for a congressional disapproval procedure that will give the Congress a stronger voice than ever before in the conduct of trade policy. In addition to the negotiation and implementation of trade agreements on nontariff barriers, the congressional disapproval procedure will apply: To the President's retaliatory actions against foreign trade discrimination, to his actions in using quotas or orderly marketing agreements for import relief measures, and to his authority to extend or continue nondiscriminatory treatment to certain Communist nations.

In each of the first four titles of the bill there is a provision for a veto procedure which I think is very important.

Guidelines, limitations, requirements of investigations and public hearings, consultations, disapproval procedures—clearly the delegation of authority in this bill is not an unlimited grant.

In reality the bill will constitute a return to this Congress of its rightful role in carrying out its constitutional responsibilities over tariffs and trade.

In this respect, I want to assure my colleagues that the Committee on Ways and Means intends to fully exercise its oversight obligations. Not only does the bill provide for a continuing consultation with the Congress but, as indicated in the report, the Committee on Ways and Means does not intend that the bill be passed, the authority granted, and then the bill be forgotten. As indicated in the report, the committee intends to closely monitor the preparations for and the conduct of the international negotiations and report to the House frequently on the progress being made. The committee is enlarging its staff in order to carry out these oversight functions and to staff the congressional advisers to the negotiations that are provided for in the bill.

Let me very quickly turn now to the rest of the bill, titles II and III of which relate to providing the opportunity for needed protection of our industries and their workers.

This bill rewrites the escape clause and provides more timely and effective import relief to industries and workers found to be suffering from serious injury due to imports. These provisions are aimed at keeping domestic producers in business and their workers employed by providing temporary import relief, if necessary.

Just as important, this bill establishes a program of direct assistance for workers and firms that is immediately, practical, and meaningful in terms of the support provided. These programs are far better than the existing ones, and represent a vast improvement over the administrations proposals in this area.

This bill emphasizes again and again the importance of providing conditions of fair trade to our producing interest. Thus, the bill amends the Antidumping Act to make it more responsive to the prevention of dumping practices.

This bill amends the countervailing duty provisions and restores the right of judicial review to domestic producers in cases of negative findings by the Secretary of the Treasury. For the first time, the Secretary will be required to act within 1 year under the countervailing duty provision. Through these amendments the committee has placed much pressure on the negotiators to complete an agreement of export subsidies. The committee intends that an equitable solution be found to the treatment of taxes at international borders.

This bill amends the foreign import restrictions provisions of current law and directs the President to act, by retaliation, if necessary, to remove injustifiable and unreasonable restrictions on U.S. exports. Further, the bill provides new authority to act against subsidized exports to the United States when, among other conditions, the President is advised that the antidumping and countervailing duty provisions are not sufficient to remedy the burden being imposed on domestic producers.

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

Mr. ULLMAN. Mr. Chairman, I yield myself an additional 5 minutes.

Mr. Chairman, this bill does provide, and I want to emphasize, it does so at the request of the President, authority for the President to extend nondiscriminatory treatment to those Communist countries not now enjoying such treatment.

The committee has carefully reviewed the President's request and has imposed a number of limitations and conditions on the President's authority under this provision.

I would now like to turn to the question of the amendment that my colleague, the gentleman from Ohio (Mr. VANIK) is to offer to those provisions of title IV of this bill. In effect, his amendment would restore to the original Vanik language the limitation on the extension of credits to those countries which are found to have restrictive and undesirable emigration policies.

If my memory serves me correctly, the amendment that the gentleman from Ohio (Mr. VANIK) proposed, which established appropriate emigration policies as a condition for the extension of nondiscriminatory treatment to certain Communist countries was unanimously approved by the committee without the credit limitations. The issue of whether the credit limitation language should be included was resolved negatively by the committee on the grounds that our committee does not have jurisdiction over foreign credit matters.

Nevertheless, the members of our committee decided not to object to a vote of reinstituting the credit limitation language to Mr. VANIK's overall language on freedom of emigration and East-West trade. Thus, before the Rules Committee we were neutral on the issue of the rule permitting a vote on the Vanik credit limitaticn amendment.

This country is now making some credit available to the Soviet Union.

And I would like to look at that for just 1 second. The latest information I have is that U.S. Government participation in credits to the Soviet Union approximates $700 million. Direct Export-Import Bank credits—over 5 years—account for a little over $100 million, as do U.S. commercial bank credits in tandem with those Export-Import Bank credits. Outstanding Commodity Credit Corporation credits, which have a 3-year maturity, amount to just under $500 million. I am informed there is not much of a backlog of applications for Export-Import credit regarding the Soviet Union.

I am satisfied that the House will work its will on this amendment. I plan to vote against the amendment. I remain hopeful we can relate to these important humanitarian concerns in other ways.

I believe we should and must continue to seek ways that will provide for normal trading relations and still assure a resolution of the emigration issue.

Mr. Chairman, finally, this bill does provide under very carefully drawn safeguards, the authority to extend tariff preferences to exports from developing countries. Our committee had the benefit of counsel from our distinguished colleague from Florida (Mr. FASCELL), who chairs that very important Latin-American Subcommittee, and who is familiar with the problems of developing countries.

Some have expressed the opinion that this bill does nothing to assure our access to needed raw materials from abroad, nor does it provide a framework for avoiding both economic and political crises created by preemptive buying of or export embargoes on on scarce materials. This bill does provide—and I want the Members to know that the Committee on Ways and Means does not have jurisdiction over export controls—this bill does provide, however, a means to deal with those problems. By establishing a negotiating authority and by directing the President to seek the revision of outmoded trading rules and the negotiation of new trading rules needed to deal with uneconomic distortions of trade, this bill provides an excellent opportunity for the negotiation of international understanding on the question of scarcity in world markets that will assure more cooperative efforts to meet scarcity problems and rules against discriminatory practices.

This is a sound bill, Mr. Chairman. This is a well-balanced and a well-formulated bill. It deals forthrightly with the challenge of international markets. It deals effectively with the competitive problems of our domestic market. It deals imaginatively with congressional executive branch joint and separate powers and responsibilities.

I can think of no more important action this House can take than to approve overwhelmingly, H.R. 10710. This bill constitutes a new concept in trade legislation, domestically, and it seeks a new plateau of international understanding and mutually beneficial trade liberalization, internationally.

This legislation and the international negotiations it makes possible is broad enough to attract the cooperative efforts of all nations. It is flexible enough to deal with the environmental problems and other worldwide developments that are impinging on trade relations and comparative competitive abilities among nations.

I firmly believe that the best avenue to peace and world understanding is the peaceful pursuit of commerce. Opening the doors to fair trading practices must be the No. 1 consideration in any effort toward peace.

Let us not delude ourselves that there was not a lesson in the depression of a Smoot-Hawley Act.

Let us move forward to the trading world that the economics of the 1970's and 1980's dictate by supporting H.R. 10710, the Trade Reform Act of 1973.

I would now like to turn to a detailed discussion of the provisions of the bill.

TRADE AGREEMENT AUTHORITY

Basic authority to enter into trade agreements. The President has not had authority to enter into trade agreements since the expiration of such authority under the Trade Expansion Act of 1962 on June 30, 1967. The committee considers it essential that the Congress provide such authority for a 5-year period to enable the United States to prepare for, participate in, and complete the forthcoming major multilateral trade negotiations.

Section 101 of the bill would authorize the President to enter into trade agreements with foreign countries during the 5-year period following the date of enactment of the legislation, and to modify or continue rates of duty within specified limits to give effect to such agreements.

The President may enter into trade agreements whenever he determines that existing duties or other import restrictions of any foreign country or of the United States unduly burden and restrict our foreign trade and that any of the purposes of the bill would be promoted by such trade agreements.

AUTHORITY TO MODIFY RATES OF DUTY

The bill would authorize the President—by proclamation—to increase, decrease, or continue any existing rates of duty or continue duty-free—or excise—treatment pursuant to trade agreements with foreign countries. The exercise of this authority is subject to specific limitations and is conditioned by certain determinations the President is required to make and prenegotiation procedural steps he must follow.

In connection with a trade agreement the bill permits the President to:

Decrease rates of duty existing on July 1, 1973: First, by 60 percent in the case of duties of 25 percent ad valorem or below; and second, by 75 percent in the case of duties of more than 25 percent ad valorem, provided, however, that no duty currently above 25 percent ad valorem can be reduced to a rate below 10 percent ad valorem. Duty reductions on rates of 5 percent ad valorem or below are not subject to these limitations and these rates can be eliminated.

Increase rates of duty existing on July 1, 1973—or impose duties—to a level 50 percent above the rate existing on July 1, 1934—50 percent above the column 2 rate—or 20 percent ad valorem above the existing rate, whichever is higher. This limitation may be exceeded however, when necessary to obtain a substantially equivalent level of protection if a nontariff barrier or other trade distortion is converted to a tariff.

ROUNDING AND STAGING

In order to simplify rates of duty subject to reduction where the result would be a rate other than a whole number or an even half-number, the above limits may be exceeded by not more than one-half of 1 percent ad valorem for rounding purposes.

Section 103 of the bill would also require that tariff reductions may not take place in less than 15 equal annual installments or by annual reductions of a maximum of 3 percent ad valorem, or one-fifteenth, whichever is greater. The purpose of the staging provisions is to provide time for the adjustment of domestic industries and workers to the effects of the reduction or elimination of duties under a trade agreement. The staging provisions also cover the exceptional situation in which it might be necessary to interrupt the implementation of a trade agreement concession, if the rate of duty has been increased for any reason.

The bill clearly does not provide the unlimited tariff modification authority originally requested by the President. However, it is essential that the Congress grant the President tariff negotiating authority adequate to obtain solutions to some of the trading problems of particular concern to the United States in the forthcoming major multilateral trade negotiations. The purpose of this authority is to give the President the bargaining leverage and negotiating flexibility required to achieve the overall objectives of expanding foreign market access for U.S. exports and a more open and nondiscriminatory trading system.

To the extent feasible, this authority should also be utilized so as to insure reciprocity of market access to each sector or agriculture, manufacturing, and mining.

The trade agreement authority for modifying rates of duty permits the use of various types of negotiating approaches and techniques most appropriate for achieving these goals.

At the same time, the limitations on the degree of tariff reductions, the staging provisions, the reservation of certain articles from the negotiations, and the prenegotiation procedures for hearings, advice from and consultations with the Congress, domestic producers, and private organizations, provide the necessary safeguards to insure that the authority will not be exercised to the detriment of domestic interests.

The authority to increase tariffs which has always been granted the President, subject to limitation, is not to be used to raise tariffs across the board. In specific cases where tariff relationships among countries on particular products or in particular product sectors might warrant the harmonization of duty rates among

countries tariff increases as well as decreases might be necessary.

This authority could also be used if the President decided to convert other types of trade barriers to fixed tariffs. However, in examining these latter possibilities, the committee has noted in the report that in most cases it would be preferable to reduce or phase out the import restraint of the nontariff barrier itself, rather than to resort to an often complex and unrealistic procedure to convert and reduce in terms of a hypothetical rate equivalent.

NONTARIFF BARRIERS AND OTHER DISTORTIONS OF TRADE

Considerable concern has been expressed in many quarters about the presence of nontariff barriers and other trade distorting measures. Indeed, in 1962 the Congress expressed concern that barriers other than tariffs were negating U.S. trade agreements rights. In the Trade Expansion Act of 1962 section 252 authorized and called for action by the President against unfair or discriminatory foreign import practices. Little or no action has been taken under this provision, however, and many of the problems, insofar as U.S. exports are concerned, have become institutionalized, making it all the more difficult for the United States to export.

The erosion of the principle of nondiscriminatory treatment with the proliferation of preferential trading arrangements in recent years, together with international trading rules which are outdated and unrealistic in today's trading world, or are not accepted and applied by all major trading countries, reduce both the opportunities for growth of U.S. exports in foreign markets and the mutual benefits intended by reciprocal trade concessions. Of particular concern is the presence of discriminatory practices and nontariff impediments to trade in some countries which deny equality of treatment and equivalent market acces between countries in the same product or product sector; for example, in agriculture and high technology manufacturers.

While offering a most attractive and accessible market to foreign producers, as indicated by the growing importance of manufacturers as a share of total imports, the United States also maintains a number of barriers and other trade distorting measures which are of considerable concern to our trading partners. The inclusion in section 102 of the bill of specific negotiating authority on such barriers makes it clear that the Congress attaches a great deal of importance to the reduction or removal of nontariff barriers in the major multilateral negotiations. For the purposes of this bill barriers include the American selling price (ASP) system of valuation. Given the diverse nature and complexities of such barriers and the fact that they are imbedded in domestic laws in many cases, it has not been possible to frame general implementing authority which can apply to the various types of agreements which may be negotiated. Thus, provisions of this bill are intended to meet the twofold objectives of: First, expediting and reducing the uncertainties of the process by which agreements can be implemented, thereby increasing the U.S. ability to negotiate agreements with foreign countries; and second, providing an increased role for the Congress in the trade agreements program through procedures enabling its proper consideration of agreements before and after their implementation.

The bill contains a statement by the Congress urging the President to take all appropriate and feasible steps within his power to reduce or remove trade barriers, including the negotiation of trade agreements with foreign countries. The Pesident is authorized to enter into such agreements during the 5-year period following enactment of this bill.

It is not possible at this time to anticipate all of the types of agreements that might be negotiated by the President under the authority of section 102, particularly with respect to the number of other parties to such agreements. However, the authority granted in section 102 is not intended to be an additional grant of authority for the President to extend the benefits of trade agreements on less than a nondiscriminatory basis. At the same time, it may well be that certain nontariff barrier agreements will encompass special undertakings or domestic procedures which are necessary for countries to become eligible for the benefits of the agreement, but no country-by-country discrimination would be involved in extending the benefit.

In addition, the bill includes a competitive balance of market opportunities provision stating that the attainment of competitive opportunities for our exports in developed countries equivalent to those accorded in our market to imports is to be a principal U.S. negotiating objective with respect to trade agreements on nontariff barriers. U.S. negotiators are to seek equivalent market access and equality of treatment, as between countries, for agricultural products and for product sectors of manufacturing. To the maximum extent feasible and appropriate, negotiations on nontariff barriers are to be conducted on the basis of product sectors to achieve this negotiating objective.

It is intended that, where feasible, competitive balance should be sought for major product sectors within industry and agriculture. Industrial product sectors are to be defined by the Special Representative for Trade Negotiations together with the Secretaries of Commerce or Agriculture, as appropriate, and after consultation with the Advisory Committee for Trade Negotiations and interested private organizations. The product sectors may be broad in scope as appropriate to best accomplish the negotiating objective.

While the bill does not specifically require the establishment of product sectors in agriculture, it is the committee's intention that, where feasible, competitive balance should also be sought for major agricultural products.

Wherever feasible, however, it is the clear requirement of the Congress that negotiations on nontariff barriers be conducted on a product sector basis to achieve equivalent market access and open, nondiscriminatory trading treatment among countries within the particular product sector. However, other negotiating approaches may be used to achieve solutions to nontariff barriers, and negotiations may take place across sectoral lines with tradeoffs of concessions between sectors, including between agriculture and industry, if a product sector approach is not feasible in a specific case.

Before the President enters into an agreement under this section to reduce barriers or other trade distorting measures he is to consult with the Committee on Ways and Means and the Committee on Finance of the Senate. Consultations should also be held with any other congressional committee with original jurisdiction over the subject matter covered by the agreement. The principal purpose of these consultations is to assess the ways in which domestic statutes or regulations would be affected by the agreement and consequently whether or not further congressional action will be required before the agreement can be implemented.

CONGRESSIONAL VETO PROCEDURE

The bill contains a congressional veto procedure—as an alternative to existing procedures—which is applicable to the implementation of trade agreements. The procedure may be used whether or not further congressional action is required. Thus, the President may submit agreements and implementing documents under this procedure when domestic statutes would be affected or when further congressional action, while not required, would otherwise be appropriate.

To the extent that Congress has authority to change State laws by ordinary legislative action, State laws covered by the subject matter of the agreement could be superseded by the orders and regulations accompanying the agreement.

Any trade agreements involving the reduction or elimination of nontariff barriers submitted to the Congress under this procedure can be implemented and any necessary or appropriate proclamations and orders carried out only if there is compliance with the following procedures:

First, the President must give at least 90 days advance notice to both Houses of Congress of his intention to enter into a trade agreement on a particular subject and must publish the notice in the Federal Register. The purpose of this first 90-day notice requirement is to assure consultation by the executive branch with the Congress, including the appropriate committees of the Congress, on the subject matter of a proposed agreement, to afford the Congress an opportunity to hold hearings, to indicate its reactions to the agreement, and to recommend modifications before it is entered into.

Second, after entering into the agreement, the President must deliver a copy of it and any proclamations and orders proposed for its implementation to both Houses of Congress, with an explanation of how they affect existing law and a statement of the reasons why the agreement serves U.S. interests and why each

proclamation and order is necessary and appropriate.

Third, the agreement enters into force and the proclamations and orders take effect only if neither House of Congress adopts, by a majority of those present and voting, a resolution disapproving of the agreement during the 90-day period following the delivery of the documents.

If an agreement, together with the proclamations and orders necessary for its implementation, has been considered by the Congress pursuant to this section and has been disapproved by either House under this provision, it may be resubmitted together with new proclamations and orders, without meeting the requirement of section 102(f)(1) for a preliminary 90-day period of consultation.

The congressional veto procedure is to be considered an optional method of implementation, which is particularly applicable whenever it is determined through consultations with the appropriate congressional committees that domestic statutes would be affected by the nontariff barrier agreement.

Conversion of nontariff barriers to tariffs. This bill enables the President to negotiate trade agreements under section 102 involving the conversion of a U.S. trade barrier to tariffs of a substantially equivalent level of protection. The agreement under section 102 may also provide for the reduction or elimination of that portion of the tariff which represents the conversion of the nontariff barrier. However, the section 102 agreement cannot provide for the reduction of the column 1 rate of duty existing prior to the conversion. Section 101 can be used for this purpose with respect to an article on which a nontariff barrier has been or will be converted under section 102 if the following conditions are met: on or before the date on which the section 102 agreement for conversion of the nontariff barrier is submitted to the Congress under the congressional veto procedure, a statement of the reductions proposed in the column 1 rates under section 101 is also submitted, together with the determination by the Tariff Commission of the converted rates on such articles which afford substantially equivalent protection.

The purpose of these provisions is to insure that the Congress has full and complete information available to it on all tariff modifications proposed under trade agreements before they approve any agreement with respect to an article. These provisions insure that section 101 is not used to reduce a 1973 rate of duty subsequent to congressional consideration under the veto procedure unless the above-described advance notice has been given.

Whether the President chooses to convert the nontariff barrier into tariffs or to negotiate its direct removal or reduction, the congressional veto procedure is available to implement the agreement particularly where the implementation requires changes in domestic statutes. In the absence of further legislation, it is expected that trade agreements modifying the American selling price and the final list methods of customs valuation would be made subject to the congressional veto procedure whether or not the agreements involved the conversion of these measures into tariffs.

The committee has been assured, however, that due to the complexities involved and, in particular, to the unique legislative character of establishing a valuation and classification standards for international trade that the adoption of a new system of customs valuation or the Brussels tariff nomenclature will be the subject of a request for affirmative congressional approval through the regular legislative procedure.

OTHER AUTHORITY

Steps to be taken toward GATT revision; authorization of appropriations for GATT. Section 121 provides an authorization for an annual appropriation to pay the U.S. share of expenses of the General Agreement on Tariffs and Trade (GATT).

Although the fundamental objectives of the general agreement on tariffs and trade remain valid, developments in the world trading situation in the quarter century since it was negotiated necessitate the making of important changes in the application of the agreement and revision of some of its rules. Those provisions which are obsolete owing to changed circumstances should be updated and others revised in a manner accepted and applied equally by all major countries.

The bill directs the President to take action as soon as practicable to obtain changes in the GATT which will promote the development of an open, nondiscriminatory, and fair world trading system. In particular, the committee has insisted that the President should seek changes in the GATT especially in the following areas:

First, it is neecssary to revise the decisionmaking machinery in the general agreement in order to more nearly reflect the balance of economic interests. GATT participants have increased from an initial 19 in 1947, most of which had comparable economic interests, to 85 in 1973, with widely varying economic interests. The advantages of mediation panels, and of weighted voting as an alternative to the present one vote per country system should be explored.

Second, article XIX of the GATT should be revised to make it a truly international safeguard mechanism which takes into account all forms of import restraints that countries use in response to injurious competition or threat of such competition. The committee does not intend that any modification be so rigid as to make it impossible legitimately to protect against injurious competition nor should it be so flexible as to result in insufficient discipline. What the committee does intend is that the international safeguard mechanism developed will be adhered to by all contracting parties on the basis that no one country or group of countries are favored or are disadvantaged.

Third, the committee recommends that GATT articles be extended to conditions of trade not presently covered in order to move toward more fair trade practices. Many agricultural practices, such as export subsidies, production subsidies, and variable protection at the borders, are not adequately covered by GATT provisions or are not specifically covered. Existing GATT provisions are also inadequate or nonexistent with respect to Government procurement and rules for applying product standards, for example.

Fourth, international fair labor standards and procedures to enforce them should be included in the GATT. The committee is including in this bill certain measures to assist in the economic adjustments which may be necessitated by increased imports. It believes, however, that additional steps are needed which would lead to the elimination of unfair labor conditions substantially disrupting or distorting international trade. The GATT should seek to develop principles with respect to earnings, hours and conditions for employment of workers, and to adopt public petition and confrontation procedures.

Fifth, GATT provisions on tax adjustments in international trade should be revised to insure that they will be trade neutral. Present provisions permit adjustments on traded goods for certain indirect taxes but not for direct taxes. The President shall seek such modification of present rules as would remove any disadvantage to countries like the United States relying primarily on direct taxes and put all countries on an equal footing.

Sixth, the committee also recommends revision of the balance-of-payments provisions in GATT so as to specifically recognize import surcharges as the preferred means by which industrial countries may handle balance-of-payments deficits when import restraint measures are required. Such revision should be consistent with whatever arrangements are agreed to in negotiations to reform the international monetary system. In view of recent practice, other countries would probably support revision of the GATT so as to specifically permit import surcharges to be imposed to take care of balance-of-payments problems and to prefer such measures to quantitative restrictions.

BALANCE-OF-PAYMENTS AUTHORITY

Section 122 of the bill provides for flexible authority for the President to deal with fundamental international payments problems, including authority to impose an import surcharge or other import limitations for a period not longer than 150 days—unless extended by act of Congress—to deal with a serious balance-of-payments deficit, to prevent a significant depreciation of the dollar, or to cooperate with other countries in correcting an international balance-of-payments disequilibrium.

Such restraints must be applied to imports from all countries, except that a surcharge may be applied to only those countries which fail to correct a persistent and excessive surplus in their international payments position. The section also authorizes the President to reduce or suspend tariffs or other import restrictions for a period not longer than 150 days—unless extended by act of Congress—to deal with a persistent balance-of-payments surplus, or to pre-

vent significant appreciation of the dollar.

The authority provided the President to deal with fundamental international payments problems in specific situations—subject to the 150-day limitation, if not extended by act of Congress, consists of the following:

First, to impose a temporary import surcharge in the form of a duty not to exceed 15 percent ad valorem, and/or temporary quantitative limitations on imports in the case of a serious U.S. balance-of-payments deficit, or to prevent an imminent and significant depreciation of the dollar, or to cooperate with other countries in according an international balance-of-payments disequilibrium.

Second, to reduce temporarily duties by not more than 5 percent ad valorem and/or reduce or suspend temporarily other import restrictions in the case of a persistent U.S. balance-of-payments surplus, or to prevent a significant appreciation of the dollar.

The President may suspend, modify, or terminate, in whole or in part, any action under this section at any time, consistent with the provisions of the section.

The committee believes that this authority could prove useful in those unusual circumstances where such restraints are necessary to deal with serious balance-of-payments problems, but feels that it should be carefully circumscribed. Therefore, the authority is limited to 150 days unless there is further congressional authorization, and to a maximum surcharge of 15 percent ad valorem.

In addition, subsection (e) limits the impact of quotas which the President can impose under this authority. Subsection (e) provides that any quantitative limitation imposed on the quantity or value of an article must not reduce the level of importation of such article, based on quantity or value as the case may be, below the level existing during the most recent period which the President determines to be representative. Since the quotas are for balance-of-payments purposes and are not designed to alter trends in the growth of imports of particular products, any increase since the end of the representative period in domestic consumption of the article must be taken into account.

Quotas may be imposed only if this type of measure is permitted as a legitimate instrument to deal with international balance-of-payments problems by international agreements to which the United States is a party—such as the GATT or the articles of agreement of the IMF—and only to the extent that the fundamental imbalance cannot be dealt with effectively by the imposition of an import surcharge.

For the purposes of subsection (a), a "large and serious U.S. balance-of-payments deficit" shall be considered to exist whenever the President determines that the balance of payments has been in substantial deficit over a period of time and that such deficit is likely to continue in the absence of corrective action. A large decline in the U.S. net international monetary reserve position would be evidence of a serious balance-of-payments deficit.

The committee does not intend that a small or even a large balance-of-payments deficit of short duration would warrant the exercise of the authority under this section.

Even in a situation where use of this authortiy might be justified, it is contemplated that other corrective measures will be considered before this authority is exercised.

U.S. cooperation in correcting a fundamental international balance-of-payments disequilibrium as reflected in payments positions of other countries is authorized when allowed or recommended by the International Monetary Fund. Multilateral cooperation could include, for example, the implementation of joint actions to restrict imports from a country running large and consistent surpluses, if that country refuses to take measures to ameliorate the payments disequilibrium.

Subsection (c) sets forth the principle that import restricting actions be applied on a nondiscriminatory basis, and quotas be applied on a basis which shall aim at a distribution of trade approaching that which foreign countries might expect in the absence of quotas. In the event that it is necessary for quotas to be used under this section, provision should be made for meeting the needs of small business importers who may find it difficult to keep supply lines open in competition with larger businesses. However, the President may impose a surcharge on a selective basis against one or more countries having large or persistent balance-of-payments surpluses if the President determines that the purposes of this section would best be served by such action. The intent of this provision is to create incentives and pressures on surplus countries which have disproportionate reserve gains and persistently refuse to undertake effective adjustment action, comparable to the incentives to adjust on deficit countries which result from convertibility. Upon the entering into force for the United States of new rules regarding the application of surcharges as a part of reform of internationally agreed balance-of-payment adjustment procedures, the President must impose any surcharge authorized under this section consistently with such new international rules.

In this connection, the committee has provided in subsection (c) that it is the sense of the Congress that the President seek modifications in international agreements aimed at allowing the use of surcharges in place of quantitative restrictions and providing rules to govern the use of such surcharges as a balance-of-payments adjustment measure within the context of arrangements for an equitable sharing of balance-of-payments adjustment responsibility among deficit and surplus countries.

Subsection (d) provides that actions taken under this balance-of-payments provision must be applied uniformly to a broad range of imported products. However, the President may exempt certain articles or groups of articles because of the needs of the U.S. economy relating to such factors as the unavailability of domestic supply at reasonable prices, the necessary importation of raw materials, and avoiding serious dislocations in the supply of imported goods. This authority would permit the nonapplication of an import surcharge to duty-free imports, for example. In addition, exceptions may be made where import restricting actions would be unnecessary or ineffective. As indicated in the bill these exceptions are to be uniform as to their application. Examples of situations in which import restricting actions would be unnecessary or ineffective might include, among others, situations where goods are in transit, or situations where commitments for the importation of goods are so far advanced, such as binding contracts, that application of the import restrictions would only result in higher prices for goods to domestic interests. The authority to implement import restricting measures or to exempt particular products from such measures cannot be used for the purpose of protecting individual domestic industries from import competition.

Subsection (g) prohibits the President from invoking any provision of law authorizing the termination of tariffs concessions as authority for imposing a surcharge on imports into the United States.

BALANCE-OF-PAYMENTS SURPLUS OR APPRECIATION OF THE DOLLAR

In the case of a persistent balance-of-payments surplus or with respect to efforts to prevent a significant appreciation of the dollar, subsection (b) authorizes the President to reduce temporarily the duty applicable to any article by not more than 5 percent ad valorem and/or to lower the restrictive effect of or suspend temporarily any quantitative limitation applicable to any article.

The President may impose such import measures only for a period of 150 days unless a longer period is authorized by act of Congress. Furthermore, the President may not apply such measures to any article where he determines that such action would cause or contribute to material injury to firms or workers in any domestic industry, including agriculture, mining, fishing, or commerce, impair the national security, or be otherwise contrary to the national interest.

For the purposes of subsection (b), a "large and persistent U.S. balance-of-payments surplus" shall be considered to exist whenever the President determines that the balance-of-payments has been in substantial surplus for a period of time and that such surplus is likely to continue in the absence of corrective measures. A large increase in the U.S. international monetary reserves in excess of needed levels of reserves would be evidence of a large and persistent U.S. balance-of-payments surplus.

AUTHORITY TO SUSPEND IMPORT BARRIERS TO RESTRAIN INFLATION

The committee has provided the President with authority in section 123 to reduce temporarily import barriers as a means to restrain inflation. This provision is designed to give the President some flexability to initiate anti-inflation import measures which are responsive to

the need to insure domestic supply of imported articles at reasonable prices.

Subsection (a) authorizes the President, during a period of sustained or rapid price increases, to reduce or suspend duties and/or increase the level of imports which may enter under other import restrictions on any article or group of articles, if he determines that supplies of such articles are inadequate to meet domestic demand at reasonable prices. While your committee recognizes the breadth of this authority, it feels that such authority has been sufficiently limited.

The duration of any action taken by the President under this section has been limited to 150 days unless a longer period is authorized by act of Congress. Once an article has been subject to an action under this section, it cannot be subject to another such action until 1 year has expired after the termination of the effective period of the prior action. In addition, the committee has provided in subsection (a) that actions taken under this section in effect at any time shall not apply to more than 30 percent of the estimated total value of all U.S. imports of all articles during the time such actions are in effect. Finally, subsection (b) stipulates that the President shall not exercise his authority under this section if in his judgment such action would cause or contribute to material injury to firms or workers in any domestic industry, impair the national security, or otherwise be contrary to the national interest. In addition to excluding from action articles subject to import restraint under section 22 of the Agricultural Adjustment Act, under section 128(b) of the bill, articles subject to special import restraint under the import relief or national security provision are also exempt from action.

COMPENSATION AUTHORITY

The purpose of section 124 is to provide the President with authority to compensate foreign countries for increases in U.S. tariffs or other import restrictions when the United States has been found obligated to pay such compensation for trade restrictions imposed pursuant to an import relief finding under section 203. Authority to reduce duties for purposes of compensation in the past has been the general negotiating authority. Such authority does not presently exist, since the authority to proclaim reduction under section 201 of the Trade Expansion Act expired on June 30, 1967.

Subsection (a) grants the President discretionary authority, whenever import relief has been granted pursuant to the escape clause, to enter into agreements with foreign countries to grant new concessions in the form of modification or continuation of any existing duty or continuation of any existing duty-free or excise treatment to the extent he determines necessary or appropriate to maintain a general level of reciprocal and mutually advantageous concessions.

Subsection (b) limits duty reductions to not more than 30 percent below the existing rate. The President could stage duty reductions if appropriate.

Subsection (c) provides that no agreement may be entered into under this section for the 5-year period following enactment of this act during which time compensation agreements may be negotiated and implemented under the basic negotiating authority of section 101.

The authority can be used where the President has provided import relief pursuant to section 203. In such cases, the United States is required by GATT article XIX to consult with foreign countries having an interest as exporters of the products concerned. If a satisfactory arrangement is made, that is, if compensation is not forthcoming, countries adversely affected have the right under GATT to restrike the balance of concessions by increasing or imposing equivalent new barriers on U.S. exports. If, on the other hand, the President can offer corresponding or offsetting tariff reductions on other articles, the balance of concessions can be restored without damaging U.S. exports.

It is not intended that this section be interpreted as requiring the payment of compensation by the United States whenever import relief has been granted pursuant to section 203. The GATT provides that countries seeking such compensation must show that they have been adversely affected, and it is expected that no action will be taken under this section until such a showing has been made.

RENEGOTIATION OF DUTIES

In order to cope with problems that may develop in the 2 years following the initial trade negotiation period, section 125 provides the President additional authority, subject to strict limitations and the same legislative standards provided in his basic negotiating authority, to renegotiate tariff agreements. The committee is informed that this authority may be needed to eliminate tariff discrepancies and anomalies that often only become apparent after the results of the major tariff negotiations are more closely examined.

Subsection (a) authorizes the President to enter into trade agreements and to proclaim modifications or continuance of existing duty, duty-free or excise treatment or additional duties to carry out such agreements with foreign countries. The scope of negotiations under this authority is limited so that in any one year, duty reductions or continuation of duty-free treatment are limited to articles which account for not more than 2 percent of the total value of U.S. imports during the previous 12-month period. Duty reductions are limited to 20 percent below the existing rate and no duty rate for any article may be decreased or increased to a rate which is lower or higher than the rate which would have resulted if the maximum authority granted in section 101 had been exercised for that article. In other words, the resulting tariff modification on any article under authority of this section and section 101 may not exceed the limits set forth in subsections 101 (b) and (c).

TERMINATION AND WITHDRAWAL OF AUTHORITY

The bill continues without change the requirement in previous trade legislation that every trade agreement entered into under this bill is subject to termination or withdrawal, upon due notice, at the end of a period specified in the agreement. This period is not to be later than 3 years from the effective date of the agreement.

This section also continues the authorization of the President to terminate, in whole or in part, any proclamation made under the bill. This authority has existed in all prior acts since 1934.

Subsection (c) contains explicit authority to implement domestic actions following the suspension or withdrawal of obligations or withdrawal of concessions under such agreements. The authority used in the past for such actions included the termination authority, for example, section 255(b) of the Trade Expansion Act—and the general trade agreement implementation authority—for example, section 201(a)(2) of the Trade Expansion Act.

The purpose of subsection (c) is to provide additional flexibility in existing law to enable the President to exercise U.S. rights and obligations as fully as foreign countries are able to do so under the GATT and other international trade agreements, so as to protect U.S. trading interests in the context of the procedures of GATT or other trade agreements. It specifically authorizes the President to give domestic legal effect to the withdrawal or suspension of trade agreement concessions to any foreign country in the exercise of our international rights and obligations and is intended to replace his general authority to withdraw or suspend obligation trade agreement concessions in exercising U.S. rights or obligations under the GATT. The authority enables the President to react to actions by other countries and also to implement the withdrawal of U.S. concessions under the renegotiation rights of the GATT.

This subsection explicity deals with the questions of partial withdrawal of concessions—setting intermediate rates between those presently in existence and those previously in existence—and terminating for a time, that is suspending, obligations or concessions. This explicit authority is necessary to clarify these technical issues which hinder flexible administration of the trade agreements program and as indicated is intended to replace the general authority which in the past was used for such purposes.

If the withdrawal takes the form of imposing or increasing tariffs, the new duty rate may be set at any level up to 20 percent ad valorem above July 1, 1973 rates of duty, or 50 percent above the statutory rate of duty, whichever is greater. For example, if the present tariff is 10 percent and the column 2 rate is 40 percent, a new tariff could be set at any level between 10 and 60 percent. Tariff increases may be applied temporarily, and then returned to prior concession levels. This section does not contain independent authority to decrease tariffs although the suspension of a previously negotiated tariff increase, which have been rare in the past, could have this effect.

The use of this authority will be limited to the exercise of U.S. rights and obliga-

tions under international trade agreements. It is not the intention to use this authority either as a substitute or extension of other authorities under this or other acts. It could not be used, for example, and it is clearly intended that it not be used to impose a surcharge for balance of payments purposes.

Subsection (d) provides for the continuation of the trade agreement rates of duty for a period of 1 year unless and until the President or Congress acts to modify those rates. Within 60 days following the termination of any trade agreement, the President is required to submit to Congress recommendations for the maintenance or modification of the rates affected. The President is authorized to terminate the proclamations giving effect to the trade agreement rates, thereby reinstating the prior proclaimed rate, or, if there is none, the statutory rate.

The administration has requested an explicit procedure for dealing with rate changes following international actions which terminate the effect of international agreements. Were domestic tariffs to be required to "spring back" to the statutory rate if trade agreements were terminated, the result would be chaotic. A sudden reversion to the 1930 rates could give a severe shock to the Nation's economy. Similarly, our export sales could be affected drastically by withdrawal of foreign tariff concessions. Under this provision, a spring-back is explicitly prevented for a period of 1 year, to permit the President and the Congess to make a considered determination of the appropriate rates. Thus, under this provision, if a trade agreement, or any part of it were terminated, the parties could choose to maintain their staff concessions in the absence of the trade agreement. The United States would thus also be able to apply its concession rates on the basis of de facto mutual benefit, perhaps pending the renegotiation of a terminated trade agreement.

In examining the situation regarding the status of rates of duty once their trade agreement "reason for being" has been terminated, the committee was concerned both with the possible effects of a sudden return to higher rates of duty, and also with the implication that the United States would take no action should other countries terminate their trade agreement obligation to the United States by terminating a trade agreement. Clearly, such a situation requires a review of future action in the trade field by the Congress. Thus, the committee has amended the original proposal of leaving terminated rates of duty to the discretion of the President, and provide for possible congressional action after recommendation by the President.

NONDISCRIMINATORY TREATMENT

With certain exceptions contained in the bill or in other existing legislation, section 127 requires that duties, other import restrictions, and duty-free treatment proclaimed in carrying out any trade agreement under title I shall apply to the products of all countries whether imported directly or indirectly. This provision is substantially the same as section 251 of the Trade Expansion Act of 1962.

The principle that duty reductions as well as other trade concessions shall be extended without discrimination among countries entitled to such treatment is known in international law as the most-favored-nation principle. This principle has been the continuing basis of U.S. efforts to achieve an open and nondiscriminatory world trading system and is consistent with past U.S. trade agreements legislation and our international obligations. It is indeed the cornerstone of the GATT, and departure from the principles of nondiscriminatory treatment is threatening international cooperation.

Exceptions from the requirement for nondiscriminatory treatment authorized in the bill would include: First, generalized preferential tariff treatment extended to certain developing countries under title V; second, surcharges imposed on imports from countries in persistent balance-of-payments surplus as authorized in section 122; third, retaliation against unreasonable and unjustifiable restrictions under section 301; and fourth, countries not now receiving nondiscriminatory treatment and which would not qualify for nondiscriminatory treatment under title IV.

Reservations for national security or other reasons. No reduction or elimination of existing import restrictions on any product is authorized by the bill if the President determines that such action would impair national security. A parallel provision is contained in the Trade Expansion Act of 1962 (sec. 232 (a)). Section 232(b) of the TEA, which authorizes the President to adjust imports of any article when he determines that such imports threaten or impair national security, will also remain in effect. Section 128 of this bill requires that not later than 60 days after taking an import action under section 232 of the Trade Expansion Act for reasons of national security, the President shall submit a report to Congress stating the reasons for his action. Annual reports to Congress on section 232 are also required.

The President is required to reserve from trade negotiations or from other authorized actions which reduce or eliminate import restrictions any article (1) for which a national security determination has been made or (2) which is subject to an import relief measure under section 203 of the bill or section 351 of the TEA He may similarly reserve any other article when he considers this appropriate, taking into account information and advice provided by the Tariff Commission, advice from the appropriate Departments, and information gathered in public hearings.

HEARINGS AND ADVICE CONCERNING NEGOTIATIONS

Tariff Commission advice. In connection with the proposed trade agreements, the President must make public and submit to the Tariff Commission lists of articles to be considered from modification or continuance of duties or excise treatment in negotiations under section 101, 102, 124, or 125. For articles considered for duty modification, the list shall specify the provision of title I under which such consideration may be given. The President must seek the advice of the Tariff Commission before proclaiming preferences for articles imported from eligible developing countries under title V.

The Tariff Commission must advise the President, within 6 months, of the probable economic effect of duty modifications on the domestic producers of competitive articles and on consumers for each article listed. This advice is sought to assist the President in making an informed judgment of the effect of duty modifications on the various segments of the U.S. economy. The advice to the President may also include the Tariff Commission's consideration as to whether a duty reduction on any article should be staked over a longer period than the minimum provided in section 103.

The Tariff Commission shall also report to the President, at his request, the probable economic effect of the modification or elimination of trade barriers through negotiations under section 102. Such advice shall, where feasible, include the probable economic effect of modification of such trade barriers to international trade on domestic industry and purchasers and on domestic prices and supply of articles. The advice contemplated under this section should include the extent to which market access would be increased or otherwise affected by modification or elimination of the trade barrier.

Any converted duty rates, affording substantially equivalent tariff protection as the trade barrier, which are required under section 102(g) shall be included in the advice to the President under this section.

In preparing its advice, the Tariff Commission must hold public hearings and investigate and analyze certain economic factors which are identical to those listed in the Trade Expansion Act of 1962. It is intended that the Tariff Commission make a special effort, to the extent feasible, to study foreign production and marketing factors.

Departmental advice. The President under section 132 is required to seek information and advice prior to entering into any proposed trade agreement under section 101, 102, 124, or 125, and before proclaiming preferences for imports from eligible developing countries under title V, from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and the Treasury, and from the Special Representative for Trade Negotiations. He may also seek information and advice from other sources he may deem appropriate. This provision is substantially the same as section 222 of the Trade Expansion Act of 1962. It is intended to assure that the President receives the views of agencies most concerned with the outcome of the negotiations.

Public hearings. Section 133 of the bill requires the President to provide for public hearings in which any interested person may present his views on any pro-

posed trade agreement or the modification of any duty or other import restriction provided for under section 101, 102, 124, or 125. Such hearings are also required before any article is designated an "eligible article" for purposes of generalized tariff preferences for developing countries under title V of the bill. These hearings will be of substantial value in insuring what a full range of views is presented in all proposed trade agreements.

PREREQUISITE FOR OFFERS

In negotiating a trade agreement under section 101, 102, 124, or 125 the President may make an offer to modify or continue a duty or to continue duty-free or excise treatment or impose additional duties, with respect to any article only after receiving a summary of the public hearings held with respect to that article and advice from the Tariff Commission—if received within the 6 months' time limit—of the probable effects of modifications in the existing customs treatment. These procedures must also be followed with respect to articles considered for preferential status for a beneficiary developing country under title V of this bill.

Advice from private sector. The purposes of section 135 are to establish the institutional framework to assure that representative elements from the private sector have the opportunity to make known their views to U.S. negotiators, and to provide the latter a formal mechanism through which to seek information and advice from the private sector, with respect to U.S. negotiating objectives and bargaining positions before the President enters into a trade agreement concluding the multilateral trade negotiations.

This section provides for the creation of two general types of advisory committees and in addition requires the President to provide opportunity for the submission of information and recommendations on an informal basis by other private organizations or groups. One overall policy-level Advisory Committee for Trade Negotiations is established. This committee will be composed of representatives of Government, labor, industry, agriculture, consumer interests, and the general public. The advisory committee is to be composed of not more than 45 members. The broad range of interests to be represented on this committee is intended to provide U.S. negotiators with a balanced view of what objectives U.S. negotiators should pursue in the multilateral trade negotiation.

The requirement that the President also establish advisory committees for particular product sectors to be representative, so far as practicable, of all industry, labor, or agricultural interests in the sector concerned reflects your committee's concern, that in past trade negotiations there has not been adequate input from U.S. producers who are in the best position to assess the effects of removing United States and foreign trade barriers on their particular products.

The emphasis of the procedures provided is to strengthen the hand of our negotiators by their knowledge and familiarity with the problems domestic producers face in obtaining access to foreign markets. Therefore, these committees must be representative of the producing sectors of our economy. The committee believes that special consideration should be given to consultation with those representing the interests of small business.

The kinds of advice with respect to particular products which your committee believes will be useful to U.S. negotiators during preparations for, and conduct of, the negotiations include: Policy advice and information on negotiations on particular products both domestic and foreign; and advice on other factors which are relevant to positions of the United States in trade negotiations. It is anticipated that the advisory committees will be particularly helpful in identifying opportunities for expanded U.S. exports. However, their advice on the balance of market access being sought in the sectors in agriculture and manufacturing also should serve as a guide to our negotiators.

The Special Representative for Trade Negotiations is, of course, not bound by the advice of any particular group of producers. Advisory committees are entitled to be informed at an appropriate time when their advice and recommendations have not been accepted. Provision is also made in this section for inclusion in the President's report on the results of the negotiations, a report on the consultations with these committees, the issues involved in such consultations, and the reasons for not accepting their advice and recommendations. The report must indicate the extent to which the advice of the advisory committees was or was not accepted.

If the product advisory committees are to play an effective role in the negotiations they should be privy to our negotiating objectives, strategy, and tactics. These are not subjects which can be discussed in open meetings with the public, including representatives from other governments and the press. For that reason, your committee has included a provision which stipulates that whenever, and to the extent it is determined by the President or his designee, that such meetings will be concerned with matters the disclosure of which would seriously compromise the Government's negotiating objectives or bargaining positions, meetings of the product advisory committees may be exempted from the requirements of subsections (a) and (b) of section 10 of the Federal Advisory Committee Act—relating to open meetings, public notice, public participation, and public availability of documents.

It is anticipated that, as the advisory committees begin discussion of U.S. negotiating positions, one determination could be issued for all future meetings on that subject.

We have also provided that information received in confidence by an advisory committee may not be disclosed to any person other than to officers or employees of the United States designated by the Special Representative for Trade Negotiations, by the Committee on Ways and Means of the House of Representatives, or by the Committee on Finance of the Senate, to receive such information.

In addition, there is a provision in this section to assure private organizations or groups, including those whose interests may not be fully represented by any of the formally constituted advisory committees, the opportunity to submit pertinent information and recommendations on an informal basis to U.S. negotiators.

Finally, it is made clear that this section should not be construed to authorize or permit any individual to participate directly in any trade negotiation. In trade negotiations conducted under the auspices of the General Agreement on Tariffs and Trade, the direct participation of persons other than Government representatives is generally not permitted.

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

Section 141 of the bill would establish the Office of the Special Representative for Trade Negotiations, and, therefore, would continue and more firmly establish the Special Representative for Trade Negotiations as the official who, acting for the President, is to be the chief representative of the United States for trade negotiations under trade agreement negotiating authority.

This position was established in the Trade Expansion Act of 1962 with the implicit intention of providing the Congress with a focal point in the executive branch for responsibilities for carrying out the authorities delegated to the President by the Congress under trade agreement legislation. As indicated in the legislative history, the position was created to provide both better focus and centralized direction for treating trade negotiations and trade problems from an overall commercial point of view—and to downplay the strictly foreign policy orientation that trade agreement negotiations had been subjected to in the past under the leadership of the Department of State.

While there has not developed as close a relationship as is desirable between the Special Trade Representative and the appropriate committees in the Congress, the bill, in establishing the Office of the Special Trade Representative, is reaffirming the conclusion that a strong and independent office, headed by a Government official reporting directly to the President and responsible to the Congress, is the best means of assuring that in trade policy matters the United States is speaking with one strong voice on behalf of the executive branch and that positions taken accurately reflect the intent of the Congress.

Because it is necessary that the Special Representative for Trade Negotiations be recognized as the chief trade representative of the United States—as provided by the bill—the committee attaches great importance to the establishment of the office as a necessary support for the Special Representative for Trade Negotiations in his extremely important duties in acting for the President, and in speaking for the United States and the Congress in the forthcoming multilateral trade negotiations.

At the same time, the committee believes the Special Representative for Trade Negotiations should be assisted by

two deputy representatives for trade negotiations who can act for, and share the responsibilities with, the Special Representatives for Trade Negotiations.

The bill provides that the Special Representative and the two deputies shall be appointed by the the President, by and with the advice and consent of the Senate. The Special Trade Representative for Trade Negotiations will have the rank of Ambassador Extraordinary and Plenipotentiary and his deputies shall hold the rank of Ambassador. The committee intends in the establishing of the Office of the Special Representative that the Special Representative and his two deputies holding office prior to the effective date of the act, if already confirmed by the Senate, continue in office without further confirmation.

As indicated, the bill provides that the Special Trade Representatives for Trade Negotiations shall be the chief representative of the United States for each trade negotiation under title I, or section 301 of the bill regarding unfair trade practices; he shall be responsible to the President and the Congress for the administration of the trade agreements program—he shall advise the Congress with respect to nontariff barriers, international commodity agreements, and others related to the trade agreements program; and he shall be responsible for making reports to the Congress on the operations of the trade agreements program as required in other provisions of the bill.

The Special Representatives for Trade Negotiations shall also be Chairman of the Interagency Trade Organization established pursuant to section 242(a) of the Trade Expansion Act of 1962 and, consistent with that provision and with this bill, consult with other Federal agencies in the performance of his duties.

Despite the creation of the position of the Special Representative for Trade Negotiations in 1962, your committee has been greatly concerned at the lack of focus in the conduct of trade policy, and at the lack of an effective, cooperative interchange with the Congress on policy matters and issues under its jurisdiction which are of considerable significance and importance to the economic welfare of the United States and its people. It is the intent of your committee, that through the establishment of the Office in question, together with the public and congressional advisory committee structure envisaged in the bill, that greater cooperation between the executive branch and the Congress—serving the practical needs of trade and commerce to a greater extent than in the past—will be achieved.

The committee did not provide in the bill for the transfer of outstanding appropriations from the existing office to the office statutorily established under the bill. It is intended by the committee that such funds be so transferred.

CONGRESSIONAL DISAPPROVAL PROCEDURES WITH RESPECT TO PRESIDENTIAL ACTIONS

Due to the unique nature of nontariff barriers and other distortions of trade including their relationship to domestic law and the problems of the implementation of trade agreements providing for their reduction or elimination, it has been difficult to develop appropriate trade agreements authority in this area. The President, in his trade proposals embodied in H.R. 6767, proposed a procedure encompassing review and possible congressional veto of trade agreements submitted by the President to the Congress when he determined further congressional action for the implementation of such trade agreements was necessary.

In considering the President's proposal on nontariff barriers, the committee determined that it would be constitutionally more appropriate that the Congress authorize the President to enter into trade agreements providing for the reduction or elimination of nontariff barriers and other distortions under specific guidelines, since the implementation of such trade agreements often involved other domestic legislation. The committee also considerably tightened the provision with respect to congressional disapproval procedure for agreements negotiated and presented to the Congress, and for proposals for their implementation. Consultations with the appropriate committees are required, including the Committee on Ways and Means in the House and the Committee on Finance in the Senate. Moreover, it is envisaged that there will be continuing consultations with the congressional delegation to the negotiations as provided in section 161 of the bill.

In developing the procedures for congressional consideration of trade agreements respecting nontariff barriers, the committee determined that in a number of other instances authorities granted to the President might also be subject to the same procedures for possible disapproval. Thus, in addition to the procedures for disapproving nontariff barrier agreements, the bill provides that such procedures will be used with respect to: (a) actions the President might take with respect to import quotas and orderly marketing agreements under section 203, (b) actions the President might take with respect to unfair trade practices under section 301, and (c) findings the President might make and actions the President might take with respect to the extension of or continuation of nondiscriminatory treatments to the products of certain state trading countries.

The bill, therefore, provides for the consideration of resolutions disapproving the entering into trade agreements on distortions of trade or disapproving certain other actions as discussed above. A resolution respecting the subject matter described may be referred to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate, as well as other committees of original jurisdiction with respect to the entering into force of trade agreements on distortions of trade. The bill provides that resolutions disapproving the actions proposed by the President may be discharged from the appropriate committee if no action has been taken by such committee at the end of the 7 calendar days.

Such a motion to discharge is highly privileged and may be made only by an individual favoring the resolution, and the debate on such a motion should be limited to not more than 1 hour, time to be equally divided between the opponents and proponents. An amendment to the motion is not in order and it will not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

When the committee to which the resolution has been referred has reported, or has been discharged from further consideration of, a resolution, it will be in order at any time thereafter to proceed to the consideration of the resolution, and such motion is highly privileged and is not debatable. Debate on the resolution shall be limited to no more than 10 hours to be equally divided between opponents and proponents.

If, at the end of 90 days after the date which a document referred to in sections 102(f), 204(b), 302(b), or 406(a) or (b) has been transmitted to the Congress, neither House has acted favorably on a motion to disapprove of the action proposed to be taken by the President, such action will become effective.

CONGRESSIONAL LIAISON AND REPORTS

Participation by Members of Congress as advisers to the negotiating delegation and the consultations will be required with respect to actions contemplated by the President under the authorities granted him by the bill. Section 161 envisages a degree of consultations and oversight activity not previously considered under past extension of trade agreements authority.

In order to meet this need, and in order for the Congress to carry out its responsibilities through the Committee on Ways and Means of the House and the Committee on Finance of the Senate, the bill provides that there shall be five Members of each House selected by the President to serve as accredited official advisers to the U.S. delegation to international conferences, meetings, and negotiating sessions, with respect to trade agreements. In the case of the five Members, each either from the House and from the Senate, no more than three shall be of the same political party—their selection by the President shall be upon the recommendation of the Speaker of the House or the President of the Senate, respectively. It is contemplated that the congressional advisers shall attend the negotiating sessions of the forthcoming multilateral trade negotiations and shall serve at other conferences, meetings, and sessions involving trade agreements.

The President shall appoint the congressional delegation to negotiations at the beginning of each regular session of Congress.

It is the consensus of the committee that the congressional delegates be selected on the basis of annual rotation in order that in the course of the 5-year period of negotiating authority, each member of the committee will have had the opportunity to serve as a congressional delegate if he so desires. On the other hand, in view of the need for some continuity, members may be reselected if that is found to be desirable. Given the unique grant of authority under the bill, the committee considers the continuing service of members of the Committee on Ways and Means as congressional dele-

gates to negotiations to be an essential feature of oversight responsibilities of the committee.

In this provision and in other provisions of the bill, the committee has provided for its oversight responsibilities. For example, it is anticipated that the committee will hold frequent meetings of the full committee to be briefed by the committee staff, by a representative of the executive branch, and by its own members who are serving as congressional delegates, on developments in the multilateral negotiations and in trade policy. It is the plan of the committee that such briefing sessions will serve as a basis for periodic formal reports by the committee to the House. In addition, it is planned by the committee that public hearings will be held annually on the report required to be submitted by the President to the Congress on the operations of the trade agreements program and the other provisions of the bill. It is expected that, with the enactment of this act, such annual reports will be submitted no later than March 31 of the year following the period for which the report is submitted. Further, the committee intends that the Tariff Commission update and give priority to the required annual reports on the operations of the trade agreements program. It is the sense of the committee that this report by the Tariff Commission also be made timely by the submission of the report not later than 3 months after the end of the period for which the report is being prepared.

The bill provides in section 162 that, as soon as practicable after a trade agreement has been entered into, the President shall submit a copy of the trade agreement to the Congress, together with a statement, in light of the advice provided by the Tariff Commission under the prenegotiation procedures, the reasons for his entering into the agreement. It shall be noted that section 102 requires that the President include in this report a sector-by-sector analysis of the extent to which trade agreements afford competitive opportunities for U.S. exports equivalent to the competitive access afforded by the United States to the importation of like or similar products, taking into account all barriers (including tariffs) and other distortions of international trade affecting that sector.

RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

Title II of the bill constitutes a major revision of the "escape clause" or trade adjustment and adjustment assistance provisions of the Trade Expansion Act.

IMPORT RELIEF

Section 201 outlines procedures to be followed by the Tariff Commission in conducting an investigation to determine the existence of serious injury to a domestic industry due to imports. It also contains changes in existing criteria to be taken into account in making such a determination.

First, filing of petitions. A petition for eligibility for import relief may be filed with the Tariff Commission by an entity, including a trade association, firm, union, or group of workers, which is representative of an industry. The petition must include a statement describing the specific purposes for which import relief is sought, which may include the facilitation of the transfer of resources to alternative uses and other means to adjust to new competitive conditions.

The Tariff Commission must transmit a copy of any petitions to the Special Representative for Trade Negotiations and to the Government agencies which are directly concerned in particular cases, such as the Departments of Agriculture, Commerce, Interior, Labor, State, and Treasury.

Second, injury determinations. The Tariff Commission must conduct an investigation at the request of a petitioner, the President, the Special Representative for Trade Negotiations, the Committee on Ways and Means, or the Senate Finance Committee, or on its own motion to determine whether an article is being imported in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article. The Tariff Commission must hold public hearings during the course of its proceedings.

The term "like or directly competitive" used in the bill to describe the products of domestic producers that may be adversely affected by imports, was used in the same context in section 7 of the 1951 Extension Act and in section 301 of the Trade Expansion Act. The term was derived from the escape-clause provisions in trade agreements, such as article XIX of the GATT. The words "like" and "directly competitive," as used previously and in this bill, are not to be regarded as synonymous or explanatory of each other, but rather to distinguish between "like" articles and articles which, although not "like," are nevertheless "directly competitive." In such context, "like" articles are those which are substantially identical in inherent or intrinsic characteristics—that is, materials from which made, appearance, quality, texture, and so forth—and "directly competitive" articles are those which, although not substantially identical in their inherent or intrinsic characteristics, are substantially equivalent for commercial purposes, that is, are adapted to the same uses and are essentially interchangeable therefor.

The term "industry" includes entities engaged in agricultural activities. In determining the domestic industry producing an article like or directly competitive with an imported article, the Tariff Commission may, in the case of a domestic producer which imports, treat as part of such domestic industry only its domestic production. In the case of a domestic producer which produces more than one article, the Commission may choose to treat as part of such domestic industry only that portion or subdivision of the producer which produces a like or directly competitive article.

Where a corporate entity has several independent operating divisions, and only some of these produce the domestic article in question, the divisions in which the domestic article is not produced may be excluded from the determination of what constituted the "industry" for purposes of the investigation and finding. It is the intent of the committee that unless there are compelling reasons, including economic adjustment possibilities, for not excluding such operations they should not be included. The concern of the Tariff Commission would be with the question of serious injury to the productive resources—for example, employees, physical facilities, and capital—employed in the divisions or plants in which the article in question is produced.

With respect to multiproduct plants or subdivisions in which productive resources are devoted to producing several individual product lines, of which only one is the subject of the Tariff Commission investigation, the Commission would be concerned with the question of serious injury with respect to the operating unit as a whole which produces the product concerned, not merely the specific product line in question. For example, if a plant or subdivision produces product lines A, B, C, and D, of which only product line A is the subject of the investigation, the Commission would investigate the viability of the operating unit as a whole producing the four products, and whether internal adjustment through the shifting of its productive resources to the production of product lines B, C, or D have been or could be achieved. The Commission would not be expected to find import injury to that establishment—as part of the basis for finding serious injury to the entire industry—if serious injury or the threat thereof did not exist with respect to its operations as a whole. The extent to which the products of a multiproduct establishment can be separately considered is necessarily affected by the accounting procedures that prevail in a given case and the practicability of distinguishing or separating the operations of each product line.

The elimination from section TEA 301 (b)(1) of the language "as a result in major part of concessions granted under trade agreements" would broaden the President's authority to proclaim increased import restrictions. At present, such authority applies only to products the subject of trade agreement concessions. The Tariff Commission in making its report of investigations under section 201(b), will necessarily take into account imports from all countries and the various rate levels associated with the so-called preferential and MFN rate treatments in rate column numbered 1 of the TSUS and with the generally higher rate treatment in column numbered 2 applicable to the products of designated Communist countries.

One major change in existing law—section 301(b) of the Trade Expansion Act—is the deletion of the requirement that the increased imports result from concessions granted under trade agreements. The second major change is the substitution of "substantial cause" for "major cause." "Major" has been understood to mean greater than all other factors combined. The bill defines "substantial cause" as "a cause which is important and not less than any other cause. The committee intends that a

dual test be met—imports must constitute an important cause and be no less important than any other single cause. For example, if imports were just one of many factors of equal weight, imports would meet the test of being "not less than any other cause" but it would be unlikely that any of the causes would be deemed an "important" cause. If there were any other cause more important than imports, then the second test of being "not less than any other cause" would not be met. On the other hand, if imports were one of two factors of equal weight and there were no other factors, both tests would be met.

A new section has been added concerning the factors to be taken into account by the Tariff Commission in determining serious injury, threat of serious injury, and substantial cause. These factors are not intended to be exclusive. It is important to note that the Commission is directed to take into account all economic factors it considers relevant. The committee did not intend that an industry automatically would satisfy the eligibility criteria for import relief by showing that all, or some of the enumerated factors, were present at the time of its petition to the Tariff Commission. That is a judgment to be made by the Tariff Commission on the basis of all factors it considers relevant.

In making its determination with respect to serious injury, the Tariff Commission shall take into account the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment in the industry.

With respect to threat of serious injury, the Tariff Commission shall consider a decline in sales, a higher and growing inventory, and downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned. The existence of any of these factors such as the growth in inventory would not be relevant to the threat of injury from imports if it resulted from conditions unrelated to imports. In addition to the factors listed in section 201(b)(2)(B), the Tariff Commission shall take into account all factors which it considers relevant. It is the intention of the committee that the threat of serious injury exists when serious injury, although not yet existing, is imminent.

With respect to "substantial cause," the Tariff Commission shall consider an increase in imports—either actual or relative to domestic production—and a decline in the proportion of the domestic market supplied by domestic producers.

To assist the President in making his determination under sections 202 and 203, the Tariff Commission will also investigate and report on efforts by firms in the industry to compete more effectively with imports. Furthermore, the Tariff Commission will be required, whenever in the course of its investigation it has reason to believe that the increased imports are attributable in part to circumstances which come within the purview of the Antidumping Act, countervailing duty statutes—section 303 of the Tariff Act of 1930, or the unfair import practices statutes—section 337 of the Tariff Act of 1930, or other remedial provisions of law, promptly to notify the appropriate agency so that such action may be taken as is otherwise authorized by such provisions of law. Action under one of those provisions when possible is to be preferred over action under this chapter.

This provision is designed to assure that the United States will not needlessly invoke the escape-clause—article XIX of the GATT—and will not become involved in granting compensatory concessions or inviting retaliation in situations where the appropriate remedy may be action under one or more United States laws against unfair competition for which action, no compensation or retaliation is in order.

Third, reports to the President. As under the Trade Expansion Act, the Tariff Commission must report to the President the findings and their basis under each investigation, and include in each report any dissenting or separate views. The Tariff Commission will furnish the President a transcript of the hearings and any briefs submitted in the course of the investigation. The Commission will also make public its report—except confidential information—and include a summary in the Federal Register.

The reports of the Tariff Commission are to be filed not later than 6 months after the date on which the petition was filed. The Tariff Commission will include a finding in its report to the President, in cases in which it has found injury, or threat thereof, as to the duty or other import restriction which is necessary to prevent or remedy such injury or threat.

Fourth, subsequent and continuing investigations. The Tariff Commission will not investigate the same subject matter under a previous investigation under the bill unless 1 year has elapsed since the Tariff Commission made its report to the President of the results of the previous investigation, except where the Tariff Commission determines that good cause exists. The committee believes that this exception is necessary for those instances in which an industry can produce to the satisfaction of the Commission sufficient new evidence to warrant reconsideration of the case. The rule that no new investigation may be begun unless 1 year has elapsed does not apply to investigations initiated under the provisions of the Trade Expansion Act, which resulted in negative determinations. These cases may be the subject of a new investigation at any time following enactment of this bill.

Any investigation which is in progress upon enactment of this bill shall be continued in the same manner as if the investigation had been instituted originally under the provisions of this bill. The request for any such investigation shall be treated as if it had been made on the date of enactment of this bill. In addition, any affirmative finding pursuant to the TEA on which the President has not taken action on the date of enactment of this bill shall be treated as an affirmative finding and as having been received by the President on the date of the enactment of this act.

The President's authority to extend any tariff adjustment action taken under section 351 of the Trade Expansion Act of 1962 is repealed by section 602(d) of this bill. This does not prevent an industry having current escape clause relief from petitioning for new import relief under this bill. The mandatory 2-year period between periods of import relief when no relief can be given does not apply to the period immediately following escape clause relief under the 1962 act.

PRESIDENTIAL ACTION AFTER INVESTIGATIONS

Section 202 provides for a determination by the President within a specific time period whether to provide import relief following an affirmative finding by the Tariff Commission of injury to an industry due to imports. It also enumerates factors which the President must take into account in this determination.

First, President's authority. After receiving a report from the Tariff Commission containing an affirmative finding of injury to an industry due to imports, the President is required to evaluate the extent to which adjustment assistance has been made available, or can be made available, to the workers and firms of the industry. After this evaluation he may direct the Secretary of Labor and the Secretary of Commerce to give expeditious consideration to petitions for adjustment assistance. In addition, he may provide import relief for the industry under section 203.

Second, factors to be considered. The President must take into account various considerations in determining whether to provide import relief. In addition to other considerations the President may deem relevant, he must take into account: information and advice from the Secretaries of Labor and Commerce with regard to adjustment assistance; the probable effectiveness of import relief as a means to promote adjustment, and the efforts to adjust to import competition being made or to be implemented by the industry concerned; other considerations relative to the position of the industry in the Nation's economy; the effect of relief on consumers; the effect of import relief on the U.S. international economic interest; the impact on U.S. industries and firms of any possible modification of duties which may result from payment of compensation to foreign countries; geographic concentration of imported products marketed in the United States; the extent to which the U.S. market is the focal point for exports of the article because of restraints on exports or imports of the article with respect to third country markets; and the economic and social costs which would be incurred by taxpayers, communities, and workers if import relief were, or were not, provided.

The President may request additional information from the Tariff Commission within 45 days after the date on which he receives an affirmative finding of injury. The Commission must furnish this additional information in a supplemental report within 30 days—60 days where

extensive additional information is requested—of the request.

Third, time limit and report to Congress. The President must make his determination whether to provide import relief under section 203 within 60 days after receiving from the Tariff Commission an affirmative finding of injury or an evenly divided decision which he may treat as an affirmative finding. The committee notes that this provision eliminates an anomaly in existing law which imposes no time limit on the President's decision respecting evenly divided reports by the Tariff Commission which the President may consider as affirmative. For those cases in which the President has requested supplemental information from the Tariff Commission, he must act within 30 days of receipt of the supplemental information. If the President decides to provide import relief, he is required to do so within the additional periods provided in Section 203. If he determines not to provide import relief, he is required to submit immediately to both Houses of Congress a report stating the considerations on which his decision was based.

IMPORT RELIEF

First, President's authority. Section 203 establishes a preferred order for providing import relief. The order is: Increases in, or imposition of, duties; tariff-rate quotas; quantitative restrictions; and orderly agreements. Any of these measures may be used in combination. Duty increases under the first item in the order of preference may include the suspension of the application of items 806.30 and 807.00 of the Tariff Schedules to the article, in whole or in part, or the termination of the eligibility of an item for preferential treatment pursuant to title V.

The relief will be granted to the extent and for such time—not to exceed 5 years—the President determines necessary to prevent or remedy serious injury, or threat thereof, to the industry, and to facilitate its orderly adjustment to new competitive conditions.

Second, requirements and time limits. The President is required to report to the Congress on the relief provided. The report must include his reasons for choosing to provide import relief as a remedy rather than relying on adjustment assistance, as well as his reasons whenever he selects a method of relief which ranks lower in preference. Whenever the President provides relief in the form of quotas or an orderly marketing agreement, he is required under section 204 to submit his detemination to the Congress for possible disapproval through a 90-day veto procedure provided in chapter 5 of title I.

No import relief shall be provided unless due diligence has been exercised to notify those persons who may be adversely affected by the provision of such relief, and have been given a reasonable opportunity to be present, to produce evidence, and to be heard at a public hearing. The usual Government means of notice will be used for this purpose.

Import relief in the form of a suspension of the provisions of tariff items 806.30 and 807.00 or a termination of preferential duty status for an item pursuant to title V is permitted only when the Tariff Commission has determined in the course of its injury investigation that the serious injury—or threat thereof—to the domestic industry results from the application of items 806.30 or 807.00, or from generalized preferences under title V. It is the intention of the committee that neither the suspension of the application of item 806.30 and 807.00 or the termination of the preferential tariff status of an article under title V is to be considered as an action affecting the international obligation of the United States.

No rate of duty can be increased by, and no duty imposed of, more than 50-percent ad valorem above the rate existing at the time of the President's proclamation. For example, a duty of 25-percent ad valorem could be increased to a rate of 75-percent ad valorem; a rate of 50-percent ad valorem could be imposed on an item which was duty free at the time of the proclamation. When implementing quotas or orderly marketing agreements, the President must establish a level of permissible imports which is not less than the quantity or value of such article imported into the United States during the most recent period which he determines to be representative of imports of the article.

Import relief—in the form of tariffs, tariff-rate quotas or quantitative restrictions—is to be proclaimed not later than 15 days after the President has determined to provide import relief. In the case of an initial orderly marketing agreement, it must be entered into not later than 180 days after the President has determined to provide import relief. If, within 15 days after the import relief determination date—the date of the President's determination under section 202 to provide relief—the President announces his intention to negotiate one or more orderly marketing agreements, the taking effect of any initial proclamation imposing duties, tariff-rate quotas, or quotas may be withheld until the entering into effect of an orderly marketing agreement which is entered into on or before the 180th day after the import relief determination date. The application of any such initial proclamation may be suspended only while such agreement is in effect.

As noted above, for purposes of the import relief, suspension of tariff items 806.30 and 807.00 and the suspension of the designation of any article as an eligible article for purposes of generalized system of preferences shall be treated as an increase in duty. However, no such suspension of either kind may be made unless the Tariff Commission, in addition to an affirmative finding under section 201(b), determines in the course of its investigation under section 201(b) that the serious injury—or threat thereof—to the domestic industry producing a like or directly competitive article results from the application of item 806.30 or item 807.00, or from the designation of the article as an eligible article for purposes of the generalized system of preferences.

Third, administration of orderly marketing agreements and quantitative restrictions. The President may issue regulations governing import entries where import relief consists of quotas or one or more orderly marketing agreements. In order to carry out an orderly marketing agreement, the President is authorized to prescribe regulations governing the entry or withdrawal from warehouse of articles covered by the agreement. In addition, in order to carry out one or more orderly marketing agreements concluded with two or more countries accounting for a major part of U.S. imports of the article covered by the agreements, the President is also authorized to issue regulations governing the entry or withdrawal from warehouse of like articles which are the product of countries not parties to the agreements.

Thus, nonparticipant imports could be restrained if two or more bilateral agreements, or one or more multilateral agreements, were concluded which meet the test of coverage of a major part of U.S. imports. This section also provides for efficient and fair administration of quotas and orderly marketing agreements and for regulations to insure, to the extent practicable, against equitable sharing of quotas by a relatively small number of larger importers.

Import relief is to terminate within 5 years unless extended by the President for one 2-year period. The relief may be extended at a level no greater than the level in effect immediately before the extension. The President must determine that a renewal is in the national interest, taking into account advice from the Tariff Commission and the factors which pertained to his initial determination to provide relief. In addition, any import relief implemented for more than 3 years must to the extent feasible be phased down, with the first reduction in relief occurring not later than 3 years after the effective date of the initial grant of relief. The President may phase down the relief in equal or unequal stages, as he deems appropriate. In the case of orderly marketing agreements, phasing down may be accomplished by increases in the annual amount of imports which may be entered. Staged reductions are not considered terminations or expirations, and consequently an industry may not petition the Tariff Commission with respect to phasing down of relief.

Import relief can be terminated or reduced at any time, where, after taking into account the advice of the Tariff Commission and the Secretaries of Commerce and Labor the President determines that such action is in the national interest.

This bill continues in large part provisions contained in the Trade Expansion Act relating to continuing review by the Tariff Commission of import relief. Upon request by the President, the Tariff Commission is to report to the President on developments with respect to the industry concerned, including the progress and specific efforts of the firms in the industry to adjust to import competition. The Tariff Commission also conducts investigations regarding the probable economic effect on the industry of reductions or terminations of import relief.

Upon petition from the industry, not earlier than 9 months and not later than 6 months prior to the date import relief is to terminate by reason of the expiration of the initial period, a Tariff Commission investigation is conducted including a public hearing. A report is made to the President on its findings as to the probable economic effect on the industry of termination relief.

No new investigation for the purposes of section 201 shall be made with respect to an industry which has received import relief under this bill unless 2 years have elapsed since the expiration of import relief previously granted.

Section 204 provides that whenever the President chooses to use quotas or orderly marketing agreements as import relief, then the President must submit the proclamation providing quotas or the orderly marketing agreement, as the case may be, to the Congress for approval through a 90-day veto procedure similar to that provided in chapter 5 of title I. If the Congress disapproves the use of quotas or the orderly marketing agreement, the President has a 15-day period in which to provide other import relief in the form of tariffs or tariff quotas.

ADJUSTMENT ASSISTANCE FOR WORKERS

The bill provides a new adjustment assistance program with eased qualifying criteria and a streamlined petitioning process. It is the intention of the committee that workers displaced by increased imports receive all the benefits to which they are entitled in an expeditious manner.

In addition, the bill provides for more adequate benefit payments to eligible recipients and would make several improvements in the other services which these recipients would receive under the program. The new program of adjustment assistance for workers would be financed through a trust fund with annual appropriations coming out of customs receipts.

PETITIONS

The bill provides for filing of petitions with the Secretary of Labor by groups of workers or their duly authorized representatives for a certification of eligibility to apply for adjustment assistance. It is intended that a group of three or more workers in a firm may qualify as a petitioner for a certification to apply for adjustment assistance. The Secretary must promptly publish notice in the Federal Register that he has received the petition and initiated an investigation.

The bill incorporates the same filing provision with respect to workers' petitions as contained in section 301(a)(2) of the Trade Expansion Act except that petitions are to be filed with the Secretary instead of the Tariff Commission. The provisions of section 302 of the Trade Expansion Act calling for investigations and determinations by the Tariff Commission relating to workers' petitions would be eliminated.

The Committee intends that the Secretary shall establish minimal filing requirements so that in the normal case a petition will be considered filed upon receipt by the Secretary.

GROUP ELIGIBILITY REQUIREMENTS

The bill provides new criteria for certification of eligibility of groups of workers to apply for adjustment assistance. Under the bill, the Secretary of Labor rather than the Tariff Commission would determine whether the criteria were met. The bill would also eliminate the requirement in the Trade Expansion Act of a causal link between increased imports and trade agreement concessions, and require that increased imports, either actual or relative, only "contribute importantly" to the separations rather than be their major cause as required by present law. In addition to requiring that a significant number or proportion of the workers in a firm have become or are threatened to become totally or partially separated, sales or production, or both, of the affected firm or subdivision would have to decline on an absolute basis with increased imports contributing importantly to the decline.

The requirement that import increases contribute "importantly" may be contrasted with the "substantial cause" language in the import relief section of the bill. "Substantial cause" in determining eligibility for import relief includes the concept "important" but adds another requirement, that the cause be not less than any other single cause. Therefore, importantly as used in determining eligibility for worker adjustment assistance is an easier standard; a cause may have contributed importantly even though it contributed less than another single cause.

DETERMINATION BY SECRETARY OF LABOR

The bill provides that as soon as possible but not later than 60 days after a petition is filed, the Secretary must determine whether a substantial number or proportion of workers have become, or are threatened to become, totally or partially separated because of increased imports. The Secretary is to issue a certification of eligibility to apply for adjustment assistance covering workers in any group which meets such requirements. The certification is of a continuing nature and covers workers totally or partially separated on or after the impact date through the date of termination of the certification.

Each certification shall specify the date on which the total or partial separation began or threatened to begin. The date to be determined is the earliest date on which any part of the total or partial separations involving a significant number or proportion of workers began or threatened to begin. The date when total or partial separations threatened to begin is the date on which it could reasonably be predicted that separations were imminent.

A certification of eligibility to apply for assistance shall not apply to any worker who was last totally or partially separated from the firm or subdivision prior to his application more than 1 year before the date of the petition upon which the certification covering him was granted or more than 6 months before the effective date of the new program.

The Secretary is required to publish promptly in the Federal Register a summary of his determination on a worker petition. If the determination is affirmative, the Secretary would issue a certification and the summary would therefore be of the certification.

The bill provides for the termination of certifications of eligibility to apply for adjustment assistance if the Secretary determines that total or partial separations are no longer attributable to the conditions specified in the bill.

The bill provides that the Secretary of Labor is to be notified by the Tariff Commission whenever it initiates an investigation of an industry under section 201 and that the Secretary shall immediately begin a study of the number of workers in the domestic industry producing the like or directly competitive article who have been or are likely to be certified for adjustment assistance and the extent to which the adjustment of such workers may be facilitated through the use of existing programs. The Secretary is to make his report to the President not later than 15 days after the Tariff Commission makes its report under section 201.

QUALIFYING REQUIREMENTS FOR WORKERS

Under the bill a worker must have been employed with the same trade impacted firm or subdivision for 26 out of the 52 weeks preceding his separation at wages of at least $30 a week.

In order to qualify for weekly payments, an adversely affected worker covered by a certification under section 223 must file an application. The worker's last total or partial separation before he applies must have occurred on or after the "impact date"—the date specified in the certification when total or partial separation began or threatened to begin—within 2 years after the date on which the Secretary issued the certification covering the worker, and before the termination date. The date of issuance of the certification is the date on which the Secretary or his delegate signs the certification.

WEEKLY AMOUNTS

The basic formula for the weekly trade readjustment allowance payable to an adversely affected worker is increased from 65 percent to 70 percent of his average weekly wage for the first 26 weeks. For subsequent weeks of entitlement, a worker would receive a benefit equal to 65 percent of his average weekly wage as under present law. The maximum trade readjustment allowance for any week is increased from 65 to 100 percent of the average weekly wage in manufacturing. This would raise the maximum payment from an estimated $111 to an estimated $170 a week in 1974. The committee believes that the increases in the trade readjustment allowances which it is recommending are needed to assure that workers whose employment is adversely affected by increased imports will receive adequate compensation.

Benefits extend up to 52 weeks, except for workers over 60, who may receive an additional 13 weeks, and except for additional payments of up to 26 weeks where workers exhaust benefits while still in approved training programs. The worker's allowance is to be reduced by 50 percent of any earnings. In addition,

if the total of a worker's earnings, unemployment insurance, training allowance and trade readjustment allowance for a week is more than 10 percentage points higher than his trade readjustment allowances alone—that is, more than 80 percent or 75 percent, as applicable—or is more than 130 percent of the average weekly manufacturing wage, the excess is deducted dollar-for-dollar from his trade readjustment allowance.

EMPLOYMENT SERVICES

The bill provides that the Secretary of Labor shall make every reasonable effort to secure counseling, testing, and placement services, and supportive and other services provided for under any Federal law. The Secretary shall procure such services through agreements with cooperating State agencies whenever appropriate.

TRAINING

The bill directs the Secretary to provide or assure provision of appropriate training including training for technical and professional occupations to trade-impacted workers under manpower programs established by law whenever it is determined that suitable employment is not available.

The bill provides supplemental assistance to defray transportation and subsistence costs when training is provided in facilities which are not within commuting distance.

Any worker refusing without good cause to accept or continue, or failing to make satisfactory progress in suitable training to which he was referred by the Secretary would be disqualified from receiving payments under this program until he enters or resumes the training. This subsection is identical in substance to setcion 327 of the Trade Expansion Act.

JOB SEARCH ALLOWANCES

To make it easier for workers to obtain new employment as quickly as possible the bill provides that a worker covered by a certification may file an application with the Secretary of Labor for a job search allowance. This allowance provides reimbursement to the worker of 80 percent of the cost of his necessary job research expenses, not to exceed $500.

The allowance can only be granted to assist the worker in obtaining employment within the United States, only when the worker cannot reasonably be expected to obtain suitable employment in his commuting area, and only if the application for the allowance is filed within 1 year from his last total separation prior to his application for adjustment assistance.

RELOCATION ALLOWANCES

The bill would ease the qualifying requirements for relocation allowances by omitting the head-of-household requirement in the Trade Expansion Act. The committee believes that relocation allowances should also be made available to single individuals are more likely to benefit from relocation allowances.

Relocation allowances are afforded—upon application and meeting qualifying requirements—to any adversely affected worker covered by a certification who has been totally separated from adversely affected employment. The qualifying requirements—apart from the head-of-household test—are identical to those of the Trade Expansion Act.

A relocation allowance may be paid only if, for the week in which the worker files an application for such allowance, he is entitled to a trade readjustment allowance or would be so entitled—without regard to whether he filed application for a trade readjustment allowance—if it were not for the fact that he has obtained the employment to which he wishes to relocate.

To be entitled to a relocation allowance, the worker must relocate within a reasonable time after he applies for such allowance. If the applicant is a worker undergoing vocational training under the provisions of any Federal statute he must relocate within a reasonable time after the conclusion of such training.

A relocation allowance could not be granted to more than one member of the family with respect to the same relocation. Thus, for example, a husband and wife who otherwise met all of the requirements for relocation would be entitled to one relocation allowance to relocate to another domicile.

Relocation allowances under the bill consist of: First, 80 percent, rather than 100 percent as provided in the Trade Expansion Act, of the reasonable and necessary expenses—as specified in regulations prescribed by the Secretary of Labor—incurred in transporting the worker, his family, if any, and household effects from their present location; and second, a lump sum payment equivalent to three times the worker's average weekly wage, up to a maximum payment of $500, rather than 2½ times the average weekly manufacturing wage as provided in the Trade Expansion Act.

GENERAL PROVISIONS

The bill contains general provisions relating to entering into agreements with the States, the liabilities of certifying and disbursing officers, recovery of overpayments and penalties, which are substantially similar to the provisions of present law.

The bill provides for review by the courts of final determinations of entitlement to payments in the same manner and to the same extent as is provided by the judicial review provision of the social security program.

FUNDING

The bill provides for the establishment of a trust fund—the adjustment assistance trust fund—to be used to finance the costs of the adjustment assistance program including the administrative costs of the Labor Department and cooperating States. Annual appropriations to the trust fund, out of customs collections, of such sums as are necessary to pay such costs are authorized. The Secretary of Labor is to certify to the Secretary of the Treasury payments that are due to States and the Secretary of the Treasury will make such payments from the trust fund.

TRANSITIONAL PROVISIONS

Benefits as provided in the bill would be paid to all eligible recipients for weeks of unemployment beginning on and after the effective date of the chapter establishing the new trade assistance program.

In all cases where workers receive benefits for weeks of unemployment before the effective date of the new chapter, such benefits will be as provided in the 1962 act. It is intended that workers whose individual applications for adjustment assistance have been approved under the existing program shall receive benefits as provided in the bill for weeks of unemployment which occur after the effective date of this chapter and in which they are eligible for trade readjustment allowances.

If by the effective date of this chapter workers have not completed the process of qualifying for adjustment assitance under the present program they would be permitted to file a group petition, or apply for individual benefits, as the case may be, under the liberalized eligibility criteria of the bill. In order to take advantage of this provision, workers must meet the time limitations on eligibility for petitions in the bill, which include a showing that separation occurred no earlier than 6 months before the effective date of the new adjustment assistance chapter.

An exception to the time limitations on weeks of unemployment that can be covered by certifications under the bill is made for groups of workers that filed petitions under present law more than 4 months before the effective date but did not receive approval—certification—or denial of their petitions before the new chapter went into effect. Where: First, a petition for certification has been filed more than 4 months before the effective date of this chapter by a group of workers or its authorized representative; second, the Tariff Commission has not rejected the petition; and third, a certification has not been issued, the group of workers or its representative may file a petition under the new chapter within 90 days after the chapter becomes effective. If a certification is issued pursuant to such a petition, the restriction against granting allowances for weeks of unemployment more than 6 months before the effective date of the chapter shall not apply, and the restriction against granting allowances for weeks of unemployment more than 1 year before the filing of a petition shall be calculated on the basis of the original petition filing under the 1962 act. Without this exception, a group in this situation might be unable to qualify for benefits even though it in fact met all the qualifications called for by present law and had applied in a timely fashion. The requirement that petitions must be filed more than 4 months before the effective date of the new chapter is intended to allow the Tariff Commission time to examine such petitions before the expiration of the 1962 act. Thus, petitions which do not meet the requirements of the present law would be rejected, for the most part, and there would be little chance for petitioners to use the special relief provided for pending cases in order to circumvent the cutoff provisions of the new chapter.

COORDINATING COMMITTEE

The bill establishes the Adjustment Assistance Coordinating Committee, consisting of a Deputy Special Trade Representative as chairman and officials charged with adjustment assistance responsibilities of the Departments of Labor and Commerce and the Small Business Administration, to coordinate adjustment assistance policies and programs and to promote the efficient and effective delivery of adjustment assistance benefits.

ADJUSTMENT ASSISTANCE FOR FIRMS

The bill reaffirms that an adjustment assistance program for firms has an important role in carrying out the Government's responsibility for assisting in the economic adjustment process flowing from changes in conditions of import competition. The committee believes the new and revised provisions with respect to adjustment assistance for firms will greatly simplify and expedite the consideration of petitions for certification of eligibility, and the delivery of more effective and timely aids to economic adjustment to those firms found qualified for adjustment assistance.

Under section 251, petitions for certification of eligibility to apply for adjustment assistance may be filed with the Secretary of Commerce by individual firms or their representatives, rather than with the U.S. Tariff Commission as has been the requirement under the Trade Expansion Act of 1962.

The Secretary of Commerce is required to promptly publish a notice in the Federal Register of receipt of the petition and initiation of an investigation concerning its merits. Provision is made for submission, within 10 days after such publication, by any other person, organization, or group having a substantial interest in the proceedings, for a hearing, following which the Secretary shall provide for a public hearing. Interested persons will be provided an opportunity to be present, produce evidence, and present their views.

Both the substantive requirements which must be met and the procedures to be followed are greatly simplified in the new bill. Criteria to be applied by the Secretary of Commerce as a basis or certification of eligibility include determination that: First, a significant number or proportion of workers have become separated or partially separated—that is, their hours of employment reduced—or that workers are threatened with either of these situations; second, the sales or production, or both, of the firm has decreased; and third, increased imports of like or directly competitive articles have contributed importantly to factors one and two. Under the bill the required causal link to concessions previously granted under trade agreements is eliminated.

The definition of a "significant number or proportion of workers" is left to pragmatic application, as it was under the Trade Expansion Act. In a firm with smaller than average number of employees, a proportion of those affected becomes more important than numerical totals. In addition, it is not intended that the definition of "partial separation" contained in the bill with respect for worker assistance would apply to the criteria with respect to firm eligibility. It is expected that the question of what constitutes partial separation will be established by regulation.

As indicated in the discussion of adjustment assistance for workers, the requirement that import increases contribute "importantly" may be contrasted with the "substantial cause" language in the import relief section of the bill. "Substantial cause" in determining eligibility for import relief includes the concept "important," but adds another requirement, that the cause be not less than any other single cause. Therefore, "importantly" is an easier standard; a cause may have contributed importantly even though it contributed less than another single cause.

The determination of whether the firm is certified eligible to apply for adjustment assistance must be made within 60 days. After the firm is certified, it has 2 years in which to file an application for adjustment assistance. As under the Trade Expansion Act, the fact that a firm has been certified as eligible to apply for adjustment assistance does not mean that such assistance will automatically be granted. There may be firms for which adjustment assistance is not appropriate or which are simply unable to develop a viable adjustment proposal under the statutory criteria. The application for adjustment assistance must include the firm's proposal for economic adjustment. It is not intended that the 2-year time limit would preclude a firm from revising or amending its initial proposal after the expiration of the 2-year period.

Before an adjustment proposal of a firm can be approved and assistance furnished the Secretary must find that the proposal:

First, is reasonably calculated materially to contribute to the economic adjustment of the firm;

Second, gives adequate consideration to the interests of the workers of such firm; and

Third, demonstrates that the firm will make all reasonable efforts to use its own resources for economic development.

These criteria are virtually the same as in existing law. In addition, the Secretary must find that the firm has no reasonable access to financing through the private capital market. This requirement is similar to a provision of existing law and is intended to preclude a firm from obtaining financial assistance from the Government when the firm could obtain all of the needed funds through the private capital market at a reasonable rate of interest. In some cases, a firm is able to obtain a private loan for a portion of the total amount needed with the Government supplying the remainder. It is not intended that the word "access" be interpreted to preclude Government assistance when the firm has such access for only a portion of the needed amount.

Adjustment assistance under this chapter of the bill will include technical assistance as well as financial assistance, singly or in combination. The provision under the TEA of 1962 for tax assistance in the form of extended carryback was found to have little application to the type of firms which were certified as eligible for adjustment assistance and consequently no provision for tax assistance has been made in the bill.

Provision of technical assistance by the Secretary is to be for (1) development and preparation of an economic adjustment proposal, and (2) carrying out the proposal, or both. Costs of technical assistance furnished through private—nongovernmental—individuals, firms, and institutions—including consulting services—which may be borne by the U.S. Government will be limited to not more than 75 percent of the total. Thus, a technical assistance contractor could receive up to 75 percent of the cost of such services from the Government. If a firm could not afford to pay any of the cost of technical assistance, the Government could advance the total amount as long as adequate provision for repayment of at least 25 percent of the total is included.

In some circumstances the Governernment's share of the cost may be substantially less than 75 percent, and it is the intention of this committee that the payment of up to 75 percent of the cost of technical assistance not be automatic. Firms applying for adjustment assistance are expected to share the cost to the extent possible. Indeed, it is not intended that the Government is required to bear the costs of technical assistance.

The terms and conditions under which financial assistance may be provided by the Secretary of Commerce, while retaining all reasonably necessary safeguards to insure against monetary losses to the Government as lender or guarantor, have been defined broadly enough to meet the range of situation patterns which are apt to be encountered and to exclude some of the unnecessarily restrictive language of the TEA.

Direct loans are to be employed only to the extent that loan funds, with or without a guarantee, are not available from private sources.

The caveat that financial assistance shall not be provided under this chapter unless the Secretary determines that required funds are not available from the firm's own resources restates in more simple and positive language a similar requirement in the TEA. A determination that there is reasonable assurance of repayment of the loan is also included, as it was in the TEA, and typically in other programs including the provision of Government financial assistance.

Under section 225, the Secretary is required to give priority to small businesses in making loans and guarantees. Applicable rates of interest for both direct loans and guaranteed loans are to be determined at the prevailing rate authorized for loans to small businesses by the Small Business Administration. This provision greatly simplifies the formula provided under the TEA, and establishes a desirable degree of uniformity in Government-wide lending policies. With respect to loan guarantees, the Government may guarantee up to 90 percent of that portion of a loan made for adjustment assistance purposes.

Specific limitations on the permissible aggregate amounts of loans outstanding to any individual firm under this

chapter are established as not to exceed $3 million for guaranteed loans and $1 millon for direct loans. This provision emphasizes the intent of the adjustment assistance program to be concentrated on the small to medium size enterprise.

Since 256 permits the Secretary of Commerce, in the case of any firm that is a small business within the meaning of the Small Business Act and regulations, to delegate all of any part of his functions, other than the certification of eligibility, to the Administrator of the Small Business Administration. This provision facilitates the utilization of the existing resources of the Small Business Administration in terms of organization, personnel, background, and experience in working with firms under circumstances which parallel those of the adjustment assistance program.

Section 263 of the bill contains provisions for dealing with adjustment assistance cases under consideration at the time of passage of the bill.

Firms whose petitions are under consideration by the Tariff Commission under the provisions of the Trade Expansion Act when the bill becomes law must reapply to the Secretary of the Commerce under the provisions of the new law. In order to assist the Secretary and expedite his consideration of such cases, the Tariff Commission is directed to make available to the Secretary, on request, data it has acquired with respect to its investigation.

If, on the date of enactment, the Tariff Commission has completed its investigation and issued a report containing an affirmative finding, or a report where an equal number of Commissioners are evenly divided, the Secretary may certify the firm as eligible to apply for adjustment assistance without conducting a further investigation.

Finally, firms which have already been certified as eligible to apply for adjustment assistance and which have either not yet applied for adjustment assistance or have applied and are in the process of developing their adjustment proposals will be treated under the provisions of the new law. Thus, for example, the limits on the total amount of financial assistance which a firm can receive would apply to such firms. Those firms which have already had their adjustment proposals approved by the date of enactment, however, would be able to receive assistance at the levels provided in such proposals. This latter provision would allow the Secretary to furnish the assistance at the level promised when he approved the proposal.

Section 264 sets up procedures to activate accelerated factfinding, review, and evaluation of basic conditions in industries which clearly are or may be confronted with import-impact problems. As soon as the Tariff Commission begins an industry investigation under section 201, the Secretary of Commerce will be notified and will begin immediately to assemble facts concerning the industry, including the identification of existing programs and their adaptability to meet problems associated with the facilitation of orderly adjustment measures.

The Secretary will submit a report concerning this study to the President within 15 days after the submission of the report of the Tariff Commission concerning the subject industry. The Secretary's report will be published and a summary published in the Federal Register.

It is also provided that, whenever an affirmative finding of injury or threat thereof to an industry is made by the Tariff Commission, the Secretary shall take steps to inform the individual firms in that industry about available programs and facilities to assist in orderly adjustment to import competition, and to provide help in the preparation and processing of necessary applications and petitions.

In the two-pronged provisions of section 264, the machinery is established for positive action to deal with import-impact problems simultaneously with their identification, rather than procedures which left the initiative entirely to the firms which were affected, with the Government agencies reacting to distress calls instead of anticipating them. It was this committee's intention that Government agencies assume a positive role in identifying problem areas and developing countermeasures.

Finally, the committee intends that the adjustment assistance program for firms should be coordinated with the other interested agencies of the Government through the Adjustment Assistance Coordinating Committee established by section 250 of the bill.

That committee will coordinate the adjustment assistance policies and programs of the various agencies involved and will promote the efficient and effective delivery of adjustment assistance benefits.

FOREIGN IMPORT RESTRICTIONS AND EXPORT SUBSIDIES

Section 301 revises and expands existing section 252 of the Trade Expansion Act of 1962 regarding responses to unjustified or unreasonable import restrictions of other countries or instrumentalities including variable levies, export subsidies by them to third markets which displace competitive U.S. exports, and export subsidies to the U.S. market which substantially reduce sales of competitive domestic products. In this section "unjustifiable" refers to restrictions which are illegal under international law or inconsistent with international obligations. "Unreasonable" refers to restrictions which are not necessarily illegal but which nullify or impair benefits accruing to the United States under trade agreements or otherwise discriminate against or unfairly restrict or burden U.S. commerce.

Whenever the President determines that another country or instrumentality thereof: First, maintains unjustifiable or unreasonable trade restrictions which impair the value of trade commitments made to the United States or burden, restrict, or discriminate against U.S. commerce; Second, engages in discriminatory or other acts or policies which are unjustifiable or unreasonable and which burden of restrict U.S. commerce; or Third, provides subsidies—or other incentives having the effect of subsidies—on its exports of one or more products to the United States or to other foreign markets which have the effect of substantially reducing sales of competitive U.S. products in the United States or in third countries, he is required to take all appropriate and feasible steps within his power to obtain their elimination. The steps taken under this requirement must, however, be sanctioned under existing authority, because it is not intended that this language provide any new power. He also has discretionary authority to: First, suspend, withdraw, or prevent the application of benefits of a trade agreement to such country; and Second, to impose duties or other import restrictions for such time as he deems appropriate. In determining what action to take the President is required to consider the relationship of such action to the international obligations of the United States and to the purposes of the bill. The committee expects that he will depart from international obligations only where international procedures are inadequate to deter the unjustifiable or unreasonable practice or subsidies. Even then, the President should depart from U.S. international obligations only when a matter of important principle and the national interest dictate that course of action.

In cases where the foreign restriction, act, policy, or practice is unjustifiable, the President may act either on a nondiscriminatory — most-favored-nation— basis or only with respect to the products imported from one or more offending foreign countries. In those cases where a restriction, act, policy, or practice is not unjustifiable but is nevertheless determined to be unreasonable, the President's action must apply only to the offending country.

Before the President may respond under this section to subsidies on exports to the U.S. market, three things must occur:

First, the Secretary of the Treasury must determine that a subsidy, or another incentive having the effect of a subsidy, exists;

Second, the Tariff Commission must find that the subsidized exports are substantially reducing the sales of competitive products made in the United States; and

Third, the President must find that remedies available under the Antidumping Act and under the countervailing duty law are insufficient to deter the subsidization practices.

It is the intent of the committee that "commerce," as it is used in section 301 (a), is to include the services as well as goods. Although the committee understands that the trade agreements of the type authorized under title I of the bill do not usually extend to the treatment of services, it is much concerned over present practices of discrimination against U.S. service industries including, but not limited to, transportation, tourist, banking, insurance, and other services in foreign countries. It is the committee's intent that the President give special attention to the practical elimination of this discrimination by the use of authority under this provision, to the extent feasible, as well as steps he may take under other authority. This intent is

further indicated in the section 163 requirement that he report to Congress on the results of action taken to remove this discrimination in international commerce against U.S. service industries.

The President is required to provide, upon request, for the presentation of views, including appropriate public hearings, on acts or policies of foreign countries which fall within the scope of this section. These hearings concerning foreign practices are not a prerequisite to the President's acting against such practices. With respect to his own actions under this section, the President is also required to provide for the presentation of views on the taking of such action, including the holding, upon request, of public hearings. In addition, he may request the views of the Tariff Commission on the impact of taking action on the U.S. economy.

In the view of the committee, this revision of section 252 of the Trade Expansion Act of 1962 is necessary to protect the interests of U.S. producers and exporters against unfair practices of foreign countries. The revised language will give wide authority to the President, subject to appropriate procedural safeguards, to retaliate against these practices, and will strengthen the hand of the administration in resolving through negotiation disputes which arise by reason of these practices.

The decisionmaking process in the GATT is such as to make it impossible in practice for the United States to obtain a determination with respect to certain practices of our trading partners which appear to be clear violations of the GATT. For example, it is highly unlikely that the United States could obtain a GATT decision that the various preferential arrangements which the European Community has created with both developed and developing countries are inconsistent with article XXIV—customs unions and free-trade areas, and hence illegal. So long as decisions in the GATT are made on the basis of political consensus of the contracting parties, the United States will have no assurance that questions of consistency with the GATT will be resolved impartially. The Committee believes that it is essential for the United States to be able to act unilaterally in any situation where it is unable to obtain redress through the GATT against practices which discriminate against or unreasonably impair U.S. export opportunities.

Moreover, the committee believes that a tool, in addition to that available in the countervailing duty statute, should be available to deal with the problem of subsidized exports to the U.S. market, particularly where the subsidization also affects sales of U.S. goods in third market countries. Since the United States has tried and failed repeatedly in recent years to achieve agreement on subsidy practices, a more forceful approach is called for.

Although the committee continues to regard the countervailing duty law as the primary tool for combating subsidy practices of foreign countries, that law provides only for an additional duty calculated to offset the foreign subsidy. The new authority in this section would permit the President to go beyond mere equalization and to impose additional restrictions to deter countries from according subsidies to their products. The committee fully expects that requests for action under this provision will be considered promptly by the President.

Since retaliation against unreasonable practices which are not unjustifiable might not be sanctioned by the contracting parties to the GATT, the committee believes that the effects of retaliation in these cases should not extend beyond the country or countries against which the retaliatory measure is taken.

Section 302 provides that where the President takes import-restricting action in response to an unjustifiable or unreasonable foreign practice or policy—including subsidy practices, he must report such action to both Houses of Congress, together with a statement of his reasons for taking the action. If either House of Congress passes a resolution disapproving the President's action within 90 days after he submits such materials, the effect of the action is terminated. Consideration of a resolution under this section in each House will be pursuant to the special procedures set forth in section 151.

ANTIDUMPING DUTIES

The committee has taken note of the fact that since 1970 the Treasury Department has significantly increased the size of its staff and the staff of the Customs Service devoted to the processing of antidumping investigations. As a result, the length of time necessary to complete investigations has been reduced. Additionally, the number of determinations issued annually since 1970 has increased appreciably over the number issued in a comparable period prior to that year. It is intended that the Treasury Department continue vigorous enforcement of the act. The amendments to the act, contained in section 321 of the bill will significantly facilitate such vigorous enforcement.

Subsection (a) amends section 201(b) of the Antidumping Act to provide that the Secretary of the Treasury or his delegate must, within 6 months, or, in more complicated investigations, within 9 months after a question of dumping is raised by or presented to him, make the determination required under present law as to whether there is reason to believe or suspect that the purchase price of imported merchandise is less, or the exporter's sales price is less or likely to be less, than the foreign market value or constructed value of the merchandise.

If the Secretary's determination is affirmative, then under paragraph (2) of section 201(b), as amended, he must publish notice thereof in the Federal Register and require the withholding of appraisement of any such merchandise entered on or after such date of publication. Paragraph (2) also retains the present provision in the Antidumping Act which authorizes the Secretary to order that such withholding be made effective with respect to merchandise entered on or after an earlier date, but in no case may the effective date of withholding be earlier than the 120th day before the question of dumping was raised by or presented to him.

Paragraph (3) of section 201(b) provides that if the Secretary's determination is negative, or if he tentatively determines that the investigation should be discontinued, notice thereof must be published in the Federal Register, but the Secretary may within 3 months thereafter order the withholding of appraisement if he then has reason to believe or suspect that dumping is involved. An order of withholding of appraisement in that case is treated in the same manner as is a withholding under paragraph (2) of section 201(b). If no withholding of appraisement is ordered within 3 months, the Secretary must publish a final negative determination or a notice of discontinuance of the investigation. Section 201(b), as amended by the bill, also provides that the question of dumping is deemed to have been raised by or presented to the Secretary on the date on which a notice is published in the Federal Register that information relating to dumping has been received in accordance with regulations prescribed by him. As provided under current Treasury Department regulations (19 CFR 153.30), the Secretary will publish such a notice generally within 30 days after information relating to dumping is received in acceptable form.

Subsection (b) incorporates a new provision in the Antidumping Act which requires the Secretary of the Treasury or the Tariff Commission to hold a hearing prior to any determination under subsection (a). In order to preserve the informal and nonadversary nature of these proceedings, the hearings are specifically exempted from the procedural requirements of the Administrative Procedure Act. The transcript of each hearing plus all information developed in connection with the investigation with the exception of material treated as confidential or otherwise exempt from disclosure under the Freedom of Information Act, shall be available to all persons.

Subsection (b) also requires the Secretary and the Tariff Commission to include in the record and publish in the Federal Register their determinations, together with a statement of the bases for their findings and conclusions on all material issues presented.

Subsection (c) makes three amendments to section 203 of the Antidumping Act, dealing with purchase price.

The first amendment deals with the treatment to be given export taxes in the computation of purchase price. Section 203 of the Antidumping Act, which defines purchase price and sets forth the adjustments to be made thereto, currently provides that any export tax imposed on the exported product must be added to the purchase price if it is not already included therein. Section 204, on the other hand, which defines exporter's sales price, currently provides that any export tax must be subtracted from exporter's sales price if it is included therein.

The "purchase price" treatment of an export tax is anomalous. An export tax increases the price of an exported product and, if not subtracted, would dis-

tort any dumping price comparison made between the export price and the home market price of a particular product. The distortion would artificially reduce or eliminate any dumping margins that might otherwise exist. The present treatment of export taxes under the exporter's sales price provision is proper and the proposed amendment would make the section on purchase price symmetrical with the section on exporter's sales price in this regard.

The second amendment deals with the treatment of certain types of tax rebates in computing purchase price. The amendment would conform the standard in the Antidumping Act to the standard under the countervailing duty law, thereby harmonizing tax treatment under the two statutes. It must be noted that in recommending this amendment, there is no intention to express approval or disapproval of the standard employed by the Treasury Department in administering the countervailing duty law with regard to the treatment under which that law of rebates or remissions of direct and indirect taxes.

With the amendment, no adjustment to the advantage of the foreign exporter would be permitted for indirect tax rebates unless the direct relationship of the tax to the product being exported, or components thereof, could be demonstrated. Further, an adjustment for such tax rebates would be permitted only to the extent that such taxes are added to or included in the price of such or similar merchandise when sold in the country of exportation. This is to insure that the rebate of such taxes confers no special benefit upon the exporter of the merchandise that he does not enjoy in sales in his home market. To the extent that the exporter absorbs indirect taxes in his home market sales, no adjustment to purchase price will be made and the likelihood or size of dumping margins will be increased.

Under the present language of the Antidumping Act, Treasury is required in its calculation of purchase price to add back to the price at which merchandise is sold to the United States:

> The amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller, in respect to the manufacturer, production, or sale of the merchandise, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

The "adding back" of such taxes under the Antidumping Act has the effect of reducing or eliminating any dumping margins that may exist. The language of the Antidumping Act "in respect to the manufacture, production or sale of the merchandise" is somewhat broader than the standard which would be applied to tax rebates under this amendment—directly related to the exported products or its components—and will result in fewer or smaller adjustments which decrease the size of dumping duties.

The third amendment would assure that imported merchandise benefiting from tax rebates which the Secretary has already determined to be a bounty or grant, and thus subject to countervailing duties, would not be unfairly penalized by subjecting them to antidumping duties as well by reason of the same tax rebates.

Subsection (d) makes three amendments to section 204 of the Antidumping Act, dealing with exporter's sales price.

The first amendment adds a fifth item to the list of those costs, expenses, or taxes which must be subtracted from the resale price in the United States to an unrelated purchaser in the computation of exporter's sales price. This amendment provides that whenever merchandise subject to an antidumping investigation or finding is imported by a person or corporation related to the exporter, that is, an exporter's sales price situation, and the merchandise is changed by further process or manufacture so as to remove it from the class or kind of merchandise involved in the proceeding before it is sold to an unrelated purchaser, such merchandise will not escape the purview of the law, but appropriate adjustments for the value added will be made to arrive at an exporter's sales price.

The committee intends that this amendment shall be applicable only if the manufactured or assembled product that is sold to an unrelated person contains more than an insignificant amount of the imported merchandise. It would distort the purpose of the Antidumping Act to render section 204 applicable to a product sold in the United States that had no, or only the slightest, physical relationship with the imported merchandise. Thus, for example, when a process of manufacture or assembly is performed on the imported merchandise, the resultant product must contain at least a significant amount, by quantity or value, of the imported merchandise. The amendment will codify existing Treasury Department regulations on the subject and eliminate any question concerning the scope or intent of the act to reach such merchandise which has been further processed or manufactured.

The second and third amendments are identical to the amendments of section 203 of the act concerning the treatment of certain tax rebates or remissions in the computation of purchase price, and would apply these same standards in the computation of exporter's sales price.

Subsection (e) amends section 205 of the Antidumping Act, 1921 (19 U.S.C. 164), dealing with the determination of foreign market value, in two respects.

A new subsection (b) to section 205 is added to provide for disregarding, in certain situations, sales in the home market of the country of exportation or, as appropriate, sales to countries other than the United States if such sales are made at prices which represent less than the cost of production of the merchandise in question. The committee believes that this amendment is necessary to prevent foreign sales of merchandise, which are made at less than the cost of producing such merchandise, from being used as the basis for determining whether sales of such similar merchandise to the United States are at less than foreign market value. In the absence of such a provision, sales made to the United States at less than cost of production could escape the purview of the act if sales in the home market of the country of exportation or, as appropriate, to third countries are also made at prices which fail to meet the cost of production by an equal or greater amount.

Under the amendment, an inquiry into whether sales in the home market of the country of exportation or, as appropriate, sales to countries other than the United States are below cost shall be made in situations where the Secretary has reasonable grounds to believe or suspect that such sales are in fact being made.

Whenever the Secretary determines that sales below cost have been made, such sales shall be disregarded in determining foreign market value if they:

First, have been made over an extended period of time and in substantial quantities; and

Second, are determined by the Secretary not to be at prices which permit recovery of all costs within a reasonable period of time in the normal course of trade.

These standards are designed to insure that sales made at less than cost of production will not automatically be excluded from consideration, for frequently it is normal business practice, both in foreign countries and the United States to sell obsolete or end-of-model-year merchandise at less than cost. Similarly, certain products, such as commercial airliners typically require large research and development costs before introduction and initially are sold at prices which do not reflect all overhead costs. If, however, such prices will permit recovery of all costs based upon anticipated sales volume over a reasonable period of time, such sales will not be disregarded. On the other hand, systematic sales at less than all cost of production at prices which will not permit recovery of costs will be disregarded under the amendment. Additionally, in determining whether merchandise has been sold at less than cost, the Secretary will employ accounting principles generally accepted in the home market of the country of exportation if he is satisfied that such principles reasonably reflect the variable and fixed costs of producing the merchandise.

When the Secretary determines that any sale shall be disregarded by virtue of its having been made below cost under the above standards, he shall, for purposes of determining foreign market value, determine whether a sufficient number of sales at or above cost of production remain as an adequate basis for comparison. In the absence of a sufficient number of sales at or above cost, the Secretary shall determine that no foreign market value exists and resort instead to constructed value as defined in section 206 of the act (19 U.S.C. 165) for purposes of comparison with the purchase price or exporter's sales price of the merchandise in question.

A new subsection (c) to section 205 is also added to adopt in the law the substance of the existing Treasury Department practice, as reflected in section 153.5(b) of the Treasury's antidumping regulations (19 CFR 153.5(b)), under which decisions regarding dumping are

made with respect to merchandise from state-controlled-economy countries. From time to time, a case arises in which the information indicates that the economy of the country, from which the merchandise is exported, is controlled to an extent that determinations cannot be made in accordance with the usual technical rules. The amendment would confirm the Treasury practice under which the Secretary makes the necessary dumping determinations with respect to state-controlled-economy countries based on prices at which such or similar merchandise of a non-state-controlled-economy country is sold either for consumption in its home market or to other countries, or based on the constructed value of such or similar merchandise in a non-state-controlled-economy country.

Section (f) amends section 212(3) of the Antidumping Act, 1921 (19 U.S.C. 170a(3)), to provide that companies will be deemed to have sold merchandise to the United States at less than its foreign market value only if their sales to the United Staates are at prices lower than their own prices in the home market or, as appropriate, to third countries. Under present section 212, the Treasury Department is occasionally compelled to compare the prices at which one manufacturer sells to the United States with the prices at which a different manufacturer sells in the home market of the country of exportation. This is necessitated by the present language of section 212(3), which defines "such or similar" merchandise in such a manner as to compel resort to the home market prices of a second manufacturer if the first manufacturer makes no sales, or an insignificant number of sales, of the merchandise in question in his home market.

This committee believes that this language creates inequities by subjecting a manufacturer to liability for dumping duties in situations where he cannot control, and, most often, does not know the prices which will form the basis for comparison with his prices to the United States. To remedy this situation, the committee recommends that those subparagraphs of section 212(3) which dictate resort to the prices of a different manufacturer be deleted. With the amendment, a foreign manufacturer would be deemed to have sold merchandise to the United States at less than foreign market value only if the price of such merchandise is lower than the price of such or similar merchandise sold by the same manufacturer in the home market or, as appropriate, to third countries. If no sales, or an insignificant number of sales, of merchandise are made to countries other than the United States, resort would be had to constructed value—section 206 of the act—for purposes of comparison with the price to the United States.

The procedural amendments made in this section will apply to all investigations begun on or after the date of enactment of this act. The substantial amendments to the Antidumping Act—subsections (c) through (f) of this section—will apply to all merchandise which is not appraised on or before the date of enactment of this act. However, such amendments will not apply to merchandise which was exported before such date of enactment and which is subject to a finding of dumping, which finding is either outstanding on the date of enactment or revoked but still applicable to such merchandise.

It will be noted in the following section that section 516 of the Tariff Act of 1930 is amended to specifically permit judicial review of negative countervailing duty determinations. The committee has been informed by letter from the Secretary of the Treasury that domestic producers do have the right of judicial review in antidumping cases. The committee wishes to make it clear that the absence of amendments to section 516 with respect to antidumping cases should not be considered to mean that negative antidumping findings are not subject to judicial review. The Committee is in agreement with the letter.

COUNTERVAILING DUTIES

Section 331 of the bill would amend sections 303 and 516 of the Tariff Act of 1930 in a number of important respects. Section 303 is the statute under which the Secretary of the Treasury determines whether imported foreign articles receive a "bounty or grant." The Secretary is required to ascertain and determine, or estimate, the net amount of any bounty or grant, and is required to declare the net amounts so determined and order the imposition of countervailing duties.

Although the present statute is mandatory in terms, it does not compel the Secretary to act within any specified period of time. The bill would impose on the Secretary of the Treasury the responsibility to make his determinations as to whether a bounty or grant exists within 12 months after the question is presented to him.

Existing Treasury regulations call for certain types of information to be presented by a person who alleges that an imported article is receiving a bounty or grant. The regulations provide that such communciations shall include a full statement of the reasons for the belief that a bounty or grant is being paid or bestowed, a detailed description or sample of the merchandise and all pertinent facts obtainable as to any bounty or grant alleged to be paid or bestowed with respect to the merchandise. The regulations go on to provide, among other things, that the Commissioners of Customs will review the information submitted, and if he determines that it is patently in error, he will so advise the person who submitted it and close the case; otherwise he will proceed with an investigation.

We are advised by the Treasury Department that its regulations will be amended to require the Commissioner of Customs to determine, generally within 30 days after the information is first received, whether the information submitted is adequate under the regulations to enable Customs to proceed with the matter. The new regulations will also provide that the person submitting the information will be advised in writing within the 30 days whether or not Customs will proceed with the inquiry. If the information submitted is inadequate, Customs' advice to the person furnishing it will include a statement of the reasons why. If the information submitted is adequate, Customs will so advise the person furnishing it and the date of such affirmative advice would be "the date on which the question is presented" for purposes of triggering the commencement of the 12-month period within which the amendment would require the Secretary to act.

The committee was advised in 1970 that the Treasury Department would amend its regulations to conform to these procedures, and is concerned that the Treasury has not done so. The committee has received assurances from the Treasury that it will promptly move to amend its regulations and will be closely following the matter to insure that this commitment is fulfilled.

The 12-month limitation would be applicable only with respect to questions presented on and after the date of enactment of the bill. Any inquiries relating to the application of countervailing duties which are already pending in the Treasury Department on the date of the enactment of the bill will not be affected by the 12-month limitation for action. However, the Treasury Department has agreed to make all reasonable efforts to proceed with such inquiries as promptly as possible.

The present statute is mandatory, in that the Secretary is required to apply countervailing duties to dutiable merchandise which he determines to benefit from a bounty or grant. Section 331 (a) would extend the provisions of the statute to nondutiable items. However, in the case of nondutiable items, there will be an additional requirement of a determination by the Tariff Commission whether or not an industry in the United States is being, or is likely to be, injured, or is prevented from being established, as a result of the importations benefiting from the bounty or grant. The injury requirement for duty-free articles will exist only as long as the international obligations of the United States requires an injury determination. The Tariff Commission is required under the bill to make an injury determination with respect to nondutiable imports within 3 months after the initial determination by the Secretary of the Treasury that a bounty or grant is being paid or bestowed. The relevant language regarding injury determinations by the Tariff Commission was derived verbatim from the Antidumping Act, 1921, and is intended to have the same meaning.

The bill also provides for suspension of liquidation in the event the Secretary of the Treasury determines a bounty or grant exists with respect to nondutiable imports. The suspension would take effect with respect to merchandise entered or withdrawn from the warehouse for consumption, on or after the 30th day after publication in the Federal Register of the Secretary's determination of the existence of a bounty or grant. The subsequent countervailing duty order, requiring the assessment of duties equivalent to the amount of the bounty or grant, issued by the Secretary of the Treasury following the Tariff Commission's determination of injury, would be

effective as of the date of suspension of liquidation. The significance of this suspension is that if there is a determination of injury by the Tariff Commission with respect to nondutiable imports, it will take effect on the same date as would a determination by the Secretary of the Treasury that a bounty or grant was being paid or bestowed on dutiable imports.

Section 331 of the bill also provides that all determinations by the Secretary with respect to the existence of a bounty or grant and all determinations by the Tariff Commission with respect to injury will be published in the Federal Register and will become effective 30 days thereafter. Under the current Treasury practice, countervailing duty orders become effective 30 days after publication in the Customs Bulletin. This new provision will advance by 2 or 3 weeks the date orders become effective by avoiding present printing leadtime lags in publication of the Customs Bulletin.

The committee amendment to the existing law would also add a new subsection (d) to section 303 of the Tariff Act authorizing the Secretary of the Treasury to refrain from applying the countervailing duty law to an article with which is subject to import quota restrictions or to effective quantitative limitations on its exportation orders become effective by avoiding present printing leadtime lags in formation and advice from such agencies as he may deem appropriate, that such quantitative limitations are an adequate substitute for the imposition of the countervailing duty.

The committee amendment to the existing law would likewise add a new subsection (e) to section 303 of the Tariff Act. The Secretary would be authorized not to impose additional duties under section 303 if, after seeking information and advice from such agencies as he may deem appropriate, he determines that such imposition would be likely to seriously jeopardize satisfactory completion of the forthcoming international trade negotiations. The Secretary's authority under this subsection would be restricted to 4 years after the date of its enactment. An additional provision in subsection (e) restricts the authority of the Secretary to refrain from imposing countervailing duties by reason of the serious jeopardization of trade negotiations to only 1 year from the date of enactment in investigations concerning merchandise produced by facilities owned or conrtolled by the government of a developed country when the investment in or operation of such facilities is subsidized.

The 4-year temporary discretionary authority was accorded because of the very real danger that the mandatory provisions of section 303, combined with the committee's amendment providing for a 12-month time limit for action under this section, could compel the Secretary to take actions which might well frustrate the successful outcome of the forthcoming negotiations.

The committee is aware that there are differences of opinion internationally as to what constitute permissible and nonpermissible export assists under international law and practice, and that the negotiation of an agreement on this issue may prove difficult. The committee has no desire to sanction certain existing export-assist practices conducted by various foreign governments. It also recognizes that the United States itself may well be conducting programs of export assists which foreign governments may find inconsistent with international law and policy.

With this background, the Secretary of the Treasury must be temporarily accorded some degree of latitude in administering section 303 until an international agreement is reached regarding the international practices which would be considered permissible and nonpermissible. Otherwise the Secretary of the Treasury may conceivably be constrained to take countervailing action under section 303 against a practice which ultimately may be internationally agreed to be a permissible international export assist. The discretionary authority accorded herein has been restricted to 4 years to facilitate the international negotiations. It has been accorded on the understanding that the U.S. negotiators will report regularly to the Congress on the progress and ultimately on the outcome of the negotiations with respect to international export assists. The committee assumes that it may be necessary to further amend section 303 depending upon the outcome of these negotiations, assuming that they terminate in an agreement acceptable to the United States.

Section 331(b) of the bill would amend subsections (a), (b), and (c) of section 516 of the Tariff Act of 1930, as amended (19 U.S.C. 1516), to provide for judicial review of negative countervailing duty determinations by the Secretary of the Treasury. The amendment is necessitated by a 1971 decision of the Court of Customs and Patent Appeals (*United States* v. *Hammond Lead Products, Inc.*, 58 CCPA 129, CAD 1017), which held that judicial review of negative countervailing duty determinations was not available to domestic producers. If allowed to stand this decision might adversely affect the ability of American producers to obtain meaningful relief under the countervailing duty law, a result not intended by the Congress. Moreover, the amendment is also warranted, for reason of equity, because American producers have a right to judicial review in the customs courts of other customs determinations involving duty assessment of countervailing duties.

Section 516 of the Tariff Act of 1930, as amended, permits American manufacturers, producers, or wholesalers to file a petition with the Secretary of the Treasury contesting the appraisement, classification, or rate of duty assessed with respect to imported merchandise by the Customs Service. The amendment permits such petitions to be filed by American manufacturers, producers, or wholesalers where it is believed that countervailing duties should be assessed.

Under section 516, if the Secretary of the Treasury agrees with the claims made in the manufacturer's petition, he must determine the proper appraised value, classification, or rate of duty and notify the petitioner of his determination and publish such notice in the weekly Customs Bulletin. All merchandise concerned entered thereafter is appraised, classified, or assessed with a rate of duty in accordance with the Secretary's decision. The amendment would apply the same procedure to countervailing duty cases, except that the notification in such cases would be published in the Federal Register.

If the Secretary disagrees with the petitioner's claim, the petitioner may file, within 30 days, after being notified of the negative decision, notice that he desires to contest the decision. The Secretary must then publish the decision and the fact that the petitioner desires to contest.

Following the first judicial decision not in harmony with the Secretary's decision, liquidation of all entries of the subject merchandise subsequent to that decision is suspended pending a final judicial decision. If that decision is sustained on appeal, the merchandise concerned is subject to appraisement, classification, or assessment of duty in accordance with the final decision and effective as of the day after the date of the first judicial decision. The same procedure will be followed in cases involving negative countervailing duty determinations where the court will determine whether or not a bounty or grant is being paid or bestowed on the merchandise in question.

The committee has determined that the effective date of the provisions of the bill amending the countervailing duty procedures should be the date of enactment of the bill.

UNFAIR IMPORT PRACTICES

Section 341 of the bill would amend section 337 of the Tariff Act of 1930 to vest authority in the Tariff Commission to order the exclusion of articles involved in unfair methods of competition and unfair acts based upon the claims of U.S. letters patent and imported or sold in violation of the statute. The decisions of the Commission would be subject to judicial review by the U.S. Court of Customs and Patent Appeals—CCPA.[1] Under the existing provisions of the statute, the President issues such exclusion orders after receipt of findings and recommendations of the Tariff Commission. Section 341 would make no changes in the existing provisions as they relate to the respective roles and authority of the President and of the Commission with respect to unfair methods and acts other than those based upon the claims of U.S. letters patent, which are provided for in subsections (a) through (g) of section 337.

[1] In connection with the existing statute, where commission findings are advisory in nature, it is noted that the U.S. Supreme Court has expressed by way of dictum that the Commission's proceedings under sec. 337 are lacking of a case or controversy necessary for review by the CCPA, a constitutional court (*Glidden* v. *Zdanok*, 370 U.S. 530 (1962)). After the President has ordered exclusion of an article, a customs officer's exclusion thereof from entry into the United States is subject to judicial review by the U.S. Customs Court.

As in the past, the Commission would make its determinations in cases involving the claims of a U.S. patent following the guidelines of Commission practices and the precedents of the CCPA. Commission precedent, approved by the CCPA, establishes that the importation or domestic sale without license from the patent owner of articles manufactured abroad in accordance with the invention disclosed in an unexpired U.S. patent constitutes an unfair method of competition or unfair act within the meaning of section 337. In cases involving the claims of U.S. patents, the patent must be exploited by production in the United States, and the industry in the United States generally consists of the domestic operations of the patent owner, his assignees and licensees devoted to such exploitations of the patent. Where unfair methods and acts have resulted in conceivable losses of sales, a tendency to substantially injure such industry has been established (cf., In re Von Clemm, 229 F 2d 441 (CCPA 1955)).

The Commission would also consider the evolution of patent law doctrines, including defenses based upon antitrust and equitable principles, and the public policy of promoting a "free competition" in the determination of violations of the statute. For a period of over 40 years, the Tariff Commission has entertained complaints of importation or sale of articles allegedly made in accordance with the specifications and claims of a U.S. patent, first under the provisions of section 316 of the Tariff Act of 1922, and then pursuant to successor provisions in section 337 of the Tariff Act of 1930. In its decisions under these provisions, the Commission has determined that under certain circumstances, the importation or domestic sale of an article manufactured abroad in accordance with the invention disclosed in a U.S. patent constitutes one type of unfair method or unfair act within the meaning of the statute. This practice has resulted in the Commission's considering U.S. patents as being valid unless and until a court of competent jurisdiction has held otherwise. The public policy recently enunciated by the Supreme Court in the field of patent law (cf., *Lear, Inc.* v. *Atkins*, 395 U.S. 653 (1969)) and the ultimate issue of the fairness of competition raised by section 337 necessitate that the Commission review the enforceability of patents, for the purposes of section 337, in accordance with contemporary legal standards when such issues are raised and are adequately supported. The President is not empowered under existing law—nor would the Commission be under the amendment—to set aside a patent as being invalid or to render it unenforceable. The extent of the Commission's authority is to take into consideration such legal defenses and to make findings thereon for the purposes of determining whether section 337 is being violated.

Any order of the Commission entered in any proceeding would be subject to judicial review in the CCPA within such time after said action is made and in such manner as appeals may be taken from decisions of the U.S. Customs Court. A complainant as well as an importer would have the right to judicial review of a Commission proceeding such as is contemplated by the committee's amendment.

The Commission would be authorized at any time, after a hearing in the course of its preliminary inquiry or full investigation but before completing its investigation, to issue a temporary order of exclusion if it is satisfied from the evidence in its possession that a probable unfair method or act has been established, and that, in the absence of such temporary order of exclusion, immediate and substantial harm would result to the domestic industry.

Any order issued by the Commission, whether temporary or final, would be terminated by the Commission when, on its own motion or upon request of an interested party, it finds that the conditions which lead to the issuance of the order no longer exist. If, for example, a court of competent jurisdiction should hold invalid or unenforceable a patent involved in an exclusion order, the Commission would take the matter under consideration, and, where appropriate, would terminate or suspend the order of exclusion.

Commission proceedings and actions would be based upon a full hearing on a record, bringing these provisions into accord with the provisions of subchapter II of chapter 5 of title 5 of the United States Code.

TRADE RELATIONS WITH COUNTRIES NOT ENJOYING NONDISCRIMINATORY TREATMENT

Title IV of this act would authorize the President to extend nondiscriminatory—column 1—tariff treatment to imports from countries not now receiving such treatment in return for appropriate benefits to U.S. interests, provided such countries permit their citizens to emigrate and do not impose unreasonable financial barriers to emigration. Nondiscriminatory treatment — most-favored-nation treatment—was withdrawn from all Communist countries except Yugoslavia pursuant to section 5 of the Trade Agreements Extension Act of 1951, which was in turn superseded by section 231(a)—originally enacted as section 231—of the Trade Expansion Act of 1962. It was restored to Poland in 1960.

Section 231(a) of the Trade Expansion Act of 1962 removed the area of discretion previously available to the President and flatly required denial of nondiscriminatory tariff treatment to all Communist countries. Section 231(b), enacted as an amendment to the TEA in 1963, in effect permitted an exception to be made from Poland and Yugoslavia. The authority requested by the President to extend or withdraw nondiscriminatory treatment in the case of those countries not now receiving such treatment can be a useful factor in obtaining important trade benefits for the United States.

EXCEPTION OF THE PRODUCTS OF CERTAIN COUNTRIES OR AREAS

Section 401 continues in force the provision of existing law requiring the President to deny nondiscriminatory treatment to the products of any country or area not now receiving such treatment except as otherwise provided in this title. The countries not now receiving such treatment, as set forth in headnote 3(e) to the Tariff Schedules of the United States, are Albania, Bulgaria, the People's Republic of China, Cuba, Czechoslovakia, East Germany, Estonia, Hungary, those parts of Indochina under Communist control or domination, North Korea, the Kurile Islands, Latvia, Lithuania, Outer Mongolia, Romania, Southern Sakhalin, Tannu Tuva, Tibet, and the U.S.S.R. In contrast to the Trade Expansion Act, this act will permit the President under certain conditions to extend nondiscriminatory treatment to those countries, under procedures set forth in the succeeding provisions of this title. The term "nondiscriminatory treatment" is intended to be synonymous with the meaning given "most-favored-nation" treatment, that is, products of a country given such treatment are subject to the normal preferential—column 1—rates of duty to which the products of all other nations enjoying such treatment are subject.

FREEDOM OF EMIGRATION AND EAST-WEST TRADE

Section 402 makes the products of a nonmarket economy country; that is, all Communist countries except Yugoslavia, which is subject to this title; that is, all Communist countries except Poland and Yugoslavia, ineligible to receive nondiscriminatory treatment during any period when the President determines that such country—

First, denies its citizens the right or opportunity to emigrate;

Second, imposes more than a nominal tax on emigration, or on documents required for emigration; or

Third, imposes more than nominal taxes, fines, or other charges on a citizen as a consequence of his desire to emigrate to the country of his choice.

During any period when such a determination is in force with respect to any country, the President would be barred from entering into a commercial agreement providing for the extension of nondiscriminatory tariff treatment to that country.

If a non-market-economy country is determined by the President to be eligible to receive nondiscriminatory treatment under the above test, he may conconclude a commercial agreement providing such treatment with such country only after submitting a report to Congress setting forth his findings of eligibility. The report must contain information concerning the country's emigration laws and policies, as well as a statement on how these laws and policies are administered. If thereafter the President proclaims the extension of nondiscriminatory treatment to that country, either pursuant to a bilateral commercial agreement or a multilateral agreement, and such treatment is not disapproved by Congress under section 406, then the President must, so long as such treatment is in effect with respect to the products of the country, submit semiannual reports to the Congress with current information on emigration laws and practices.

Section 402 will effectively prevent the

extension of nondiscriminatory treatment to Communist countries which frustrate the desire of their citizens to emigrate. If those governments refuse without due cause to permit any individual who desires to emigrate the opportunity to leave, the products of those countries would not be eligible for nondiscriminatory tariff treatment. Further provisions of this section make clear that a country which in theory accords the right to emigrate, but in practice makes the exercise of that right impossible or extremely onerous through the imposition of unreasonable fees, taxes, and other charges, will not be eligible for nondiscriminatory treatment. This section applies to all Communist countries—except Poland and Yugoslavia, the products of which now receive nondiscriminatory tariff treatment.

It is hoped that this section will provide an incentive to the Soviet Union and other Communist countries to permit freedom of emigration. When such freedom is granted, the products of these countries may, subject to the other provisions of this title, be accorded nondiscriminatory tariff treatment by the United States.

EXTENSION OF NONDISCRIMINATORY TREATMENT

Section 403 provides that the President may extend nondiscriminatory treatment by proclamation to any country with which he has concluded a bilateral commercial agreement meeting the requirements of section 404, or he may issue a proclamation extending such treatment to any country which is a party to an appropriate multilateral agreement to which the United States is a party; for example, the GATT, subject to the congressional veto procedure under section 406(c). Where nondiscriminatory treatment is extended pursuant to a bilateral agreement, such treatment may be accorded only so long as that agreement is in force. In the case of extension based on multilateral agreement, such treatment may be accorded only so long as both the United States and the country concerned continue to be parties to the agreements.

Nondiscriminatory tariff treatment must be withdrawn during any period the country concerned is in arrears under any agreement to settle its lend-lease debts to the United States. The President is also authorized at any time to suspend or withdraw nondiscriminatory treatment extended under this section. The committee considers that it is desirable to permit the President to extend nondiscriminatory treatment either through a bilateral commercial agreement or the GATT, whichever appears the more appropriate. It is further believed that the provisions of this section are desirable to protect American commercial and security interests. Some consideration has previously been given to extension of nondiscriminatory treatment to Romania, Hungary, and Czechoslovakia. It was the feeling of the committee that some priority should be given to these countries in extending such treatment.

As provided under section 407, the President will make necessary changes in general headnote 3(e) of the Tariff Schedules of the United States periodically to reflect the granting and withdrawal of nondiscriminatory treatment made under this title.

AUTHORITY TO ENTER INTO COMMERCIAL AGREEMENTS

Section 404 authorizes the President to give effect to bilateral commercial agreements providing for nondiscriminatory treatment to Communist countries whenever such agreements are in the national interest. These agreements would be limited to a period of no more than 3 years, but could be renewed for additional periods of up to 3 years if a satisfactory balance-of-trade concession has been maintained during the previous period, and if U.S. trade concessions have been or will be adequately reciprocated. These limitations are imposed to assure that the United States obtains benefits from such country reasonably comparable, although not necessarily of a similar nature, to those it accords. The provision applies both prospectively and to agreements which have already been entered into but not yet implemented, such as the agreement with the Soviet Union signed in October 1972.

This section stipulates that a bilateral commercial agreement must contain safeguards against market disruption, arrangements for settlement of commercial disputes, provisions for bilateral consultation, and, where the country is not a party to the Paris Convention for the Protection of Industrial Property provision, for U.S. nationals to receive, with respect to patents, rights equivalent to those provided in the convention. It also lists illustrative additional provisions which may be included in those agreements. Each agreement, moreover, must be subject to suspension or termination for national security reasons.

The requirements of section 404 will insure that commercial arrangements with Communist countries provide benefits to U.S. business, that they provide an opportunity to monitor the agreement to make certain it operates in a favorable manner, and that such agreements afford the opportunity to secure any adjustment needed to protect our interests. Any such agreement, moreover, may enter into force only if either House of Congress adopts a resolution disapproving it within 90 days after the President delivers copy of the agreements to Congress.

MARKET DISRUPTION

The purpose of section 405 is to provide more easily satisfied criteria for determining whether injury to domestic industries has resulted from imports from countries which are granted nondiscriminatory treatment under this title. This section will provide an additional means whereby effective action can be taken to protect domestic industries in those cases in which imports from Communist countries under this title are threatening or causing material injury to domestic industries.

Under this section, an entity filing a petition for import relief under section 201 of this bill could request the Tariff Commission to determine whether articles imported from a country receiving nondiscriminatory tariff treatment under this title were causing or threatening to cause, market disruption and material injury to the domestic industry, producing the article like or directly competitive with the imported article. Market disruption, as defined in the bill, exists whenever imports of the article in question are at a substantial level and are increasing rapidly both absolutely and as a proportion of domestic consumption, and when such imported articles are being offered for sale at prices substantially below those of the comparable domestic article.

If the Tariff Commission finds that those tests are met, the President would be authorized to impose import relief measures—additional duties, tariff quotas, absolute quotas, et cetera—on a discriminatory basis against the products of the country concerned, or against the products of all countries.

A problem in trade with nonmarket countries is the possibility that such a country, through its control of distribution to the products which it produces and of the price at which those articles are sold, could disrupt the domestic markets of its trading partners and injure producers in those countries. It is intended that section 405, which reduces the level of injury needed to permit an affirmative determination in import relief cases—from "serious injury" to "material injury"—will provide needed protection to domestic producers. The term "comparable domestic article" is intended as a narrower classification than "like or directly competitive article." The provisions of this section are in addition, of course, to the protections already afforded under the Antidumping Act.

PROCEDURE FOR CONGRESSIONAL DISAPPROVAL OF EXTENSION OR CONTINUANCE OF NONDISCRIMINATORY TREATMENT

Section 406 establishes a procedure under which Congress can disapprove the extension or continuation of nondiscriminatory treatment within 90 days after the President submits a proclamation providing nondiscriminatory treatment or an annual report on emigration practices.

In the case of an initial extension of nondiscriminatory tariff treatment to the products of a country covered by this title, the President must submit to Congress, in addition to the report on emigration practices required by section 402, a copy of his proclamation extending nondiscriminatory treatment, a copy of the multilateral or bilateral agreement pursuant to which such treatment is to be extended, and a statement of his reasons for extending such treatment to the country concerned. The proclamation will enter into force if, and only if, neither House of Congress adopts a resolution approving the extension of nondiscriminatory treatment to such country within 90 days after the submission of these documents. Special rules governing procedures for dealing with resolutions under section 406 are contained in section 151 of the bill.

In addition, after the President submits the semiannual report required to be submitted to Congress on or before December 31 of each year under section 402(b) regarding the emigration practices of a country to which nondiscrimi-

natory tariff treatment is extended under this title, either House may adopt a resolution within 90 days disapproving the continuation of such treatment. In the event such a resolution is adopted, nondiscriminatory treatment will cease to be in force. Nondiscriminatory treatment may not thereafter be extended to the products of such country except in accordance with the provision of this title.

These congressional veto provisions will assure continuing congressional control over commercial dealings with Communist countries.

GENERALIZED SYSTEM OF PREFERENCES

Title V of the bill would authorize the President to participate with other major developed countries in the granting of generalized tariff preference to imports from developing countries for a period of 10 years. The bill requires the President submit a full and complete report to the Congress on the operation of the system within 5 years. The system would provide for duty-free treatment for any article determined to be eligible under the provisions of section 503 imported from any country designated as beneficiary under the provisions of section 502, and subject to the limitations specified in section 504. In granting such treatment the President must have due regard for the effect such action would have on the economic development of developing countries, the anticipated impact on domestic producers, and the extent to which other developed countries are making a comparable effort to assist developing countries through the granting of generalized tariff preferences.

BENEFICIARY DEVELOPING COUNTRIES

The bill contains several criteria for determining countries which may be designated as beneficiaries of generalized tariff preferences. Statistical criteria such as per capita GNP are not very satisfactory measures by themselves for distinguishing between various levels of development, since these statistics must be evaluated in the light of other economic factors. Moreover, some countries now regarded as developing countries may reach a high enough level of development well before the end of the 10 years to justify termination of preferential treatment to them. Consequently, no definition or list of developing countries has been included in the bill. It does include a list, however, of countries which are generally recognized to be developed countries and stipulates that these countries cannot be designated as beneficiary developing countries. The list is similar to that in the interest equalization tax legislation. Inclusion of this list in the bill does not imply that all other countries will be eligible for generalized tariff preferences, or that any member country of the European Economic Community, if otherwise qualified, would be ineligible for preferential treatment if its membership in the Community were terminated.

The bill would prohibit the granting of generalized tariff preferences to countries which do not receive nondiscriminatory—column 1—tariff treatment, and would require the withdrawal of preferences from countries which subsequently cease to be eligible for such treatment. The bill would also prohibit the granting of generalized tariff preferences to any developing country which grants preferential treatment to the imports of another developed country—"reverse" preferences—unless the country provides satisfactory assurances that it will eliminate these "reverse" preferences before January 1, 1976. Preferential treatment would be withdrawn if the country has not eliminated "reverse" preferences before that date. The condition would not be met if a developing country simply extended to the United States "reverse" preferences granted to another developed country. This criterion is intended to provide increased pressure for developing countries to remove "reverse" preferences within a reasonable period of time.

In addition to the mandatory criteria, section 502 lists a number of other factors which must be taken into account in designating beneficiary countries. No one of these criteria is individually controlling on the President. However, they do constitute guidelines and reflect certain expectations about beneficiary countries. It is expected that a potential beneficiary country will express its desire to be so designated, in accordance with the "self-election" principle which the donor countries of generalized tariff preferences have generally agreed to apply. A potential beneficiary is expected to present a bona fide claim to development status based on its level of development as defined by appropriate economic indicators. The developed countries have agreed to make their generalized preference systems roughly comparable and, in general, the United States would not expect to give preferential tariff treatment to countries which do not receive such treatment from other donor countries. The expropriation of U.S. property in violation of international law by a potential beneficiary country is also to be taken into account.

The term "country" is specifically defined to include the insular possessions of the United States to insure that they may be designated as beneficiaries. Designation as a beneficiary is not intended to impair any benefits that these possessions are receiving by reason of headnote 3(a) to the Tariff Schedules of the United States. It is intended that the products of U.S. insular possessions should under no circumstances be treated less advantageously than those of foreign countries. To the extent that such products would be entitled to better treatment under headnote 3(a) than under this title, they should receive treatment under 3(a).

Indeed, in determining eligibility of an article under this title, the President should take into account the extent to which duty-free treatment of such articles from the insular possessions are presently contributing to the economic well-being and development of the insular possessions, and the extent to which such trade would be adversely affected if such articles were to be made eligible for generalized tariff preferences.

The President may provide that all members of an association of countries for trade purposes, that is, a free trade area, customs union, of association leading to the formation of such an area or union, shall be treated as one country for the purposes of this title, provided each member of the association is eligible for individual designation as a beneficiary country. Where an association of countries is designated a beneficiary, exports from all member countries of the association shall be treated as exports of the association, both for purposes of the value-added requirements of section 503 (b) and for the purposes of the competitive need limitation in section 504(c). For these purposes, movement of goods among members of the association prior to their exportation to the United States is to be disregarded.

Prior to designating any beneficiary country the President must notify both Houses of Congress of his intention and the considerations on which the decision is based. He must also notify the Houses of Congress 30 days in advance of terminating beneficiary status to any country and his reasons for the termination.

ELIGIBLE ARTICLES

Section 503 establishes the procedures and criteria for determining products which may be eligible for duty-free preferential treatment. The "prenegotiation" procedures specified in sections 131 through 134 of this bill would have to be followed prior to granting preferential treatment on any article, as though the act of designating an article as an eligible article under this title were an action affecting rates of duty pursuant to a trade agreement under section 101. These procedures include the advice of the Tariff Commission as to the anticipated economic effect on domestic producers, information and advice from other Government agencies, and public hearings.

Before any list of articles to be considered for designation as eligible is furnished to the Tariff Commission for purposes of its required investigation under section 131, an Executive order would have to be in effect designating beneficiary countries. The Tariff Commission would not be able to make a sound judgment of the economic impact of preferences on industries producing like or competitive articles unless the Commission were apprised of the list of countries which will receive preferences. At the same time, it is recognized that the list of beneficiary countries may be modified from time to time.

The term "article" will in general refer to the five-digit tariff item numbers of the tariff schedules of the United States. Exceptions may be made to this rule if necessary to insure that an article is a coherent product category.

No article would be eligible for duty-free preferential treatment for any period during which it is the subject of import relief measures under section 203 of this bill or section 351 of the Trade Expansion Act. It could not be designated at any time while import relief action is in effect, and if, subsequent to its designation, the President, pursuant to a finding of the Tariff Commission, took an import relief action affecting it, the preferences would be terminated. Section 203(f) further provides that if the Tariff

Commission finds under section 201(b) that serious injury to a domestic industry is resulting from the extension of preferences under this title, the President may terminate the preference without taking other import relief action.

Where injury to the domestic industry results from imports entering under preferences which receive bounties or grants in the country or countries of origin, such imports will be subject to countervailing duties under the provision of section 303 of the Tariff Act of 1930.

To receive preferential treatment, an eligible article must meet specific rules of origin to insure that the benefits of U.S. generalized preferences accrue to the designated beneficiary developing countries. To receive preferential treatment such articles must be imported directly from a beneficiary developing country into the customs territory of the United States. The value added in the developing country, including the cost or value of materials produced in the developing country and the direct costs of processing operations, must also equal or exceed a minimum percentage of the appraised value of the article at the time of its entry. This minimum percentage cannot be less than 35 percent or more than 50 percent of the appraised value as prescribed in regulations established by the Secretary of the Treasury and shall be uniformly applied to all eligible articles from all beneficiary developing countries. The percentage may be adjusted within this range from time to time in the light of actual experience, to assure that, to the maximum extent possible, the preferences provide benefits to developing countries without stimulating the development of "passthrough" operations the major benefit of which accrues to enterprises in developed countries.

In determining the appropriate percentage for value added, the Secretary of the Treasury will be expected to evaluate the effects of the extension of preferences on trading patterns, paying especial attention to imports of products ordinarily dutiable at high rates which enter under the system and contain a high proportion of manufactured components produced in developed countries. The Secretary should increase the percentage for value-added in the event he finds that imports of products of this type are increasing sharply and substantially. The range of up to 50 percent has been included to permit adjustments in the light of experience, since at the present time the effect of various percentage levels on patterns of trade is unknown.

The President should take into account the interests of the insular possessions of the United States in determining the eligibility of any article.

LIMITATIONS ON PREFERENTIAL TREATMENT

The President is authorized to withdraw, suspend, or limit preferences at any time with respect to any article or any beneficiary developing country. In taking such action, the President must consider the factors taken into account in granting preferential treatment initially and in designating beneficiary countries. Withdrawal or suspension of preferential treatment restores the rate which would apply in the absence of this title; an intermediate rate of duty cannot be established. As noted in the GATT waiver authorizing generalized tariff preferences, the United States and the other developed countries agreed that preferences are voluntary and that they do not constitute a binding commitment. Consequently, the withdrawal or suspension of preferential treatment would not give rise to payment of compensation under section 124 of this bill. Nor would the reduction of the general level of tariff rates as the result of bilateral or multilateral trade agreements create in beneficiary countries any right to compensation for the reduced incidence of preference.

The President is required to withdraw or suspend preferential treatment from any country which ceases to receive nondiscriminatory—column 1—tariff treatment from the United States. He must also withdraw or suspend preferential treatment from any country which has not or will not eliminate reverse preferences before January 1, 1976.

Duty-free preferential treatment shall also not apply to a particular article from a particular beneficiary developing country if that country has supplied, directly or indirectly, 50 percent or more of the total value or over $25 million of U.S. imports of the article during the latest calendar year for which complete data are available. If imports of an article eligible for preferences from a beneficiary country reach the 50 percent or $25 million level in any calendar year, the preference on that article from that country must terminate not later than 60 days after the close of the calendar year, unless the President determines before the end of the 60-day period that granting or continuing the preferential treatment would be in the national interest.

This competitive need formula is designed to provide an express requirement governing the withdrawal or suspension of preferential treatment in those cases where it can no longer be justified on grounds of promoting the development of an industry in a particular developing country. This authority also enables the President to withhold the initial granting of preferential treatment to a particular developing country which has already demonstrated its competitiveness in the article in question. The formula is also designed to provide more opportunities to the least developed countries which would not have to compete in the U.S. market on equal terms with highly competitive products exported by more advanced developing countries. It should be noted that the competitive need formula takes into account indirect exports-reexportations, et cetera—whereas indirect exports are not eligible for preferences under this title.

Since the bill authorizes the President to grant generalized preferences for a period of 10 years, the committee considers it important to monitor the operation of this title and to insure that it fulfills the purposes for which it is intended. Therefore, the bill requires the President to submit a comprehensive report on the operation of the U.S. system of generalized preferences no later than 5 years after enactment of the bill.

GENERAL PROVISIONS

Title VI, the general provisions of the bill, defines certain terms of a general nature used throughout the bill, as well as certain terms having applicability to specific sections of the legislation. The title also specifies the relationship of this bill to certain other legislation where appropriate, and it provides for certain authorities to the Tariff Commission and the President with respect to information on the operation of trade agreements and changes in the Tariff Schedules of the United States as a result thereof.

Mr. SCHNEEBELI. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, since the mid-1930's, the trade agreements program has been one of the cornerstones of U.S. international economic policy. During this period, the trade agreements program has been renewed and broadened, culminating in the Trade Expansion Act of 1962.

The Trade Reform Act now before the House builds on this record, but also makes important changes to properly restrict presidential authority and to involve the Congress as a full partner in all trade negotiations.

The chairman has explained the bill in detail. In view of his explanation and the intention of other members of the committee from our side of the aisle to concentrate on particular areas of the legislation, my remarks will be general in nature and focus on the rationale for the bill.

The President has been without authority to adjust tariffs since the authority provided by the Trade Expansion Act of 1962 expired on June 30, 1967. Although the rules of the GATT require that we grant compensation to our trading partners when we provide import relief to a domestic industry under our escape clause, there has been no authority for the President to do so. This invites other nations to retaliate if we take escape clause action and may inhibit action to provide import relief.

Although tariffs were reduced substantially during the Kennedy round, in many cases they still significantly inhibit trade. An attempt at further reductions on a reciprocal basis would be mutually beneficial to both the United States and our trading partners.

The committee bill, therefore, grants authority to the President to proclaim limited tariff reductions as a result of trade agreements entered into with our trading partners over the next 5 years. Broad prenegotiation procedures are included to insure the fullest participation by interested members of the public, and reduction in duties would have to be staged to cushion the impact on domestic industries.

In addition to these limitations as to procedure and the duration of the authority provided, the latitude to cut specific tariffs is carefully limited in this bill. Present tariffs of between 5 and 25 percent ad valorem may be reduced by 60 percent of the present amount. While tariffs above 25 percent ad valorem may be reduced 75 percent but in no event be-

low 10 percent ad valorem. As in the Kennedy round, reduction in duties of 5 percent or less are not subject to limitation but may be eliminated in order to avoid nuisance duties not providing any real protection but represent an administrative burden.

It should be noted that to the extent feasible the basic negotiating authority is to be used to insure reciprocity of market access to each sector of agriculture, manufacturing and mining.

Trade figures for 1971 show about $45.5 billion in U.S. imports, with about one-third or $15 billion being duty free, and the remaining two-thirds, or $30 billion, being subject to duties. Of the $30 billion in dutiable imports, about $13.5 billion were subject to duties of 5 percent ad valorem or less that could be eliminated under this bill, but the remaining $16.5 billion—more than one-third of all imports and more than one-half of dutiable imports—would be subject to reduction limitations. When we consider that the average level of U.S. tariffs was 12 percent at the beginning of the Kennedy round and is today 8 percent, the authority provided in this bill provides even less latitude in duty reductions than the Trade Expansion Act of 1962 did.

Interference to free trade is of two types—tariffs and other devices and practices known as nontariff barriers, or NTB's. There has been growing recognition in recent years that the benefits of previous negotiations have been undermined and are threatened by the continuing extension of these nontariff barriers. And if we are to maintain an open world trading system, the United States must be prepared to meet our trading partners' commitment to effectively negotiate for the elimination of NTB's, which are varied and wide-ranging, such as quantitative limitations, subsidized exports, Government procurement practices, border taxes, licensing, et cetera.

The bill provides procedures authorizing the President to negotiate on nontariff barriers while preserving legislative prerogatives and insuring effective participation by the Congress. The President would be authorized, during a 5-year period, to enter into trade agreements providing for the reduction or elimination of nontariff barriers. Under this authority, NTB's must be negotiated to the extent feasible, on the basis of similar product sectors. A principal negotiating objective will be to obtain competitive opportunities in exports for our product sectors equivalent to competitive opportunities afforded in the United States market for similar products.

The prenegotiation requirements, including public hearings by the Tariff Commission, public hearings by our negotiators, and full and continuing consultation by interested and appropriate groups in the private sector with our negotiators—both before and during negotiations—would apply in the case of nontariff barriers as well as tariffs.

The bill requires the President, at least 90 days before entering into an agreement on nontariff barriers, to notify both the House and the Senate of his intention to do so and to place a notice in the Federal Register. After entering into the agreement, copies of the agreement along with any implementing proclamations and orders must be transmitted to the House and Senate. The agreement and any implementing proclamations and orders will go into effect at the end of the 90-day period unless either House of Congress adopts a resolution of disapproval by simple majority.

It is quite evident, with all these provisions of the bill for congressional review and oversight, that we have assured proper and ample controls by the Congress.

While liberalizations in trade will result in improved efficiency and greater economic well-being for the Nation as a whole, the process of adjusting to increased competition sometimes imposes burdens on individual industries, businesses, or workers. Where an industry has been seriously injured in the past by imports, the law has provided for import relief. Additionally, in these cases or where separate proceedings were instituted, workers suffering from significant unemployment could receive adjustment assistance.

However, under the Trade Expansion Act of 1962, it was necessary to show that the dislocations were in major part due to increased imports which were in major part caused by past tariff concessions. This double burden posed insurmountable obstacles to many industries and their workers, so the committee has, therefore, greatly liberalized the criteria entitling industries and workers to relief.

Under the bill before the House, it will only be necessary for an industry that is seriously injured to show that imports are a "substantial cause" of the injury in order to be considered for import relief. In the case of workers applying for adjustment assistance, it will only be necessary to show that imports contributed importantly to total or partial separation and to a decline in sales and production of the workers' firm.

The benefits for workers are liberalized considerably, and adjustment assistance is provided for firms. Additionally, the Secretary of Labor will make eligibility determinations for adjustment assistance in the case of workers, and the Secretary of Commerce will make determinations on adjustment assistance relative to firms. The streamlined procedures will expedite action on applications for adjustment assistance, and the liberalized criteria will provide greater access to needed relief.

The bill also contains improved procedures providing relief against unfair practices by our trading partners.

The countervailing duty and antidumping statutes are tightened and time limits are imposed to insure expeditious consideration of complaints by domestic interests. The President's authority to retaliate in the case of unfair trade practices by our trading partners, both against American imports in their own markets or to third country markets, is expanded.

Additionally, title IV of the bill provides carefully circumscribed authority for the President to extend nondiscriminatory tariff treatment to countries which are not now entitled to that treatment. The right to grant this treatment would, as the Members know, be limited to insure that it is not extended to countries with restrictive emigration policies.

The bill also provides authority for the United States to participate in a generalized system of tariff preferences to underdeveloped countries. This carefully limited authority will enable the United States to join with our trading partners in providing a system of tariff preferences to enable these countries to develop their own productive capacity.

In view of the magnitude of the bill and the fact that other Members will comment in more detail on these provisions, I will not discuss any further in detail.

While the bill provides authority adequate for the United States to participate in a new round of negotiations on tariffs and nontariff barriers, new limits are included, as I mentioned previously, to safeguard the rights and responsibilities of the Congress. As before noted, any proclamations and orders implementing agreements on nontariff barriers may not go into effect if either House of Congress passes a resolution of disapproval.

Additionally, whenever the President extends nondiscriminatory tariff treatment to a country under title IV, the Congress will have a 90-day period in which either House may adopt a resolution of disapproval. The President also must submit an annual report with respect to each nation receiving this treatment under title IV, and a resolution of disapproval by either House within 90 days will preclude any further extension of such treatment.

If the President takes action on an escape clause investigation to impose quantitative limitations or to enter into an orderly marketing agreement, the same procedure for disapproval within 90 days is provided. Similarly, if the President takes action under section 301 against unfair trade practices of foreign countries, either House of Congress could adopt a resolution of disapproval within 90 days.

The bill provides for the appointment of five members of the Ways and Means Committee and five members of the Senate Finance Committee at the beginning of each regular session of Congress to be accredited as official advisors to the U.S. delegation negotiating any trade agreement. It is contemplated that the U.S. advisors will be kept fully informed on all aspects of the negotiation and will in turn keep Congress informed. Annual reports on the trade agreements and import relief and adjustment assistance will also be required.

Finally, Mr. Chairman, let me point out that trade is of increasing importance to our country, and this bill is of critical importance to further efforts to improve our trade posture.

In the last 5 years our exports have increased from a total of $37 billion in 1969 to a projected $68 billion at the completion of this year. In 5 years our exports will have increased 83 percent. Agriculture has played a prominent role in this growth.

In 1969 our agricultural exports were

$6 billion. In 1973 our agricultural exports are expected to be $17 billion, an increase of 183 percent. We recognize the fact that much of the thrust and the impulse for this increased export comes as a result of two currency devaluations amounting to about 25 percent which makes our export more competitive.

This year for the first time in several years we will show a balance of trade surplus. Hopefully this change in the character of our balance of trade will be continued for the next several years as the result of the momentum that we gained from the devaluation.

We are going to hear something in debate about the opposition to the use of the Export-Import Bank with regard to our exports to the U.S.S.R. in particular.

I would like to analyze some of this criticism and analyze what our Export-Import Bank has done with regard to our exports to Russia. The Export-Import Bank has been in existence since 1934. For the first time, February of 1973, we have authorized the support of credits for some exports to Russia.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SCHNEEBELI. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, of the total authorization of $12 billion by the Export-Import Bank as of the end of June of this year, $103 million were for financing export credits for Russia—only eight-tenths of one percent of our total export credits.

What is the character of the four loans that have been authorized? One is for electric submersible pumps. One is for helping build a plant for producing tableware and dishware. One is for circular knitting machines, and the last is for helping build a truck plant.

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

Mr. SCHNEEBELI. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, it has been 11 years since this body has considered major trade legislation. In that time we have had a change in leadership on both sides of the aisle, with Mr. ULLMAN and Mr. SCHNEEBELI now leading the committee, in the very complicated and challenging task that is now before us. I think we are deeply indebted to Mr. ULLMAN and to Mr. SCHNEEBELI for an outstanding piece of work.

Mr. SCHNEEBELI. I thank the gentleman for that reference.

In conclusion, Mr. Chairman, the bill reported to the House provides far less authority than the administration requested in almost every area, but particularly in regard to negotiating authority on tariffs and nontariff barriers. At each step of the way, procedures are provided to insure that congressional authority may be exercised. Congress will be fully represented at all negotiations and procedures for close liaison with Congress are included. More than at any other time in the history of our trade agreements program, the new bill provides for effective exercise of congressional responsibility and insures that Congress will be a full working partner as authority on this bill is exercised.

Mr. Chairman, this bill is a balanced approach which provides needed authority for the United States to conduct its international economic affairs in the next few years. We will have an opportunity to review the program as it develops, and to insure that action taken is fully consonant with Congress' views of U.S. interests.

If we are to act responsibly in meeting our international commitments, in developing a free world trading system with our partners, and in restructuring rules governing international trade, this legislation is vitally needed. I urge all of my colleagues to join me in supporting this bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SCHNEEBELI. I yield myself 1 additional minute.

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

Mr. SCHNEEBELI. I yield to the gentleman from Minnesota.

Mr. ZWACH. Mr. Chairman, I have been very concerned with legislation that says, "The President shall—the President shall— the President shall." It looks like we are surrendering to the President entirely; but as I read the bill, I see there are some congressional strings. We do keep congressional responsibility to the extent that Congress shall regulate interstate and foreign trade.

I want to compliment the committee on that, because as a Member here who has not said a great deal, I have been very concerned about the surrendering of congressional rights on war, on many matters, and now on trade.

I want to impress how important it is that we keep congressional responsibility in this bill. I do know they are there and I want to compliment the committee for them.

Mr. SCHNEEBELI. I thank the gentleman for his contribution.

There are many areas here of congressional oversight.

Mr. SCHNEEBELI. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois (Mr. COLLIER).

Mr. COLLIER. Mr. Chairman there was a time when the United States produced 76 percent of all the world's automobiles and 47 percent of the world's steel supply. Today we produce only 33 percent of the world's automobiles and our steel production represents only 19 percent of the world's total.

These are sobering statistics because they deal with the Nation's two greatest industrial enterprises. And they are symbolic of other domestic industries.

There are many reasons for this situation and not the least of which is the tremendous increases in the technical competence and productivity of Japan and Western Europe. Whether we as a nation should take the tragic course of excessive protectionism on one hand, or adopt a free trade policy pursuing an "all give and no take" concept, we can only look to the years ahead as a further economic headache for this country. But one thing that is certain, we must not close our doors to imports, for we have the productive capacity to demand that we sell American goods on the basis of a dollar in exports for each dollar of goods that we import. There is no simple road to achieving this desirable and necessary balance.

As a nation we cannot control the activities or attitudes in foreign countries by any trade legislation we pass in this Congress. Our balance of payments problems and trade deficits in recent years have been a source of justifiable concern to all of us. But recent months have seen our position improve, partially because we and our major trading partners have had two currency realinements in the last 2 years and several currencies continue to float. This has taken place during a period in which we have seen an almost brutal inflationary spiral, although the rate of inflation in the United States is still well below that of most industrial nations in the world.

We have made progress in defrosting the economic cold war with the Soviet Union and the People's Republic of China. It seems to me that all of this points to the fact that things have changed dramatically in the past three decades, and the United States must enter the world market on a hard bargaining basis or we may find ourselves sitting on the curbstone watching the economic parade of a changing world pass us by.

This is the climate which prevails as we take up the first major trade legislation that has come before this Congress in nearly 11 years.

The bill which our committee has reported, H.R. 10710, is by no means legislative perfection, because conflicting interests, ideologies, and philosophies are inherent to trade bills. I support this bill because it is structurally sound and because it is as close as we can get to meeting our fundamental needs for establishing a new trade policy while accommodating a host of parochial interests and concerns. Certainly we are going to have some problems after its enactment, but we also have an opportunity to provide the basic vehicle for the attainment of those goals which are essential to our survival in the international marketplace.

I would be more satisfied if H.R. 10710 strengthened provisions in assisting many beleagured domestic enterprises in their battle against import penetration, much of which is abetted by unfair practices on the part of our trading partners. But this bill does make substantial improvements in the escape clause and provides greater access to import relief for both domestic industries and the American workingman.

This will be denied, I am sure, in the course of this debate by opponents of this bill—many of the original proponents of what we came to know as the Burke-Hartke bill. But if this bill is defeated for any reason at this time, by a majority of the Members who did not get just what they wanted in trade legislation, the present problems which we face can only be compounded. What answer is there in failure to enact any trade legislation? That is a question each of us will have to answer if this bill is not passed.

I hope and trust it will not suffer that fate because I think that the bill occupies a reasonable middle ground between opposing points of view with respect to the

impact of imports. It provides wider avenues to relief than existing law. But at the same time it avoids certain so-called protectionist provisions which would make it anathema to some of the more free-trade oriented Members. I guess what I am saying is that it represents the best and most reasonable compromise possible.

It is a realistic bill designed to be effective in the real world of today rather than one which might be tailored to a "never-never land" philosophy.

This is illustrated well in title I which includes the President's basic negotiating authority.

The administration, in its original proposal to the Congress, asked for virtually unlimited authority to raise or lower rates of duty in negotiating trade agreements. It also sought broad authority to negotiate on nontariff trade barriers with the proviso that agreements which were reached would be subject to a congressional veto procedure. The committee strengthened this veto procedure, and applied it to other provisions of the bill as well. And we did not agree to the carte blanche tariff adjustment authority which was requested.

The administration argued that it needed wide negotiating latitude in order to reach agreements which would be meaningful and mutually beneficial.

The committee, however, decided that reasonable limits on the President's authority would provide some assurance of fundamental protection for home interests without preventing the successful completion of negotiations.

Under the committee bill, the President would, in connection with a trade agreement, be authorized to reduce duties according to a formula based on rates existing as of July 1, 1973.

In providing the various Presidential authorities I have mentioned, the committee was very much aware that in many instances it was breaking new ground, and that the powers which were granted were vast, indeed. Therefore, these powers were reduced substantially from those which the administration originally requested and were carefully circumscribed to insure congressional review. Additionally, the committee provided extensive machinery, much of it also new, to protect the rights of interested parties.

Whenever the President decided to take action under the basic negotiating provisions of title I, he would have to publish and send to the Tariff Commission lists of articles involved. The Tariff Commission would have 6 months to investigate and advise the President as to the probable economic effect of any rate changes on domestic producers and on consumers. The Commission also would report to the President, at his request, on the probable economic effect of changing or eliminating trade barriers other than tariffs. Data on converted duty rates, affording protection substantially equivalent to the original trade barrier, would be included in the Commission's report.

In preparing its advice, the Tariff Commission would be required to hold public hearings and to investigate a variety of economic factors, both at home and in other countries where feasible.

The President also would be required to obtain advice from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury, as well as from the Special Representative for Trade Negotiations, before entering into any tariff adjustment agreement. Finally, he would be required to provide for public hearings in which any interested party could present views on either a tariff adjustment or NTB agreement.

Provision also is made in the bill for two general types of advisory committees from the private sector. The first would be a single Advisory Committee for Trade Negotiations, to be composed of no more than 45 representatives of Government, labor, industry, agriculture, consumer interests, and the general public. The other type would be an advisory committee for a particular product sector. The Ways and Means Committee was concerned that an excessive number of these might be self-defeating, and has expressed the hope that no more than 30 would be established.

Also provided is machinery for the submission of information to our negotiators on a confidential basis, where appropriate, by interested affected parties. Private sector representatives would not participate in actual negotiations, of course, nor would their recommendations be in any way binding on the negotiators. But they would be heard.

The committee was especially determined to make certain that the Congress would become a partner in the negotiating process, to the maximum extent practicable. Five members of the Ways and Means Committee and five members of the Finance Committee would be recommended by the Speaker and the President of the other Body, respectively, and would be appointed by the Chief Executive at the beginning of each Congressional session, to serve as official advisers at all negotiations.

Our committee envisions frequent meetings during the actual negotiations, in order that we might be kept up-to-date on developments by our own Members serving as Congressional delegates, by our staff and by representatives of the executive branch. These briefing sessions are designed to form the basis for periodic formal reports from the committee to the House. Additionally, we plan to hold public hearings on the annual reports which the President would make to the Congress on the operations of the trade agreements program under the legislation before us.

In developing the many provisions of H.R. 10710, which grant negotiating authority to the President, the committee has attempted to build wherever possible on the fundamentals of trade law which have served us well over the past four decades. In some cases—with respect to nontariff barrier negotiations, for example—we had to move into legislatively uncharted areas in order to meet problems which our predecessors could not foresee.

In all instances, however, we were guided by two overriding aims: To provide sufficient but not excessive authority to enable the executive branch to reach agreements which would be of maximum benefit to the United States, and to make certain that the Congress and affected sectors of our economy would have a real and audible voice in trade negotiations.

I believe we succeeded, Mr. Chairman, and I urge the support of all my colleagues for this legislation, which is clearly both reasonable and necessary.

Mr. SCHNEEBELI. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. TEAGUE of California. Will the gentleman yield?

Mr. COLLIER. Yes. I yield to the gentleman.

Mr. TEAGUE of California. We have had a problem for some time now out in California and Arizona because of the fact that Japan refuses to allow us to import oranges into that country. They allow the importation of lemons and grapefruit but not oranges. Under the overall concept of this bill, would we have some hope for some negotiations which might result in a relaxation of Japan's attitude in that regard?

Mr. COLLIER. I would say very definitely, and I think this is the forte of this bill. If provided the tools and the authority to negotiate, and presuming, of course, as we must, that our negotiators will be fair but tough, that is the type of thing we need to negotiating fair and equitable agreements. It is the best way to eliminate the nontariff barriers which have plagued American industry for so many years.

Of course we must recognize that we too have some nontariff barriers. There is no good reason why good faith, sitting and negotiating, using the tools provided in the bill cannot provide a solution to the specific problem that the gentleman from California is talking about.

Mr. TEAGUE of California. I thank the gentleman.

Mr. ULLMAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Michigan (Mrs. GRIFFITHS).

Mrs. GRIFFITHS. Mr. Chairman, I thank the gentleman from Oregon very much for yielding me this time.

First, Mr. Chairman, I should like to extend my congratulations to the chairman of the committee, and the ranking minority member, for the tremendous work they did in bringing this bill to the floor. I am sure that without their leadership there would have been no bill. The administration owes a vote of thanks to the gentlemen. I would like to say also that I think it is a far better bill than the bill the administrtion introduced.

Mr. Chairman, it is widely recognized that nontariff barriers have become increasingly important trade restrictions as tariffs have been reduced. The forthcoming multilateral trade negotiations must deal with them. Some of these restrictions distort trade more than tariffs. Also, it would make no sense to reduce tariffs further, only to have the effects of such reductions nullified or impaired by nontariff measures.

The problem is how to enable our negotiators to deal effectively with nontariff barriers. Under the Constitution

the President has the authority to negotiate international agreements with foreign countries. But the Congress has the power to enact domestic legislation, in which many nontariff barriers are imbedded.

In trade-agreements legislation since 1934 the Congress has periodically delegated to the President prior authority to implement negotiated tariff reductions. In order to stay within the Constitution, this delegation of authority has been limited and carefully circumscribed. It has enabled the Executive to negotiate trade agreements for tariff reductions but, at the same time, has preserved congressional control over the nature and extent of these reductions.

Negotiating authority in the field of nontariff barriers is much more complicated. Unlike tariffs, nontariff barriers are heterogeneous in nature. Consequently, there is no common standard applicable to nontariff barriers that lends itself to a general delegation of authority as has been done in the case of tariffs.

The bill reported out of the Ways and Means Committee provides an answer to this problem of executive authority to negotiate and congressional authority to legislate.

In the first place, this bill exhorts the President to negotiate on nontariff barriers and provides him authority to enter into agreements with foreign countries to reduce or eliminate them. It makes clear that the Congress, as well as the Executive, is behind such negotiations—even though it is recognized that they will inevitably involve United States, as well as foreign, concessions on nontariff barriers. This joint commitment on the part of the Executive and the Congress is important to U.S. credibility in negotiations on nontariff barriers.

Second, the traditional methods that the President now has to implement the results of non-tariff-barrier negotiations that require congressional action are preserved.

In addition, a new alternative method of implementing non-tariff-barrier agreements is included in the bill. Section 102 requires the President to notify both Houses of the Congress 90 days before he plans to enter into a trade agreement on a particular nontariff barrier. The purpose of this 90-day period is to assure consultation on the prospective agreement with the appropriate committees, and to give the Congress an opportunity to hold hearings and to recommend revisions in the agreement before it is concluded. After the agreement is negotiated the President is required to submit it to the Congress and, if not disapproved by either House within an additional 90-day period, it would enter into force.

This congressional veto procedure is an optional method of implementing agreements on nontariff barriers. Resort to it, as well as the substance of such agreements, would be a subject of congressional consultations. The committee believes that the congressional veto procedure is adequate for the purpose of insuring Congress a proper role in the formulation and review of non-tariff-barrier agreements and of establishing U.S. credibility in the nontariff barrier negotiations.

I feel, as do most of my colleagues in the committee, that section 102 of this bill bridges the very difficult area between executive negotiating authority and congressional legislative authority. It is clear from this provision that Congress welcomes non-tariff-barrier negotiations. The congressional veto procedure, particularly its requirement for close consultation with the Congress before and after the conclusion of an agreement, gives a reasonable expectation that negotiated agreements will be implemented. At the same time, this section maintains the constitutional responsibilities of the Congress with respect to domestic legislation.

Mr. ULLMAN. Mr. Chairman, I thank the gentlewoman from Michigan for her kind remarks.

Mr. Chairman, I now yield 10 minutes to the gentleman from Georgia (Mr. LANDRUM).

Mr. LANDRUM. Mr. Chairman, I wish to add my support to and urge the passage of H.R. 10710, a bill which in my judgment will insure the opening and the maintaining of equitable world trading markets, and to insure that the U.S. exports will not be discriminated against or disadvantaged by unjustifiable subsidies of competitive foreign imports, in third-country markets.

Any legislation on the subject of foreign trade must have teeth. Legislative safeguards are necessary not only to insure fair treatment for the U.S. products abroad, but are equally important to protect them against the dumping and subsidization of imports into the United States.

In this bill, H.R. 10710, great effort was given to providing these vital safeguards, and time should show that the effort was not wasted.

When I speak of effort here, I speak in terms of the full committee, but at this point I want to take a moment to say to the membership of the committee that we all owe a debt of gratitude to the leadership furnished by the acting chairman of the committee, the gentleman from Oregon (Mr. ULLMAN) and to the ranking minority member of the committee, the gentleman from Pennsylvania (Mr. SCHNEEBELI) in a trying and difficult situation in the committee, when the regular chairman, the gentleman from Arkansas (Mr. MILLS) was felled by illness. The gentleman from Oregon (Mr. ULLMAN) took over the management of this bill and did a magnificent job in guiding the committee to produce the bill that we have here, and in bringing it to the floor, and I commend the gentleman, as well as the leadership from the minority.

This bill revises and expands the President's authority to act against foreign countries maintaining unjustifiable or unreasonable import restrictions and other policies burdening or discriminating against U.S. exports.

The gentleman from California (Mr. TEAGUE) just a few moments ago engaged in a colloquy with the gentleman from Illinois (Mr. COLLIER) about the trouble and difficulty that we were having with the Japanese in exporting oranges or citrus fruit to that market. Certainly this bill will be a help to that situation.

Modern marketing and international trade require negotiating. It is impossible to fix a statute to have an ironclad rule or to bring it to Congress each time we have to have an improvement or change. So it is necessary, despite the natural tendency against giving additional authority to the chief executive, that we in this modern day give what authority is necessary to provide that our negotiators will not have to sit at the table with their arms folded and be able to say nothing or do nothing except bring back to their superiors in this country what is proposed, and then take it back.

We must provide our negotiators, who will be the President's trade representatives at these conferences, what is in plain, unadulterated English, horse-swapping authority, because in reality that is what we are going to wind up doing—swapping. We will give them a little of what we have for a little of what they have, provided what they have is what we want, and provided what we have is what they would like.

In that connection, I think I could say to the gentleman from Minnesota (Mr. ZWACH) who engaged the distinguished ranking minority member in colloquy a moment ago about his reservations on the bill, to begin with he realizes, as all of us do, that if we are going to put the agricultural commodities of Minnesota and Georgia into world markets, we have got to provide the trading delegates, our trading representatives from this Nation, with authority to trade.

I was glad to hear him make the comment that he made in response to the gentleman from Pennsylvania. However, the President taking this action against a discriminating country must give prior notice to the public of the foreign action and the products against which he intends to retaliate and hold hearings to receive the views of all interested parties before exercising this authority.

Procedures for obtaining relief under the Antidumping Act and the countervailing duty laws are greatly improved under H.R. 10710. For example, time limits are imposed on dumping investigations and the Secretary of the Treasury's determination in countervailing duty cases. Moreover, the bill provides that negative determinations by the Secretary in countervailing cases will be subject to judicial review.

Because the export subsidies will be the subject of redefinition in the upcoming trade negotiations, and for other reasons, the bill provides that for a period of 4 years discretion can be used in the imposition of countervailing duties when the Secretary of the Treasury finds that such action would seriously jeopardize the negotiations. However, it is clearly understood that the Congress intends that the Secretary is to enforce the countervailing duty law during these 4 years as firmly and as promptly as possible.

Mr. Chairman, in addition to laying a sound foundation for the pending United States trade negotiations, this bill provides the responsible and fully adequate safeguards necessary to ensure the United States fair treatment in world trade.

For this reason, Mr. Chairman, I urge my colleagues to support this legislation.

Mr. Chairman, I should also like to state my support for this bill with emphasis on the great improvement the bill makes regarding relief available to those industries and workers seriously injured by import competition. Under present law programs designed to provide import relief and adjustment assistance for workers and firms have too often proven to be cumbersome, untimely, inadequate, and, worst of all, unavailable. A principal objective of this bill, H.R. 10710, is to correct this unfortunate situation. The bill revises the criteria for determination as to what constitutes injury for purposes of import relief and adjustment assistance.

For example, under present law it must be shown that the increased imports causing the injury are the result in major part of the concessions granted under trade agreements and that these imports must be the major cause of the injury, but this bill requires only that imports be a substantial cause of the injury.

Secondly, the bill directs the President to consider the use of adjustment assistance in all cases involving import injury. It establishes a preference for priority lists for the President to follow in determining what type of import relief he should impose, and he must explain to the Congress why he is not taking action or is acting contrary to the priorities of action established by the bill.

Finally, the bill would greatly improve the benefits that may be paid to import impacted workers and firms. Maximum weekly payments to workers have been increased from $111 to $170 and for the first time an expense-paid job search program is provided.

In order to enhance future adjustment of domestic producers to greater competitive abilities, technical and financial assistance is to be made available for import-affected firms which do not have access to the capital market.

In short, Mr. Chairman, this bill is responsive to the need of reassuring our domestic industries and workers that they can obtain relief when injuries from imports compel it.

This bill deserves the full support of Congress.

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

Mr. LANDRUM. I yield to the gentleman from Minnesota.

Mr. ZWACH. Mr. Chairman, I thank the gentleman for yielding. I am thinking now especially of injured workers or people laid off. I have a dairyman in my congressional district. I have about 6,000 workers who have been driven out of work by dairy imports. Will this dairyman and his workers, and say he has 3 or 4 or 5 workers, qualify for benefits under this bill, for the 52 payments for the dairy farmer and his employees?

Mr. LANDRUM. I would say to the gentleman I do not mean to convey the idea or to try to convey the idea that the bill will prevent that. I just say the bill does set up the machinery for assisting those who may be affected by such a condition. I am not convinced that it is a total panacea, and that it will do all it should do, but I am convinced that it makes an effort in that direction.

Mr. ZWACH. I thank the gentleman.

Mr. SCHNEEBELI. Mr. Chairman, I yield 11 minutes to the gentleman from Colorado (Mr. BROTZMAN).

Mr. BROTZMAN. Mr. Chairman, I would like to join those who were laudatory of our acting chairman, the gentleman from Oregon (Mr. ULLMAN) and also the ranking Republican on the committee, the gentleman from Pennsylvania (Mr. SCHNEEBELI) for their dedicated and continuing leadership which they afforded us as we considered this controversial and complex series of issues.

This is the first opportunity I have had on the committee to work on a trade bill or a piece of trade legislation. I can tell the other members of this committee that it takes a great deal of time and effort. The Members would be amazed at the thoroughness and the minutia that this group of members on the Ways and Means Committee covers to bring a bill of this type and magnitude to the floor for our consideration.

Mr. Chairman, the vote of the House on H.R. 10710 will have much to do with the course of world trading relationships for many years to come.

Although the relative economic position of the United States has declined in recent years, and had a trade deficit last year for the first time since 1893, our practices and policies still have tremendous influence over directions the world takes. If we assume a positive and constructive stance, our leadership can show the way toward a new era of profitable exchange, for us and for our trading partners. If we act negatively, this also will show the way, but toward chaos.

Representatives of the free world nations have just begun to weave the fabric for a new round of trade talks in Geneva which can be of benefit to all. Without the basic authority in the bill before us, our negotiators would be handcuffed, and the threads of negotiation would unravel. In fact the United States has been without trade agreement legislation since the expiration in 1967 of authority under the Trade Expansion Act of 1962.

Mr. Chairman, I simply do not believe we can afford to let this happen. The United States remains the free world's trade leader and in a breakdown of negotiations we have the most to lose. This is not simply an interesting discussion of international relationship—it relates to jobs and money. It relates to the stability of the America dollar. It relates to the ability of this Congress to act in behalf of the American people.

H.R. 10710 is both symbolic and substantive. It includes many important provisions designed to meet head-on the new problems which confront us today and in the foreseeable future. World War I—Smoot-Hawley served us poorly; World War II—good job in building up Europe—maybe too good—built strong Europe: dollars and technology. Changes developed that limited our positions and preferences.

Not to detract from the prominence accorded other provisions of the bill, but I think those dealing with nontariff trade barriers—or NTB's as they are commonly called—may well be the most important to us in the long run. Anything other than a tariff which has restrictive effect on imports or trade.

Until recent years, NTB's were not considered of first-rank significance by the major trading nations. But as tariff rates generally were reduced by substantial margins, largely through the Kennedy round, other trade barriers assumed greater relative importance.

In 1962, the Congress expressed concern that barriers other than tariff were nullifying rights which the United States had obtained through trade agreements, and we included in the Trade Expansion Act that year a provision for action by the President against unfair or discriminatory foreign import practices. There has been little or no action under this provision, however, and many of the problems have in the meantime become institutionalized, making it all the more difficult for our country to export.

Congressional concern about NTB's was expressed again in committee reports on the Trade Act of 1970, but this legislation never became law and did not, in the first place, include statutory language to deal with nontariff barriers.

H.R. 10710 is, therefore, the first piece of legislation we have had which really comes to grips with the problem. It gives the executive branch authority to enter into agreements for the reduction or elimination of NTB's on a basis of mutuality, subject to veto by either House of the Congress.

Given the heterogeneous nature of nontariff barriers, and the fact that they involve a wide variety of domestic laws, no single negotiating approach would appear to be practical; hence, the broad but carefully circumscribed authority of this bill. NTB's—ways to convert them into tariffs—gets them up on the table where we can deal with them.

Because the provisions of H.R. 10710 which relate to NTB's are entirely new, and because of the increasingly important role they are playing in trade negotiations, I thought it might be helpful if I took just a few minutes to share some of the information on nontariff barriers whic hwas presented to the Ways and Means Committee during its deliberations on this bill.

Much of the material available to us came out of work within the General Agreement on Tariffs and Trade, or GATT as it is popularly known.

GATT units have been attempting to deal with the problem since the end of the Kennedy round. Not the least of their difficulties lies in the understandable fact that countries often refuse to recognize their practices as barriers to trade. What one government calls an NTB may be what another government views as a legitimate device necessary to the well-being of its citizens.

Numerous complaints about NTB's among and between member countries of GATT have poured in to the organization's headquarters at Geneva, and some 200 of these NTB notifications have been inventoried and separated into 27 different categories.

To cut this unwieldy inventory down to manageable size for our committee's purposes, an illustrative summary was

prepared. But even this very abbreviated version consumes nearly 100 pages in print—which demonstrates rather graphically the sheer dimensions of the problem.

Some NTB's in the inventory, such as quotas, restrict imports directly and are easily recognizable. Others, such as government procurement policies and product standards, fall into grayer areas and are more difficult to sort out and define. Still others, such as health and safety laws, were instituted in many cases for social reasons only. Then there are such hotly disputed items as variable levies—CAP—and border taxes—VAT—which add to the prices of imports at points of entry. Also highly controversial are subsidies on exports, which give an advantage to the products of the exporting country. CAP—variable levy appendix to price of U.S. agricultural products to make them higher than the European price; VAT—export subsidy, border tax on imports.

Although many of GATT's 80 member countries employ the same general categories of NTB's, the way in which they are applied varies widely from country to country.

The following practices, for example, have been listed as nontariff barriers used by Japan:

Under the heading of government procurement, Japan purchases electronic computers and peripheral equipment solely from domestic sources, if available. And all tobacco products are purchased by the Japan Monopoly Corp.

Under the heading of product standards, Japan requires complex inspection procedures for new automobiles, which has the practical effect of suspending sales of imports during peak buying seasons.

Also as a deterrent to imported automobiles, especially those from the United States, are vehicle taxes which increase according to cylinder capacity and wheel base.

Japan imposes import quotas on a number of commodities, including fresh oranges, citrus and tomato juices, aircraft engines and parts, some types of computers, roasted peanuts and coal—all of which are items which the United States presumably would like to export in greater quantities.

Aircraft parts, incidentally, are subject to licensing requirements as well as quotas.

Additionally, Japan imposes a progressive tax on whisky, which is a de facto discrimination against high-priced imports, such as American bourbon.

Charged against France, to cite another example, are: Quotas on a wide variety of agricultural products, many of particular interest to the United States, such as canned pineapples, vinegar, tobacco and certain alcoholic beverages; a use-tax system on automobiles which puts standard U.S. models in the highest tax bracket; monopoly control and price fixing in pharmaceutical products; preference in government purchasing to domestic items first and items from other Common Market countries second; and state trading in tobacco, explosives, matches, alcoholic beverages, fishing gear, coal, petroleum, and additional goods.

France also applies other nontariff barriers which are listed separately for the European Economic Community, and which are even more extensive.

There is an extensive list of NTBs in the GATT inventory charged to the United States.

The U.S. list includes, of course, the celebrated American Selling Price—ASP—system of valuation, under which benzenoid chemicals, some rubber footwear, canned clams and certain wool knit gloves from abroad are assessed duties based on the value of the competitive American product rather than on the value of the imported article. ASP—use price of American equivalent.

Also listed are our domestic international sales corporations—or DISC's—which are provided limited tax benefits designed to stimulate exports. These benefits are seen as subsidies by some of our trading partners.

Another item on the list is our "buy American" policy. A number of nations have such policies, but ours, unfortunately, happens to be more visible than most, and, therefore, has been subject to a great deal of adverse criticism.

Additional NTB's on the U.S. list involve quotas on agriculture items, such as sugar and various dairy products; export restraints, such as the long-term cotton textile agreement; our oil licensing system; a multitude of product standard requirements, such as our motor vehicle safety and food and drug laws, plus aspects of our countervailing duty and antidumping statutes.

In order to find potential solutions to the charges and countercharges on nontariff barriers, in 1970 5 GATT working parties were assigned the task of examining each of the 27 categories and developing proposals which might be acceptable to the affected parties. Instead of diluting their efforts over the entire field, the GATT units started off by concentrating on a few selected groups. Product standards, import licensing, and customs valuation were chosen for priority attention.

Over the past 3 years, progress in these areas has been encouraging, and a draft code in at least one category, product standards, already has been written.

It is anticipated that work will continue not only on the projects underway, but in all other categories, during the coming multilateral trade negotiations. And in specific preparation for this round of bargaining, the GATT Committee on Trade in Industrial Products is drawing up a list of items which the various delegations have indicated they want to consider as soon as possible.

Mr. Chairman, the stage is set for hard and potentially fruitful negotiations on nontariff barriers and on all other aspects of world trade—with one major exception. Our negotiators do not have the authority they need, and until they do, our trading partners have made it clear they will not sit down for substantive talks.

In light of these developments, and the enormous stake which the United States has in the outcome, I think it behooves the House to act promptly and affirmatively on the bill before us.

Mr. ULLMAN. Mr. Chairman, I yield such time as he may consume, to the gentleman from Massachusetts (Mr. BURKE).

Mr. BURKE of Massachusetts. Mr. Chairman, I rise today to urge defeat of the so-called Trade Reform Act of 1973. As I have said so many times over the past months, this bill would encourage the President to take almost any action he chooses to encourage manufactured imports and will, if passed, lead to the erosion of America's industries, America's skills and jobs, and further inflationary pressures from poorly managed trade policies. The import relief section of the bill is a sham by failing to provide effective or realistic measures to help American industries, firms, and workers threatened with further import injury. What is being asked of us today is to sanction the establishment of the President as a foreign trade czar. The transfer of congressional power which would occur under this bill constitutes an abdication of congressional authority and interest in the foreign trade area.

DETERIORATION OF U.S. TRADING POSITION IN RECENT YEARS

In the little more than 6 years since the conclusion of trade negotiations, the world trade picture for the United States has changed dramatically. In retrospect, the rosy conditions which favored passage of the Trade Expansion Act of 1962, brimming with optimism about what the future held in store for world trade, we now know were beginning to evaporate before the agreements even got underway in Geneva in 1965. Certainly, by the time our negotiators were finished reducing tariffs an average of 35 percent, the conditions under which such concessions were authorized had already ceased to exist.

Perhaps, such largesse, magnanimity, altruism, or what have you, made sense coming from a nation which possessed what appeared to be enormous and endless trade advantages. In the years following World War II, America's economic and industrial strength compared to a Europe ravaged by war and particularly over her two vanquished competitors, Japan and Germany, was all too painfully obvious and produced embarrassing balance-of-payments surpluses, which were not to anyone's advantage if perpetuated indefinitely.

In more recent years, however, we have witnessed one significant turn of events after another, each whittling away at these seemingly insurmountable trading advantages: The success and expansion of the European Economic Community, dedicated to freer trade between member nations, but behind restrictive tariff and nontariff barriers discouraging market penetration from without; growing emulation of this practice in other areas such as Central and South America and Africa, with obvious implications for future accessibility of those markets to U.S. exports; the reemergence of both Japan and Germany as major world economic powers, together with a new interest on the part of the Soviet Socialist bloc in world trade after years of preoccupa-

tion with internal commerce; and the growing energy shortages faced by most industrialized countries. None of these developments occurred overnight. All were a long time in the making. It is just that their full significance has not been apparent until recently. Certainly their significance was not apparent to those who pushed for the Trade Expansion Act of 1962, or were in charge of our negotiations in Geneva under that act.

Anyone seeking evidence of the significance of these developments need only refer to the accumulation of adverse international trade and monetary news for the United States in recent years: The inability of the United States to register a back-to-back trade surplus since September of 1971, but rather, our balance of trade has been in the red 21 months out of the past 23; in 1972 this Nation experienced a trade deficit of $6.34 billion, with one having to go back to the 19th century for another deficit year, and probably to the very beginnings of the Republic for a worse trading performance; the deficit in trade for this year, through August, while not as bad as last year, is still a red figure and a sizable one of $1.5 billion—an interesting example of how a poor performance can be welcome when one becomes psychologically conditioned to expecting the worst—as would be expected with a deteriorating trade performance such as this, a series of deficit figures in our overall balance-of-payments position has plagued us since the fourth quarter of 1969; two devaluations of the dollar, with a third unofficial depreciation, in little more than a year, with corresponding revaluations in the currencies of our two major trade competitors; and last, but not least significantly, a number of uncoordinated Government actions in the form of import surcharges, export controls of one kind or another, and suspension of gold convertibility at the same time as a stop-and-go domestic policy of wage and price controls and rising interest rates is pursued in a manner which makes business and even household planning next to impossible.

Difficult as all of this has been, one could perhaps adjust to it and even accept continuation of the present trade policies, if these developments could be shown to be cyclical in nature. We could wait for the inevitable upswing and a better turn of events with resignation on the theory that the overall trend is for the better and future gains will more than cancel out past difficulties and losses. However, when the trend seems to be steadily moving in one direction over an extended period of time, and against us at that, then it would appear that a reexamination of existing trade policies and practices is not only appropriate but essential for any nation whose prosperity is of concern to its leaders. In other words, there comes a time when sitting a crisis out, or riding out a storm, can make an already serious situation worse and rather than contributing to one's chances of survival can be a recipe for certain disaster.

EFFECT OF PRESENT TRADE POLICIES ON U.S. TRADING POSITION

What are the results of the continued pursuit of our present policies in the face of a serious deterioration in this Nation's trading position? At a time when the Secretary of Commerce admits this country is lacking sufficient reinvestment in plant modification and improvements as well as the research and development necessary to remain competitive with our trading partners the only way we can—through greater capital intensification, requiring even more efficient deployment of this scarce and vital commodity—our present policies encourage billions of dollars a year to be exported or reinvested overseas in foreign plant expansion.

At a time when every energy expert worth the name is estimating the energy requirements of this Nation have nowhere to go but up and that we will become even more dependent on foreign energy sources, our present trade policies permit the indiscriminate import of essential goods with nonessential goods—goods which are in scarce supply at home, with goods that could be manufactured in unlimited supply here at home in factories which are presently closed and by workers who are currently unemployed beneath the onslaught of slightly less expensive foreign imports. At a time when the American consumer is faced with empty shelves in the supermarket and sky-rocketing prices for the basics of life such as beef, bread, butter, milk and cheese, our trade policies encourage the export of these very products at subsidized prices in order to offset the avalanche of imports of luxury and nonessential items, goods in any event which could be manufactured here at home, putting people to work in the process.

At a time when potential home buyers are being turned down at the banks for mortgages or gouged with higher and higher interest rates, the Federal Reserve Board justifies such a deliberately contrived scarcity of money on the grounds that it must make it attractive for investors to keep funds here lest money move overseas attracted by the high interest rates available there. After having dismantled tariff barriers almost unilaterally, we are faced with increasing trade barriers of a non-tariff nature for our goods and services and a get-tough attitude on the part of some of our trading partners, illustrating once and for all that this nation is the only major economy where the government lacks a coordinated trade policy and both the ability and determination to push for whatever advantages are available in the world market.

As far as the concept of free trade is concerned, I think the energy crisis has clearly brought out that it does not exist when we are treated to the spectacle of nations automatically shutting off critically needed oil supplies. And what about our oil import policy? There is no provision in this bill that allows for the fair and equitable allocation of imported oil.

H.R. 10710 AVOIDS DEFINING NEW TRADE POLICY

At a very minimum, conditions such as these cry out for reexamination. While there may be disagreement on an alternative trade policy, I fail to see how anyone can disagree that the present trade policies pursued by this Nation are out of date and need thorough revision. Considered in the light of this awesome challenge, H.R. 10710, the administration's trade bill with very few modifications, can only come as a deep disappointment.

One will search this legislation in vain for a clear indication of anything approaching a new direction for our foreign trade policy. Worse still, one will search in vain to determine exactly what our foreign trade policy will be, if this legislation should pass.

I know there are those who will say at this point that a careful reading of the administration's proposal, H.R. 10710 would indicate the President can, should he decide, raise or lower tariffs in response to a similar effort by our trading partners; or impose quota restrictions on imports, or remove them, in response to similar actions by our trading partners; or negotiate removal of nontariff barriers subject only to the expressed disapproval of Congress within a certain period—even then, nontariff barriers could be converted to equivalent tariffs, whatever that may be, and negotiated by the President without this restraint—or he could do any of these things without corresponding responses or reactions by our trading partners. The list could go on and on.

In short, there is little a President who wished to be a "tough" negotiator could not do under this bill. I should be very pleased with this prospect, or so it is argued.

On the contrary, this prospect, this possibility—and that is all it is the way this bill is written—fails to satisfy me and I fail to see how it could satisfy anyone else. The fact is I am quite familiar with the chameleon qualities of this bill which is capable of as many interpretations as there are colors in the rainbow and whose shades of meaning are derived from the light in which the bill is viewed or the background with which a particular reader approaches the bill. In truth, the whole appeal of this legislation is centered on this very quality of "something for everyone," regardless of one's views on trade. Its essentially blank check nature is not only hard to resist but hard to predict.

Under this bill, the President will be able to do virtually everything or nothing as far as foreign trade is concerned. However, in my opinion, such wide scale permissiveness is no substitute for clearly defined policies, nor does such obvious license make for good legislation.

PROSPECT OF MORE OF THE SAME

As a matter of fact, my own interpretation, and that is all one can go on with this legislation, is that in all likelihood the President will do little differently from the way he is doing it now. I listened in vain to administration witness after administration witness, hoping that someone might slip and reveal a new way

of looking at things that might accompany the changes in the letters of the law—which can be read any way one wants to—in other words what the true spirit of the law was. The administration's position, as developed over the past few months before this committee, makes it likely that imports will continue to flood our markets without the slightest thought being given to establishing priorities about what we as a nation need to import and can afford to import. In terms of the dislocation visited upon American industries and workers by foreign imports, the emphasis still continues to be on alleviating the consequences rather than preventing the problem in the first place.

And while over 1 million jobs were lost permanently since 1965 as a result of the trade policies of this Nation, during the next 5 years, another 1 to 2 million more jobs could be permanently lost under the provisions of this bill. Which brings us to another important point, the adjustment assistance provisions in this bill are a cruel hoax and a joke and are practically meaningless. There is no provision in this legislation to deal with the acceleration of unemployment or the Federal responses that resulted in unemployment.

The present policies, or more correctly the lack of a policy toward foreign investment, will clearly continue to be the order of the day and foreign investment will continue to be encouraged by our suposedly neutral present tax laws. One will search in vain through all the many sections and titles of this bill to find so much as a single comma or period of our present tax policies, which in effect subsidize these foreign investments, changed. So much for that much discussed tax reform, at least where the multinationals are concerned.

Thus, after many months of sessions, I am convinced this bill completely fails to meet the challenge of the times for creative response and instead opts for a continuation of more of the same. It is a deceptive vehicle for nothing more than a rehash or retread of present attitudes and practices, present institutions and present personnel. However smartly packaged, beneath all the camouflage H.R. 10710 simply reheats and re-serves the trade philosophy pursued by this Government with such unfortunate results for the past decade.

But, as I say, this is an individual interpretation. Someone with a totally different approach to trade could probably, with reason, conclude that events could change and the administration's attitudes with it. Under this legislation, there would be no need, in such an event, for the President to reapproach Congress for a new trade policy. There is ample room for the administration to change its spots several times under this legislation.

BLANK CHECK IN FOREIGN TRADE TO PRESIDENT

Practically every other section of this bill begins by stating, "Whenever the President determines * * * the President is authorized * * *." Whatever the reasons, and they are numerous, whether because of inflation or balance of payments, whether because of actions taken by foreign trading partners, or just to exact as good a bargain as he desires, the President will be authorized under this legislation to take a wide range of important actions, such as imposing temporary import surcharges; imposing quotas; raising, reducing, or suspending duties; increasing the value or the quantity of articles which may be imported; and last, but by no means least, to remove nontariff barriers. There is even permission for him to act on grounds of national security in this area.

There is no question that this bill would make the President of the United States the foreign trade czar of this Nation. While it is conceivable that there would be times when I might agree with his actions, it is also certain that there would be many times when I would disagree. But, agree or disagree, there would be little Congress could do, having voted in this bill to give the President of the United States a free hand to conduct this Nation's foreign trade as he determines best over the next 5 years. Considered separately, the granting of authority to make any one of the decisions referred to above would correctly be interpreted as a transfer of congressional power to the President, authorizing him to make decisions which the Constitution specifically provides Congress shall make; taken all together this massive delegation of authority to the President constitutes a virtual abdication of congressional authority and interest in the foreign trade area.

CONSTITUTIONAL QUESTIONS

In my opinion, the Founding Fathers clearly and carefully assessed the importance of the power of levy duties and in other ways to regulate foreign commerce. Not only was the regulation of foreign commerce entrusted to the exclusive jurisdiction of the Federal Government, but specifically to the elected representatives of the people and the States in Congress assembled, in article I, section 8:

> Congress shall have power to lay and collect Duties, Imposts and Excises . . . to regulate Commerce with foreign Nations.

If regulation of foreign trade was of crucial importance to our Founding Fathers as a past source of conflict and chaos among the individual States, as well as a potential source of needed revenues for the Federal Government, of how much more greater concern should the conduct of foreign trade be to a Congress today? Not only is foreign trade inextricably wound up with the conduct of this Nation's foreign policy but it is crucial to the Nation's whole domestic economic policy, both monetary and fiscal, as well as its full employment policy.

REVERSES RECENT TREND TOWARD REASSERTION OF CONGRESSIONAL AUTHORITY

In the recent past we have heard about a reassertion of eroded congressional authority in two important areas. Last October this Congress, wisely I think, declined in the end to legislate an abdication of its authority in the spending area and refused to give the President authority to cut back spending as he thought best in order to keep total spending within a ceiling, even though there was little disagreement about the desirability of the ceiling itself. It was just that he who determines spending, determines the national priorities. Much was made then of the centrality of the power of the purse to the very power of Congress itself. In my dissenting views to H.R. 16810, I remember referring to any transfer of Congress' power of the purse to the President as a "domestic Gulf of Tonkin resolution." The parallel development of both anti-impoundment and budget control legislation this session is evidence of a renewed determination of Congress to recapture its authority in this vital area.

To mention the Gulf of Tonkin is to mention the most flagrant example of congressional abdication of authority, in ths instance, Congress exclusive power to declare war. Anyone who has been in this body the last 10 years knows firsthand the tremendous effort it took to gradually regain some semblance of congressional authority in this area, culminating as it did only with the decision to end the bombing of Cambodia on August 15 of this year.

How this same Congress a few weeks later can even contemplate abdicating authority in the foreign trade area is beyond my comprehension. To allow the President—and in effect faceless bureaucrats downtown, answerable to no one—authority to make the vital decisions over the next 5 years in foreign trade is for Congress to bow out of one of the most important areas of decisionmaking in the government today. History—and not ancient, but very recent history—if it has taught this Congress anything it is that power lost today in the name of greater ease of decisionmaking and flexibility for negotiators, is power hard to regain tomorrow in the name of constitutonal prerogatives.

NO REAL SAFEGUARDS AGAINST ABUSE

To those who argue that the bill contains meaningful safeguards which substantially circumscribe this granting of authority to the President, especially the provision for what has been termed "congressional veto power," indicates the extent to which constitutional arrangements have been turned upside down of late. After all, the Constitution gives the President veto power over actions of Congress, not the other way around. The distinction is important. In my opinion, the Founding Fathers intended Congress to make the policy decisions in this area, if not to legislate the specifics. Unlike treaties, this was not just to be a matter of advice and consent in response to presidential initiatives, but a matter of original jurisdiction in the Congress. As such it was to be a central feature of congressional power and, by the same token, crucial to the whole theory of checks and balances and separation of powers which guided the drafting of our Constitution.

Now we all know that life today is more complicated than it was in the days of our Founding Fathers. Certainly rela-

tions with foreign governments are no exception. Doubtlessly matters requiring ernments, as trade policies do today, detailed negotiations with foreign govnecessitate the day-to-day participation of executive department personnel. Furthermore, it has never been anything but difficult since the beginning of time for governments to resolve conflicting demands between the dual needs of determining national foreign policy objectives and providing negotiators with sufficient flexibility to negotiate the best possible arrangements with foreign governments. Granted these conficting demands make it extremely difficult to legislate in the foreign trade area. However, I do not think we acquit ourselves with any great distinction when we avoid drafting necessarily difficult and complicated legislation and simply give the executive department authority to make the tough decisions in this area. In my opinion, these decisions are important enough to be either made directly or clearly charted by the legislative branch of the Government. But instead of wrestling with the problem of providing sufficiently clear guidelines for our negotiators in the very important international conferences scheduled for the near future we have left it for the President to do.

CONGRESS IS SILENT ON FUTURE DIRECTION OF U.S. TRADE

Thus, any forthcoming negotiations will be carried on without any clear direction coming from Congress. Any and all direction will have to come from the President. Instead of being called the Trade Reform Act of 1973, it should be labeled the Trade Power Transfer Act. Policies are not even delineated, much less reformed in this act; rather the President's policies, alternatives and choices have simply been multiplied. While it might be difficult to draw a clear and precise line down the middle between what constitutes too much freedom or too little flexibility for trade negotiators, one does have a visceral reaction that this bill is nowhere near a prudent centerline or middleground, but errs in the direction of too much freedom. The net result should be obvious to everyone: the President will be free to act in an area of major national concern while Congress continues to slumber.

The argument is often made that the President's trade negotiators will have to be able to earn the confidence of their opposite numbers in foreign governments and that when agreements are reached, they can be relied upon. It is further argued that potential congressional interference in these negotiations in the form of a requirement for ultimate congressional approval would make it pointless for foreign negotiators to negotiate with our Government. One almost gets the impression that the legislative bodies of foreign governments have no interest in trade policies. Such is simply not the case. The trade policies of foreign governments are subject to extensive debate and questioning in their parliamentary bodies and in the supranational bodies. Perhaps more significantly, those entrusted with supervising trade negotiations are members of the legislative body and therefore available for questioning both publicly and privately by their colleagues on a regular basis. Obviously our system is different; but to argue that trade must be taken out of the legislative process and left to the exclusive discretion of the administration and its bureaucrats is simply an argument which would be incomprehensible to many of our foreign partners.

WRONG TIME FOR GRANT OF SO MUCH POWER TO PRESIDENT

For anyone who has been in this country the past year or more, let alone anyone who has served during this period in the Congress, to have to be reminded of the dangers of concentrating too much power in any one office should not be necessary. If it was one of the greatest acts of gall for this administration to approach this Congress with a request like this at this particular juncture in history, it would be the greatest act of folly for this Congress to accede to such an extravagant request at this particular juncture in history.

How many times do we have to be taught a lesson to learn a simple truth? This is neither the time nor the place for a trade bill of this nature.

It is with these thoughts in mind that I must urge my colleagues in the House to vote against this legislation today.

Mr. SCHNEEBELI. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia (Mr. BROYHILL).

Mr. BROYHILL of Virginia. Mr. Chairman, I support H.R. 10710 for two major reasons.

First, the executive branch needs clear and carefully defined authority to enter into agreements for a more equitable exchange of goods in the new round of trade negotiations which will be taking place over the next several years. This bill provides such authority, and if our negotiators do not have it, their capacity to deal effectively will be impaired, with the inevitable result that trading conditions will deteriorate to the ultimate disadvantage of the United States.

Second, the bill includes some provisions which should be helpful to American industries and workers in their uphill fight to cope with imports which have been increasing for years.

This is not to say I am completely pleased with the legislation. I am wary of it, as I would be with any new trade bill, in light of what has happened since enactment of the Trade Expansion Act of 1962, which gave rise to the ill-fated Kennedy round of negotiations.

The horror stories which have been told about the U.S. trading position over these past 12 years are legion, and there simply is not enough time to recount them here today. But the overall track record certainly can stand some reemphasis.

During its deliberations on this legislation, our committee received testimony that from the start of the Kennedy round, until 1971, there was a net worsening in our balance-of-trade deficit, as far as manufactured products are concerned of about $9 billion. That represents an estimated potential loss of more than 150,000 jobs, not to mention the damage to our economy generally.

And in 1971 and 1972, our gross merchandise trade balance—the dollar volume difference between imports and exports—showed successive deficits of approximately $2 billion and $6.4 billion.

It is true that the picture has brightened this year, with monthly surpluses developing in April, July, September, and October and with relatively low deficits occurring in other months. But it also is true that these figures reflect a double devaluation of the dollar in the past 23 months, along with rising prices and demand, worldwide. The dollar volume of our exports has increased, but our share of foreign markets has not gone up dramatically. All of which certainly takes some of the bloom off the recent trade balance rose.

We remain in a precarious trade position, and if H.R. 10710 had been tailored to my tastes, it would have taken a more vigorous stance with respect to surging imports. They run virtually the whole gamut of product lines, they are produced at costs so low there is no way our domestic enterprises can match them, and they often are subsidized by their governments in one way or another. I am concerned not only about their gross impact on the U.S. economy, but about their particular effect on key industries. We simply cannot afford to let vital production facilities go out of business and consequently to become too reliant on foreign supplies. We should have learned some lessons in that regard in recent times.

But I am a realist. I recognize that H.R. 10710 represents a necessary compromise, and that it does go much further than present law toward the goals I seek. It contains provisions making it easier for American firms and workers to obtain relief before they have been displaced, and strengthening our capacity to deal with proliferating unfair trade practices in which other countries engage. These are the portions of the bill to which the remainder of my remarks will be directed.

H.R. 10710 would make several important improvements in the so-called escape clause, which has been a part of our trade law for two decades but which was weakened markedly in the 1962 act.

The escape clause provides a mechanism whereby domestic industries may seek relief from increased import competition. The Tariff Commission is required to investigate such cases and to determine whether the increased imports have seriously injured, or threaten to injure, the petitioning enterprise.

Under current provisions, the Commission is required additionally to determine whether the increased imports have resulted from concessions which the United States has granted pursuant to trade agreements. H.R. 10710 would eliminate this requirement. The Commission no longer would have to find a causal link between the imports and a trade concession in order to reach an affirmative decision.

Also under existing law, the Commission must determine whether increased

imports are a major cause of injury to a petitioning industry. The word "major" has been interpreted to mean "greater than all others combined." In quantitative terms, this has meant that the Tariff Commission, in order to reach an affirmative decision in an escape clause case, has had to find that increased imports were at least 51 percent responsible for the injury suffered by the industry.

The administration proposed substituting the word "primary" for "major." This would have required a finding that increased imports were more responsible than any other single factor for an industry's difficulties. But the committee decided to substitute the word "substantial", which I believe is much preferable.

"Substantial cause" is defined in the bill as one which is important, and not less important than any other. This means the Tariff Commission could reach an affirmative decision if increased imports were found to be the greatest single factor, or if it were found to be one of two or more equally rated factors greater than than any others.

Under the escape clause provisions of the 1962 act, a clear majority of the tariff Commissioners have been able to reach an affirmative decision in only 3 out of 28 cases presented to them. It has been obvious that the "causal link" and "major cause" criteria were very formidable obstacles to any home enterprise seeking import relief.

I think it would be safe to assume that under the criteria of H.R. 10710, a number of industries which have suffered severe injury would be able to obtain the relief which they could not get under present law.

In another change from present law, H.R. 10710 would require that the President take into account a number of economic factors in determining whether to provide import relief following an affirmative decision by the Tariff Commission. These factors include the efforts which the industry is making on its own to meet foreign competition, the position of the industry in the economy, the potential effect of import relief on consumers and on our international economic interests, geographic concentration of imports in the domestic market, and the economic and social costs which would be incurred by taxpayers, communities, and workers if import relief were not provided.

Additionally, the President would have to determine whether to provide import relief within 60 days after receiving from the Tariff Commission an affirmative decision, or an evenly divided decision which may be considered an affirmative finding.

If the President felt he needed more information, he could request it from the Commission within 45 days after receiving an affirmative finding, and the Commission would have no more than 60 days in which to file its supplemental report.

A fourth change in the escape clause procedure is one with which I disagreed in committee, but which I recognized as necessary to the compromise that was reached on the bill.

Under this change, after the President had received an affirmative finding and had decided to take some action, he would in all cases be required to consider the provision of adjustment assistance. If he chose to provide import relief, he would have to proceed according to priorities established in the bill.

First on the priority list would be tariff adjustment. Second would be a tariff-rate quota, which is a system by which a tariff is either imposed or increased on imports above a specified quantitative level. Third would be quotas, and fourth would be orderly marketing agreements, under which foreign producers limit voluntarily their exports to the United States. Any of the measures could be used in combination.

H.R. 10710 would require the President to explain his decisions with respect to affirmative findings. If he decided to take no action, if he chose any form of import relief over adjustment assistance, or if he failed to follow the order of priorities, he would have to submit a report to Congress stating his reasons. And, if he selected either quotas or orderly marketing agreements, that decision would be subject to the 90-day congressional veto procedure already described.

A fifth change, which H.R. 10710 would make in the escape clause provisions, would permit the President to suspend temporarily the application of items 806.30 and 807 of the Tariff Schedules. These items provide special tariff treatment to U.S. products which are reimported after processing or assembly abroad. However, this suspension could be imposed only if the Tariff Commission determined that the serious injury, or threat thereof, to the domestic industry resulted directly from application of those items.

Other changes deal with the duration of import relief, and on mandatory phasing out of such relief. Whatever the import relief, it would have to be proclaimed no later than 15 days after the President made his determination. A 180-day limit would be placed on the imposition of orderly marketing agreements. Import relief could continue for 5 years, with one 2-year extension permitted. But if it lasted longer than 3 years, it would have to be phased down, to the extent feasible.

As under present law, adequate provision would be made for public hearings in connection with escape clause proceedings, and no import relief would be provided without affected parties being given a chance to be heard on the matter.

With respect to relief from unfair trade practices by other countries, H.R. 10710 would make noteworthy changes with respect to the antidumping and countervailing duty statutes and the President's other authority to act against export subsidies and foreign import restrictions.

In antidumping cases, the Secretary would be required to determine within 6 months, or within 9 months in exceptionally complicated investigations, whether there were reason to believe, or suspect, that the purchase price or the exporter's sales price of the imported merchandise were less—or were likely to be less—than either the foreign market value or its equivalent.

If the Secretary found in the affirmative, he would have to publish a notice to the effect in the Federal Register and require the withholding of appraisement of the merchandise in question. In no case could the effective date of withholding be earlier than 120 days prior to the time the question of dumping was raised or presented to him.

If there were a negative finding, or if the Secretary decided to discontinue investigations, he would have to publish a notice to that effect also. But if he determined within the next 3 months that dumping had, indeed, been involved, he then could order the withholding of appraisement.

H.R. 10710 also would impose a time limit on the Treasury Secretary in countervailing duty cases. Under present law, the Secretary is required to determine whether a foreign country has provided a bounty or grant on its exports to the United States, but he faces no deadline in this regard. The bill would give him 1 year.

The measure would, for the first time, make duty-free imports subject to countervailing action, but only if it were found that such imports were causing injury to a domestic industry.

In negative decisions by the Secretary, domestic producers would be given the right of judicial review.

H.R. 10710 would make an additional change of importance. Under present law, it is mandatory that countervailing duties, equal to the bounties or grants, be imposed if affirmative findings have been made. But in response to an administration request, the committee bill would give the Secretary a 4-year grace period in which he could refrain from countervailing if he found it would seriously jeopardize trade negotiations, which would be going on during this time.

There is one exception to this discretionary authority, and it is a good one. In cases where subsidized merchandise is produced in plants owned or controlled by the government of a developed country, the Secretary would have only one year in which to refrain from countervailing.

H.R. 10710 also revises and expands the President's authority to retaliate against foreign countries which maintain unjustifiable or unreasonable import restrictions or other policies which have the effect of burdening, restricting, or discriminating against U.S. exports. The President would, in such cases, be empowered to suspend or otherwise limit the benefits of any trade agreements or to impose duties or other import restrictions. In the particular case of a subsidy on exports to the U.S. market, the President could take such action only if he found the antidumping and countervailing duty remedies would be inadequate, if the Treasury Secretary determined that a subsidy or its equivalent actually existed, and if the Tariff Commission found the subsidized imports were substantially reducing sales of competitive domestic products. All of the President's actions under this au-

thority would be subject to the 90-day congressional veto procedure.

Although I personally feel that the limitations placed upon Presidential actions in such cases are in some cases unduly restrictive, and despite my continued disagreement with other changes which I have cited, I still support the bill and urge my colleagues to do the same.

The basic negotiating authority which it provides is urgently needed, and the congressional veto procedure with which the bill is liberally sprinkled assures adequate review of major trade agreement decisions. On balance, H.R. 10710 is a dramatic improvement over existing law.

Mr. SCHNEEBELI. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. PETTIS).

Mr. PETTIS. Mr. Chairman, I thank the gentleman for yielding to me at this time.

Mr. Chairman, I would like to take this time to commend the Chairman, the gentleman from Oregon (Mr. ULLMAN) for his leadership in bringing this legislation to the floor today, and the efforts of the ranking minority member, the gentleman from Pennsylvania (Mr. SCHNEEBELI).

Our committee took a long, hard look at the world trade situation and the U.S. piece of the action. I think the Trade Reform Act of 1973, which is before us, is a realistic answer to conditions that exist today and are likely to remain with us through most of this decade.

We have been discussing this bill for a long time. I am sure we are all a little weary, so I will keep my remarks brief and direct them only to title V, the generalized special preference provisions.

I have also made available at the majority and minority desks, detailed fact sheets on title V and some answers to anticipated questions, which some of you might have.

The major economic reason for instituting a generalized special preference system is to oppose the European Common Market trading block arrangements that threaten to shut out U.S. exports to most of the developing nations in Africa and the Mediterranean.

Common Market nations have built up a spreading network of agreements with less developed countries, or LDC's, whereby these countries receive special preferences from the European Community if they, in turn, grant reciprocal preferences to EEC products.

These "reverse preferences" are effectively making it impossible for U.S. exports to compete in the developing countries.

And, make no mistake, emerging nation are going to become a significant factor in the changing world market.

Looking at the figures, U.S. exports to less developed countries are concentrated in Latin America and amount to $15 billion a year. That's 30 percent of our total export market. What is more, our balance of trade with these nations remains favorable to the United States.

If we are to expand, and break into new LDC markets, we have to stop the trading blocks being built up by the Common Market, and increase the export earnings of less developed countries which can be spent for U.S. goods.

This can only be done through a generalized preference approach.

In order to qualify for special preferences from the United States, the bill requires that a country eliminate its "reverse preference" agreements by January 1, 1976.

The European Community is aware of this condition and would revert to a generalized preference system, similar to ours.

The bill also deals—on a number of levels—with domestic industry competition from imported products.

Some of these provisions are in title V, and would exclude imports of those goods that are directly competitive with American-made products most sensitive to additional competition, such as textiles, footwear, and various steel products, as well as all items which would be covered by the import relief provisions in title II.

Here, let me point out that projections indicate the generalized special preferences would increase our imports of manufactured goods by less than 1 percent. This estimate is based on the latest total figures we have available which show that if generalized preferences had been established in 1971, the overall import increase would have been totaled $218 million for that year.

It is also important to remember that we are talking about developing countries. So these probably would not be sophisticated manufactured goods in the first place. More likely, we are talking about products which U.S. industry has already begun to move away from anyway because of the poor economic and wage returns they represent in our advanced industrial society.

I think those members who are opposing this title would do well to take an objective look at the long-run benefits instead of concentrating on possible short-term problems for "marginal" production operations domestically.

To deter an already developed nation from reaping the benefits of general preferences by using an emerging nation as a conduit for its products, the bill sets up a formula that requires an eligible product to meet certain rules of origin.

At least 35 percent and not more than 50 percent of the total appraised value of an article must be added in the developing country. This includes both the cost of materials and the cost of labor and processing.

The 35-percent minimum limitation is, of course, to safeguard against "pass-through" maneuvering. The 50-percent maximum limit was set to coincide with the "competitive need formula" in title VI. If an industry in a developing nation is responsible for over 50 percent of the production of an item, it is already viable and does not need special preferences to encourage development.

The bill also specifies limits on the amount of any one item from any one country which can enter the United States duty free. These limits are set at $25 million or 50 percent of the U.S. imports of particular item, annually, unless the President determines it is in the national interest to continue duty-free treatment after these limits are reached.

Other factors to be taken into account in determining eligibility for generalized special preferences are whether a potential beneficiary country requests this treatment, its level of economic development, whether it is receiving preferential treatment from other developed countries, and whether it has expropriated U.S.-owned property without compensation.

I have touched mainly on the economic points involved with title V. Now, I would like to finish up, very briefly, on the political and philosophical implications.

Generalized preferences have been of major concern to poorer nations since 1964.

The U.N. Conference on Trade and Development adopted a policy to institute GSP in 1970. To date, the United States alone among the industrialized nations has not met its commitment to provide this type of preference system, despite our agreement to do so.

The already delicate situation of U.S. credability in the world becomes more seriously damaged with every day we delay in keeping this promise.

Mr. Chairman, this Nation has a major stake in trade with the developing countries—both from the aspect of economics and from our need to maintain our good name in the eyes of the world.

I urge my colleagues to vote to keep title V in this legislation. It is vital not only to the developing nations, but more importantly, to the future economy of the United States.

Mr. Chairman, at this time I will place in the RECORD questions and answers regarding title V, the generalized system of preferences. And I might add again that any Member who is interested in a digest of this legislation at this moment can find copies of this at both the majority and the minority tables.

(The material referred to follows:)

H.R. 10710—THE TRADE REFORM BILL

TITLE V—GENERALIZED SYSTEM OF PREFERENCES

Questions and answers

Q. *What are generalized preferences?*

A. It is expected that most manufactured and semimanufactured goods and selected other products (import-sensitive items excepted) from eligible developing countries would be authorized duty-free entry into the United States.

Q. *Why should developing countries receive special treatment?*

A. The United States and the other industrialized countries are committed to assisting the economic development of the poorer countries. By increasing and diversifying their exports, these countries can increasingly pay their own way. Preferential tariff treatment in the industrialized country markets gives a boost to the "infant" industries in the developing countries that have gotten a slow start in manufacturing for the world market.

Q. *What are the other industrialized countries doing in this area?*

A. All major industrialized countries, with the exception of the U.S. and Canada, have implemented generalized systems of tariff preferences for goods from developing countries.

Q. *How will generalized preferences benefit the United States?*

A. *Politically,* by fulfilling a long-standing expectation of the developing countries, enactment of generalized preferences will reaffirm the United States' serious commitment to economic development, bring U.S. policy commitment to economic development, bring U.S. policy into line with the 16 countries that have already implemented GSP, and thus improve the climate of United States relations with the developing countries. This is essential to the United States' dealings with these countries in connection with *energy and other scarce mineral resources.* It is also important to harmonious negotiations with the developing countries in *multilateral trade negotiations,* where we share interests and objectives with them, such as improved access for agricultural products. Moreover, developing countries have resisted pressures to grant preferred treatment to the European Common Market as a part of trading bloc arrangements which would discriminate against non-participants (e.g., the U.S. and Latin America). Their resistance to these pressures would be undermined if the United States did not implement generalized preferences.

Economically, United States exports will benefit from increased export earnings by developing countries. Over 75 percent of these countries' foreign exchange comes from export earnings. Poorer nations, like poorer people, tend to spend all they earn; they do not hoard reserves. The United States is highly competitive (and has an excellent sales record) in the kinds of industrial equipment developing countries need. The United States exports $15 billion a year to developing countries—30 percent of our total exports and $1 billion more than we import from them.

Q. *What developing countries will benefit?*

A. The bill designates 26 countries as developed and not eligible for generalized preferences. Most developing countries are expected to qualify. However, the bill prohibits the extension of generalized preferences to (a) Communist countries not eligible for most-favored-nation treatment and (b) countries that grant "reverse preferences" to other industrialized countries unless they indicate that these reverse preferences will be eliminated by January 1, 1976. In designating a beneficiary country the bill instructs the President to consider:

Whether the country has expressed a desire to be so designated;

The country's level of economic development;

Whether other industrialized countries extend generalized preferences to the country; and

Whether the country has nationalized property of a United States citizen or corporation without the payment of prompt, adequate and effective compensation.

Q. *Does this mean that former colonies of European countries will be ineligible for U.S. preferences if they continue to grant tariff preferences to the European Community?*

A. Yes, unless they indicate the preference will be eliminated by January 1, 1976. The United States does not seek preferential treatment for its products in any market, and the bill would not allow the granting of preferences to countries that discriminate against United States exports.

Q. *How will product coverage be determined?*

A. Lists of products will be submitted to the Tariff Commission, public hearings will be held, and the President will have advice from the Tariff Commission and other agencies and appropriate sources before designating articles eligible for preferential treatment. The intention is to submit all manufactured and semi-manufactured items except import-sensitive items such as textiles, footwear, watches, certain steel products and goods subject to quantitative restrictions. Some agricultural products would be included, on a case-by-case basis.

Q. *What about developing country products that are already competitive in the United States?*

A. Such products would not receive preferential treatment. On the basis of performance in the latest calender year, a single product from a developing country which accounted for either more than half of U.S. imports of that product (this criterion would affect about 150 items) or over $25 million (affecting about 10 additional items) would not be eligible for duty-free treatment, having proven the ability to compete in the United States market without preferences. This "competitive need formula" would reserve preferential treatment for those industries and countries—particularly the least developed—that need it most.

Q. *How can we be sure that the benefits of preferences go to real production in developing countries and not to mere assembly or pass-through operations?*

A. To be eligible for preferences, the goods must be shipped directly from the beneficiary developing country, whose materials and processing must account for at least 35 percent of the appraised value upon entry in the United States. The Secretary of the Treasury may raise this figure to as high as 50 percent if necessary to avoid "pass-through" operations.

Q. *How does the Generalized System of Preferences (GSP) in this bill compare with those the EC and Japan have in effect?*

A. Assuming the product coverage stated above and broad country eligibility within the provisions of the title, the U.S. system would provide roughly comparable "burden sharing" with those of the EC and Japan (rather more in terms of absolute amounts of imports eligible for GSP, slightly less if trade eligible for GSP is calculated as a percentage of dutiable trade with potential beneficiaries or as a percentage of the importing country's GNP, and substantially less in terms of the amount of total duty-free imports from potential beneficiary countries).

Operationally, the following differences exist:

The EC employs a processing rule of origin, i.e., goods qualify as having been produced in a beneficiary country if they have undergone a change in their BTN classification, whereas the U.S. system would employ a straight quantitative rule (minimum 35 percent of appraised value produced in the beneficiary developing country).

The EC employs tariff quotas that revoke preferential treatment for a product (from all sources) when total preferential imports of that product reach a specified level. The U.S. "competitive need" formula, on the other hand, would remove preferences by individual product and country as they achieve competitiveness in the U.S. market.

Q. *How will injury to domestic industries be avoided?*

A. First, import-sensitive items (textiles, shoes, watches, certain steel products) will be excluded from preferences; second, the same safeguard provisions will apply to preferential imports as are provided (in Title II) for all imports; and third, the title provides general authority to suspend or limit preferences with respect to any article or country.

Q. *How much will U.S. imports be increased by generalized preferences?*

A. Assuming the product coverage stated above and broad country eligibility within the provisions of the title, if the U.S. system of preferences had been in effect in 1971, it would have stimulated an estimated $424 million of new exports from beneficiary developing countries to the United States. Of these, some $206 million would have replaced U.S. imports from other sources, for a net increase in U.S. imports of $218 million. (Based on 1971 statistics. Projections for future years indicate that the new imports stimulated by GSP will remain less than 1 percent of total U.S. imports.)

Mr. ULLMAN. Mr. Chairman, I yield 1 minute to the gentleman from Indiana (Mr. ROUSH).

Mr. ROUSH. Mr. Chairman, I rise today to offer my observations concerning one section of this proposed Trade Reform Act of 1973, title III "Relief From Unfair Trade Practices." This is a section of the bill which I anticipated as providing significant, definite and measurable relief for American industries faced with subsidized imports from abroad.

Chapter 3 of title III contains major amendments to the countervailing duty law, including a requirement that the Secretary of the Treasury must reach a final determination within 12 months after the question is presented to him as to whether exports to the United States are subject to foreign bounty or grant. Duty-free imports will become subject to countervailing duties for the first time, subject to the finding of a bounty or grant by the Secretary of the Treasury and a subsequent finding by the Tariff Commission that such imports are causing injury to domestic industry. The provisions will assure that domestic producers have the right to judicial review of negative determinations by the Secretary of the Treasury.

So far so good. I have long felt that one of the badly needed remedies for what has become unfair trade competition is the strict enforcement of the legislation already on the books to protect our home industries, and I include among these adjustment assistance, the antidumping law and the countervailing duty provisions. The bill before us represents a step in that direction, but for one step forward it takes two back as far as the countervailing duty section is concerned.

Section 331 of the bill would amend section 303 and 516 of the Tariff Act of 1930 in a number of important respects. Section 303 is the statute under which the Secretary of the Treasury determines whether imported foreign articles are receiving a "bounty or grant" are subsidized. The Secretary is required to ascertain and determine the net amount of any bounty or grant and to declare the net amounts so determined in order to impose countervailing duties to provide some level of equity for American products competing with their imports.

The present proposal makes enforcement of countervailing duties mandatory, reduces the time element, and gives the right of judicial review to companies. This is eminently satisfactory, however, it also adds a new subsection (e) to section 303 of the Tariff Act authorizing the Secretary of the Treasury not to impose additional duties under that section 303 if, after seeking information and advice from such agencies as he may deem appropriate, he determines that such imposition would be likely to seriously jeopardize satisfactory completion of international trade negotiations. And his authority for this suspension would last for 4 years.

Thus those of us who wish adequate guarantees for American industry and

workers find ourselves worse off than before. This decision to allow the enforcement of countervailing duty laws through judicial review to be withheld for 4 years deals a death blow to the millions of us who believe in fair trade and it amounts to a 5-year repeal—in all—of the countervailing duty laws. Since the objective of this law is to remedy internationally recognized forms of currently unfair trade competition, this proposal is conceptually unsound.

As explained in the committee report the purpose of this amendment is to permit administrative discretion where there is uncertainty as to whether a particular practice is condemned as an export-related subsidy. The amendment, however, seems to go much further than its stated purpose. There are many subsidy practices under the GATT which are clearly condemned, such as, direct grants for exporters, the remission of corporate taxes on export income, and a whole variety of export-related assistance for production, distribution, raw material acquisition and export credit. Yet, the discretionary authority in the amendment apparently applies to these clearly recognized export subsidies, as well as to the practices in the "gray area."

To clarify this point in the legislative history I would like to ask: Is the intent of this amendment to permit the Secretary of the Treasury to refrain from imposing countervailing duties only when the export-assist in question is in this "gray area"?

It would seem to me, Mr. Chairman, that a firm and strict commitment to invocation of our countervailing duty laws would assist us in trade negotiations much more effectively than the passage of trade legislation such as this which leaves everyone uncertain as to the strength of U.S. commitment to relief and protection of our own industries from unfair trade practices. If no one can be sure that the power to retaliate will be forthcoming, countervailing duties become a meaningless and ineffective club. If, as this bill proposes, countervailing duties will only be imposed when such action will not offend our trade partners, when will it be used and what kind of negotiating power does that leave us? We have given up in advance one of our chief weapons. The countervailing duty law was originally passed to retaliate against those countries which subsidize industries competing with American industries in our home market. It was never meant to win friends abroad but to look to the legitimate interests of industry here at home. That was the clear congressional intent.

Moreover, I have little confidence that this kind of discretionary authority will result in strong action on the part of the Treasury Department. After all, the antidumping law, countervailing duty provisions and adjustment assistance have been meagerly applied and enforced. It was for this very reason that American industry came to the Congress to ask for legislative enforcement provisions and for this right to judicial review—to strengthen our trade relief measures. By this provision we guarantee the enforcement of countervailing duty laws through judicial review on the one hand, and then suspend this right with the other. Who are we fooling? Certainly not our trade partners. They know what this means, and certainly we are not fooling American business interests.

I would go on further to ask: What will happen if this Congress passes trade legislation patently inadequate to the needs of American industry? I think we can expect several undesirable results. First, those who argue forcefully against "protectionist legislation" should be advised that unless American industry is given some definite, unequivocable guarantees that "free trade" will be required of our trading partners as well as ourselves, our own industry will flee abroad and join the ranks of the multinationals flourishing in other countries. Second, the demand for stringent trade quotas will inevitably increase.

I recognize that I am something of a voice crying in the wilderness since this title of the trade bill cannot be amended under the rule. However, the vote here today does not complete action on this legislation and I would hope that those who determine the final details of this bill will take heed to the effects this particular section of the trade bill will have on American industry and the total economy.

Mr. SCHNEEBELI. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. CLANCY) who is a new member on our committee, and a very valuable member.

Mr. CLANCY. Mr. Chairman, I support H.R. 10710 because I feel strongly that it is an essential ingredient of trade negotiations which can be of great benefit to the United States.

The bill is designed to protect and enhance the position of American interests in a number of ways—including strengthened import relief measures for domestic firms and workers, and tougher provisions to deal with unfair trade practices by foreign governments and enterprises. But the primary purpose of the legislation is to provide authority for effective U.S. participation in multilateral negotiations on both tariffs and nontariff barriers to trade, that will accrue to the benefit of the American economy.

This authority is set forth in title I of the bill and already has been described in considerable detail by several of my committee colleagues. It is not my purpose to repeat what has been said in regard to this portion of the bill, but to emphasize and enlarge upon two aspects of it—relating to nontariff barriers, or NTB's, and to the General Agreement on Tariffs and Trade, or GATT.

First, with respect to NTB's, I think it can be said with complete accuracy that they represent some of the most complex and pressing problem areas to be faced in upcoming world trade negotiations. This certainly is not to say that tariff rates themselves have been reduced to insignificance. To the contrary, they remain important. Many countries continue to have very high rates on vital industrial items which, if cut, would greatly expand American export opportunities and increase domestic job opportunities. But the proliferation of nontariff barriers, both in numbers and in the extent of usage, poses a new and even more formidable challenge to our negotiators and to their counterparts from other nations.

Twenty-seven different types of NTB's already have been identified and catalogued—ranging from credit restrictions on importers, through consular and customs formalities and documentation, to more familiar barriers such as quotas, health and safety standards and Government procurement practices. The list undoubtedly will continue to grow as more devices are recognized and as countries find new ways to shut off outside competition in their own marketplaces.

The overriding objective of the U.S. negotiating team will be, of course, to focus on and break down the barriers which work against our economic interests—to open up foreign markets as much as possible for the items which we most want to sell abroad.

In order to achieve this end, our negotiators must have sufficient authority. If they do not, their foreign counterparts simply will not be willing to bargain with them.

Because of this obvious need, the administration asked for very broad negotiating power, including the authority to pursue agreements on some NTB's in advance of congressional review. Our committee saw the need, but also recognized the risk, from a domestic point of view, that our negotiators might give up more than we felt was desirable in pursuit of a particular agreement.

Therefore, we widened the congressional veto procedure to cover all NTB agreements, and we provided for consultation, in advance of the completion of such agreements, with appropriate congressional committees.

Our negotiators would have preferred the broader authority originally sought, of course, but they have accepted our committee's modification as a workable mechanism. It would give them the credibility they need at the bargaining table, because there would be a reasonable expectation that negotiated agreements would be implemented. Yet it would, at the same time, preserve congressional responsibility for domestic legislation and the protection of domestic interests.

With respect to the General Agreement on Tariffs and Trade, I think it is important to note that H.R. 10710 includes an authorization for an annual appropriation to pay our country's share of GATT expenses. The United States has participated in the organization since 1947, but the Congress never has specifically authorized expenditure of funds for this purpose. Our national share has been paid, up to now, out of the State Department's International Conference and Contingencies Appropriation Fund.

Our committee felt that after 26 years, it was high time we faced up to the realities of the situation and made outright authorizations and appropriations on an annual basis. At the same time, we felt strongly that some changes should be

made in GATT, and we, therefore, included a provision instructing the Administration to seek certain revisions.

Although the principles underlying this international body of rules for the conduct of foreign trade remain valid, some of the rules are obsolete. The number of participating nations has increased over the years from 19 to 85, yet GATT decisions still are based on one vote per country. Considering the widely varying economic interests represented, weighed voting clearly would be more equitable. Another problem has arisen from the inability, under GATT machinery, to obtain adequate enforcement of rules applying to the formation of customs unions and free trade areas. For these and other reasons, H.R. 10710 would direct the President to pursue the following GATT reforms:

First. A change in the decisionmaking system to more accurately reflect the balance of economic interests;

Second. A rule revision to make sure that all forms of import restraints which are used in response to injurious competition are adequately covered;

Third. Extension of the rules to cover such conditions as fair labor standards and a public petition and confrontation procedure to allow individuals as well as governments to present grievances;

Fourth. A change in the border tax rule, to allow adjustments for direct as well as indirect levies; and

Fifth. Rule modifications which would recognize import surcharges as preferred actions to be taken to alleviate balance-of-payments problems.

Our committee has made it clear that this list of desirable changes is not meant to be all-inclusive, but is merely representative of more urgent reform objectives.

In short, Mr. Chairman, H.R. 10710 would signal not only official U.S. recognition of the basic worth of GATT but also our intention to push hard for badly needed improvements.

While I have focused on two important aspects of the bill, it also contains needed improvements in the escape clause, adjustment assistance, our antidumping and countervailing duty laws, and measures to deal with unfair trade practices. These provisions, along with those I have described, make the passage of this bill an important objective.

I urge my colleagues to join me in supporting this legislation.

Mr. ULLMAN. Mr. Chairman, I yield to the gentleman from Illinois (Mr. ROSTENKOWSKI) such time as he may consume for a question.

Mr. ROSTENKOWSKI. Mr. Chairman, I thank my chairman for yielding.

Mr. Chairman, in its "section-by-section analysis of the Trade Reform Act of 1973," sent to the Ways and Means Committee by the administration along with its proposed bill which was introduced and considered by the committee as H.R. 6767, at page 68 of the so-called committee print, which contains this section-by-section analysis, the administration discussed section 103(c) of H.R. 6767.

Section 103 was entitled "Nontariff Barriers to Trade" and, in this administration analysis, subsection (c) was explained as granting the President advance authority to implement certain trade agreements and specifically cited as an example of agreements which could be implemented under this authority, agreements relating to, and I quote from page 68, "the wine-gallon/proof-gallon basis for assessment."

As the members of the Ways and Means Committee know, this example referred to the method of tax determination on distilled spirits which is presently contained in section 5001 of the Internal Revenue Code and which has been in every enactment of the Federal tax laws since 1868. Similarly, it has been the view of this committee that the President has never had the authority and should not be granted the authority to change, in any way, this wine-gallon/proof-gallon method of tax determination.

Therefore, am I correct, Mr. Chairman, in pointing out that our committee in its hearings and executive sessions very carefully considered this Presidential request for such authority and that the committee determined not to grant such authority? And that there is no provision or language in the bill now before us, H.R. 10710, which would grant the President authority to make change or modification of the wine-gallon/proof-gallon basis for assessment without congressional approval.

Mr. ULLMAN. The distinguished gentleman is absolutely correct. It was our committee's determination that any such change in the Internal Revenue Code would have to be approved by the Congress.

Mr. ROSTENKOWSKI. I thank the gentleman.

Mr. ULLMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee (Mr. JONES).

Mr. JONES of Tennessee. Mr. Chairman, as a member of the Committee on Agriculture and as chairman of the House Dairy and Poultry Subcommittee, I am concerned about the effect of this bill on our domestic dairy industry. My concern is heightened by the fact that the well-known Flanagan report keeps reappearing despite some strong congressional efforts to set it aside. The idea of this report was to open the American market to a flood of imported dairy products in an effort to get our trading partners to purchase our other products.

Such an action might or might not help the administration's balance-of-trade problems, but it would certainly ruin our domestic dairy industry. This would simply place us in a situation with regard to milk that would be similar to the current oil situation. Milk is a critical product and there is no logical reason why the United States should make itself dependent upon uncertain milk supplies from foreign countries.

Another serious question arises with regard to the quality of many dairy products being imported to this country. I am not condemning the sanitary conditions of the dairies in all countries because I understand that some countries have high standards. But, on the average, production standards in many foreign countries simply do not meet those we stringently impose on American dairy farmers and dairy processors.

It is my understanding that about one-sixth of our cheese imports are rejected by customs officials making spot checks. This year the administration opened the door for nonfat dry milk imports and I saw some pictures of the product we received. I can assure you that the samples I saw are not what American mothers want to feed their babies.

It is not fair to our dairy industry to require it to produce a high quality product and then undercut it with low quality, highly subsidized imports. I also cannot justify subjecting American consumers to products whose quality cannot be accounted for.

For several weeks now I have been considering the best way to look into this very problem. I plan to seek Chairman BOB POAGE's counsel on the advisability of holding hearings in the subcommittee on pending legislation in this area.

Some things simply should not be bartered away. The ability to produce in an efficient manner critical commodities such as milk and dairy products falls in this category. Neither, this bill or the accompanying report, seem to have broached this subject in very specific terms. I hope our debate here today will give concrete guidance as to the true intent of Congress on this matter.

I would like to ask the gentleman from Oregon (Mr. ULLMAN) exactly what assurances, if any, the administration has given that it does not intend to trade off our dairy industry? And, to what extent will our negotiators attempt to insure that dairy imports meet the quality standards we require of domestic products?

Mr. ULLMAN. You raise a specific question with respect to dairy products. Let me emphasize the fact that the Ways and Means Committee, and I am sure this House, will hold the administration to its commitment that domestic measure of particular interest to our own dairy industry will not be the subject of negotiation unless dairy policies of our major competitors were also the subject of negotiation. We expect the President to live up to the negotiating objective of seeking competitive balance for major agricultural products, including specifically dairy. When any nontariff barrier agreement which affects dairy products is returned to the Congress, we will examine it closely to see whether the negotiating objective contained in the bill was in fact honored.

Mr. CHAMBERLAIN. Mr. Chairman, I rise in support of H.R. 10710, the Trade Reform Act of 1973.

The President has been without trade negotiating authority since 1967 and has not had even the power to adjust tariffs necessary to take effective action under the escape clause. This bill provides carefully limited authority to negotiate with our trading partners on tariffs and also authority to negotiate with respect to nontariff barriers which have been playing an increasingly important role in international trade in recent years. This authority is important and must be provided if the United States is to partici-

pate effectively in international economic relations.

The bill also makes important improvements in provisions of existing law relating to import relief for domestic industries and workers, includes needed changes in our adjustment assistance program, and provides a more effective antidumping and countervailing duty statute as well as increased protection against unfair trade practices. Others on the committee have gone into great detail on some of these provisions, so I will confine my remarks to a few important points which need emphasizing.

First, it is important to point out that the bill removes impediments to effective utilization of adjustment assistance. The existing law requires that workers show that their dislocations are in major part due to increased imports which, in turn, are in major part due to past tariff concessions. This double burden has made it extremely difficult for American workers to qualify for needed relief and adjust to import competition.

The new law will eliminate the requirement that increased imports be connected with past tariff concessions. Additionally, the bill will only require that imports "contribute importantly" to the economic dislocation of workers rather than be the major cause. This far less stringent criteria should provide more meaningful access to adjustment assistance benefits.

Additionally, benefits under existing law are limited to two-thirds of a worker's wage up to a maximum of two-thirds of the average of manufacturing wages. Under the provisions of this bill, a worker will be able to obtain 70 percent of his wages for the first 6 months and 65 percent for the next 6 months. More importantly, the maximum benefit will now be equal to 100 percent of the average wages in manufacturing rather than two-thirds.

Second, I want to say a few words about the Canadian Automobile Agreement. As noted in the committee report on page 90, the committee did discuss developments under the United States-Canadian Automotive Products Agreement. It was pointed out to the committee that the trade statistics being using in the annual report of the President on the automotive agreement are specially developed statistics and do not reflect the values normally used in reporting U.S. exports and imports.

On a number of occasions, I have indicated to the House my strong belief that the U.S. Automotive Products Agreement has not resulted in the great advantages to the United States predicted at the time the Congress was asked to implement the agreement. The Canadian Government continues to impose transitional measures which do not permit the interplay of free-market forces as intended by the agreement. I continue to marvel at the satisfaction that supporters of this agreement express when one considers that Canada, a country with one-tenth of the population of the United States, has a favorable balance of trade in automotive products, one of our foremost industries.

It is my hope that renewed emphasis on this trade after this bill passes will prompt our officials to pay more attention to commercial policy beneficial to our own economy and less attention to foreign policy in our dealings with other countries. There is no better place to start than with the automotive agreement.

If a satisfactory carrying out of the agreement cannot be obtained from Canada, I believe we in Congress must consider its termination and repeal.

I renew my call for our Government officials to seek the immediate elimination of the transitional measures still being maintained by the Canadian Government under the Automotive Products Agreement.

Further, as it is evident that the energy crisis will require the automotive industry to make numerous adjustments, I would like to express the hope that those adjustments will recognize and be based upon the needs and welfare of our own industries and workers.

Finally, I also want to say a word about the multinational corporation. Unfortunately, the term "multinational" has become a pejorative term down-grading efficient business organizations operating in the international community. There is no doubt that the multinational corporation has expanded in scope and requires observation and careful analysis. However, the studies which have been done to date indicate to my satisfaction that multinational corporations have created many American jobs and that exports related to their activities are far in excess of imports.

In this connection, I would like to point out that during the committee's consideration of this legislation, representatives of major Michigan international corporations met with our Michigan congressional delegation to express their views relating to international trade. Of these corporations, 13 collectively employed 505,000 Michigan citizens, 46 percent of the manufacturing work force in our State.

They told us that 45,000 of these Michigan jobs were directly dependent upon the exports of these corporations. In many cases, multinational corporations' products are manufactured in a given country for sale in that country or economically related geographic areas. They are responding to economic efficiency and, therefore, make goods available to consumers at lower prices, increasing the economic well-being of both workers and consumers. Despite theories to the contrary the evidence is compelling that the choice for most American companies has rarely been between investing in the United States or investing in foreign operations, but rather investing in foreign operations or losing a foreign market to a competitor.

There are undoubtedly abuses which need to be corrected, and it would be an oversimplification to say that there are not problems, and governments must give careful attention to these problems, but this cannot be done in an environment that simply decries that everything about the multinational is bad.

Mr. Chairman, let me summarize by saying that this comprehensive and complex bill will enable us to effectively deal with our trading partners in establishing an open world trading system. It will also enable us to deal effectively and promptly with unfair trade practices, and provide needed import relief to enable our industries to adjust to competition. The bill is needed and I urge my colleagues to join me in its support.

Mr. THOMSON of Wisconsin. Mr. Chairman, the Trade Reform Act of 1973 is legislation that can touch the lives of every American.

Few American industries face greater impact, however, than the dairy industry. Suggestions such as those contained in the "Flanigan Report" have caused great concern among dairy farmers in the last year.

I recognize that some of the basic conditions that existed at the time the "Flanigan Report" was prepared have changed very substantially. Many of these changes have rendered portions of the study obsolete.

There are basically two very serious shortcomings in the analysis included in the Flanigan study. My review of it would indicate that the report did not contemplate any requirement that foreign dairy products entering this country be required to meet the same health standards required of domestic production and, frankly, the report does not seem to contemplate a system of totally free trade in dairy products.

If my latter conclusion is correct, and it was intended that the market for dairy products in this country be used as a negotiating instrument to gain expanded access for American exports in foreign markets, the concern of the dairy farmer is completely justified. In the economic best interest, not only of the dairy industry, but of the Nation as a whole, this must not be allowed to happen.

Specific language has been included in the report accompanying the trade bill in response to concerns expressed that provisions benefiting our domestic dairy industry would be negotiated away in order to secure greater access for other agricultural exports, with little regard for the severe discrimination and high level protection afforded dairy products by our trading partners. This language contains administration assurances that protection for our own dairy industry would not be the subject of negotiation unless dairy policies of our major competitors were also on the table, and it contains an expression of the intention of the Ways and Means Committee that authority granted by the Congress to negotiate on nontariff barriers would be used to provide equivalent market access for agricultural products, to that extent feasible.

The administration has made public its position on this question on a number of occasions. In testifying before the Ways and Means Committee regarding this bill, Agriculture Secretary Butz states that—

> The dairy industry has been highly protected around the world. Surpluses have built up and certain of our trading partners have resorted to large export subsidies in order to market these surpluses. In a liberalized trading situation, we would expect these export subsidies would be terminated, thereby ameliorating much of the adverse effect for U.S. producers.

Public and congressional oversight procedures provided by this bill are strong. With respect to dairy, any negotiation conducted by the administration would have to be brought back to the Congress for review and could be vetoed if a simple majority of the Members of either House felt that the settlement obtained failed to provide fair competitive terms for the dairy industry.

All this is helpful, but there could be more than that. There could and should be a firm pledge from the President or a direction from Congress that a trade-off of the dairy industry will not take place.

It is difficult to follow the logic of the "Flanigan Report" that cites increased U.S. imports of dairy products from the European Community when one looks at the comparative production data unless the assumption is made that there will be some form of continuing export subsidy and accompanying import restriction by the Common Market.

As Ambassador Eberle has stated publicly:

Our dairy industry is highly productive. Surely it cannot pay to ship feedstuffs from the U.S., feed lower productivity cows in Europe, and then ship such products back to the U.S. at prices lower than our domestic production without the influence of enormous subsidies and other distorting policies.

If all barriers were taken off around the world, the United States would fare very well. Contrary to views expressed in some quarters, the United States is a very efficient producer of milk. Next to New Zealand, it is probably the most efficient dairy in the world.

The European Community countries, on the other hand, are for the most part not efficient dairy producers, despite much talk to the contrary. Their production units are usually very small, with many farms having five or six cows or less. And they rely heavily on human labor, rather than on the highly developed technology which is becoming increasingly common in the United States. Neither their productivity nor the average quality of their output can match that of the American dairy industry. If the outrageously high support which the EEC accords its dairy industry were removed, the variable levy system which protects these high prices were dismantled, and its export subsidies eliminated, the efficiency of the EEC dairy industry would be put to the test for the first time. For example, the EEC target price for milk is $6.79 per hundredweight, whereas the U.S. support is $5.63 per hundredweight; for butter, the EEC price is 96.2 cents per pound, whereas it is 62 cents per pound in the United States. In all likelihood, the result would be a drop in European dairy production. This would go far to prevent price-depressing world surpluses from developing and would make it unnecessary for the EEC or other suppliers to resort to export subsidies to dump their excess production in foreign markets.

If no progress is made toward the elimination of these barriers, however, it is difficult, if not impossible, to conceive of a justification for a restructuring of the provisions relating to the American dairy industry. To tell the American dairy farmer that he must face a "free world market" when, in fact, no such market exists, is a fantasy.

I made reference earlier in my remarks to the difference in health standards for dairy products imposed here and abroad. There is no question that these standards have increased the costs of producing milk and processing it into dairy products in this country. The dairy industry has met this additional cost; in fact it has insisted on it in many instances as a means of assuring the consumer the highest possible quality product. At the present time, the Food and Drug Administration samples imported dairy products. Over the past few years, their statistics show that between 8 and 24 percent of all inspected cheese imports are rejected as unfit. A major cause for rejection of imports from EEC nations has been the presence of pesticide residues—a situation that has long been grounds for banning an American farmer's milk from the market.

In the interest of consumer protection and product safety, we must assure ourselves that this market or a substantial portion of it will not be given over to imports which do not and cannot meet the same standards that are imposed on domestic production.

I am enclosing for the RECORD the following data on dairy programs for selected major world dairy producers to illustrate the present system under which world competition operates:

EUROPEAN ECONOMIC COMMUNITY

"Target" or support prices for milk are attained by purchases of butter, nonfat dry milk, and certain cheeses. Export subsidies are used on most dairy products with restitution amounts varying by product and market. Threshold prices and import levies are established to equate external prices to internal market levels at the point of import. Denmark, Ireland, and the U.K. are being brought into the system with the latter two still having a special arrangement with New Zealand. France is expected to request a 15 percent increase in the target price shortly.

AUSTRIA

Processing plants are required to pay fixed prices to the producer with an approximate 20 percent direct government subsidy added. An extra quality premium is also sometimes given, but approximately 40¢ per cwt is subtracted for promoting exports.

SWEDEN

The government has a policy to adjust milk production to demand. The support program is financed by import levies and tax funds.

SWITZERLAND

The basic policy is designed to adjust milk production to demand. Approximately ¼ of the price is held back to finance any loss in the export of dairy products. Any left at the end of the year is returned to the farmer.

AUSTRALIA

The support program is in the process of being phased out. Its termination is scheduled for 1976.

NEW ZEALAND

There is no direct support program. Over ¾ of milk production is exported in one form or another, and these exports are controlled by the New Zealand Dairy Board.

CANADA

Manufactured milk prices are supported by offers to purchase butter, cheddar cheese, and nonfat dry milk in conjunction with direct payments to farmers. Prices received by producers are controlled by individual Provincial Marketing Boards.

The CHAIRMAN. Under the rule the Chair now recognizes the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Chairman, I yield myself such time as I may consume.

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

The CHAIRMAN. The Chair will count.

Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 640]

Abdnor	Fraser	Rose
Adams	Grasso	Rosenthal
Annunzio	Gray	Ryan
Archer	Gubser	Satterfield
Armstrong	Hanrahan	Scherle
Aspin	Harsha	Sebelius
Badillo	Hébert	Shoup
Barrett	Heinz	Shriver
Bell	Helstoski	Shuster
Bergland	Henderson	Skubitz
Blatnik	Hogan	Snyder
Broomfield	Hunt	Stark
Buchanan	Jarman	Steed
Burke, Calif.	Johnson, Colo.	Stokes
Carey, N.Y.	Kastenmeier	Stuckey
Cederberg	Keating	Symington
Chisholm	Landgrebe	Symms
Clark	Landrum	Taylor, Mo.
Conyers	McEwen	Thompson, N.J.
Coughlin	Mann	Veysey
Dellenback	Melcher	Waggonner
Dellums	Mills, Ark.	Walsh
Diggs	Minshall, Ohio	Wampler
Donohue	Mitchell, Md.	Whitten
du Pont	Mizell	Widnall
Edwards, Ala.	Podell	Wyatt
Edwards, Calif.	Powell, Ohio	Wydler
Erlenborn	Pritchard	Yates
Eshleman	Reid	Yatron
Fish	Rhodes	Young, Ill.
Fisher	Roncallo, N.Y.	
Flowers	Rooney, N.Y.	

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BOLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee having had under consideration the bill H.R. 10710, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 338 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The committee resumed its sitting.

The CHAIRMAN. When the point of order that a quorum was not present was made, the Chair had recognized the gentleman from Pennsylvania (Mr. DENT).

The Chair now recognizes the gentleman from Pennsylvania (Mr. DENT).

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

Mr. DENT. I yield to the gentleman from Illiniois.

Mr. DERWINSKI. Mr. Chairman, I commend the gentleman from Pennsylvania on the heroic fight the gentleman made on the rule.

Mr. Chairman, the fact that there has not been a Quorum present on the floor throughout this entire debate is evidence that the rule adopted was a disservice to the subject matter before us.

I believe that the House should have had the opportunity to work through every section of the bill. I especially point out to the Members that the three

votes that are permitted are still subject to very limited debate. This is a mockery of the legislative process.

Personally, it was my hope that we would have a rule which would have permitted me to offer an amendment to grant most-favored-nation status to Romania, Czechoslovakia, Bulgaria, and Hungary. The purpose would have been to set the stage for their expanding trade relations with us, which would have automatically decreased their dependency on the Soviet Union.

It is my understanding that the so-called Vanik amendment would not preclude the extension of nondiscriminatory tariff treatment to any of these countries. However, keep in mind that this is an interpretation not precise language.

For these reasons, I fully support the view of the proponents of the Vanik amendment that Romania, Czechoslovakia, Bulgaria, and Hungary should be accorded most-favored-nation treatment, and that nothing in the present bill should be interpreted as precluding this.

Mr. Chairman, may I now address myself to the basic subject of trade? It is difficult to achieve a completely acceptable flow of exports in relation to imports, and we certainly need a national trade policy requiring nations which export to use to, in turn, permit entry of American products into their markets. We have nothing to fear from the free flow of trade, but it must be a two-way street. Quotas or restrictions against American products must be eliminated.

In addition, Mr. Chairman, we must recognize the enormous values, both economically as well as politically, to the United States of our sale of farm products abroad should take into account our domestic needs so that food prices in our country would not be forced up. I also believe that we should use our agricultural productivity as a bargaining tool in foreign affairs. We should extract political and economic concession from the Soviet Union and Red China before making any substantial sales of grain or other food products to them.

May I add, Mr. Chairman, since détente is proving to be a substantial illusion that, notwithstanding any restrictions of the Vanik-type language, I do not believe that we should extend anything beyond normal commercial credit terms to the U.S.S.R.

This bill has been held up much too long and we certainly must provide our negotiators with leverage and flexibility to use in negotiations with the Common Market, Japan, Canada, and other major trading partners. Therefore, despite its imperfect form and my opening complaints against the rule, I will vote for final passage.

Mr. DENT. Mr. Chairman, just before I took the floor there was a little discussion made as to the position of agriculture insofar as milk products are concerned. In answering the reply about the protection of milk products, I might say that perhaps the Members had better read the November 30 "News for Dairy Co-ops." In it you will see that Secretary of Agriculture Earl L. Butz tells us that the cheese import quotas would be expanded 60 to 100 million pounds before the end of this year.

You know, if you want to take time and analyze this whole problem of agricultural imports—from milk, to meat, to hides and all of the products derivative from the hides, the milk and the meat—you would have to recognize the sad story of American agriculture.

It has been noted by a man much wiser than I would ever be, or could be, that if we were to feed all of the cattle that we need to consume in the United States, there would never have been a surplus or shortage of feed grain products in the United States.

At this moment we are exporting more feed grains than we are consuming in meat in this country, because we have made it possible for an American to go to Costa Rica, to go to Colombia, to go anywhere in the world, and open up a feed lot, buy feed grains from the United States for less than the domestic feed grain price, to import the meat and blend it in on the counter of the butcher, and sell it at the same high cost as we sell domestically grown and butchered meat.

I came to the Congress a confirmed free-trader, just as badly misled as the majority of this Congress is, just as badly misinformed as the majority of this Congress is, just as badly fooled as we were in 1962, and from what I see before me today, we will be fooled again.

What happens to trade? Trade for use is the initiative that makes friends in the international world. Trade for abuse makes enemies. We have said that trade encourages peace—peace when?

Peace when? I am 65 years of age, and I cannot remember when we have ever had peace.

When I was 16 years of age, I was down in Nicaragua chasing San Dino out of his own country. Sixteen years of age. That is a long time ago. What peace? Have we gained peace?

When we took this country out of trade on a basis of economics and made it solely a basis of international diplomacy, we can counter to the advice of every president of the United States of America, including Franklin D. Roosevelt, who said:

> Never allow the inexact science of foreign diplomacy to overshadow the exact science of trade economics.

Have we not done that? Oh, yes; we have. Let us take the Russian wheat deal. Was that a trade deal? That is what this bill promotes, and it promotes it to the extent that we have already agreed, Mr. Chairman—and I will back that up with facts—to make safe and secure the needs of Russia for the next 3 years in wheat, even if they have a shortfall in their crop, even if it denies the American people and our traditional trading partners around the world much needed wheat.

In less than 35 days after the wheat deal went through, bread prices, wheat prices, flour prices, increased to the baker by 100 percent. The second largest bakery in our area, in fact, I think in the United States, a national bakery, was almost on the edge of being taken out of business completely, second only to one other bakery in the United States. The only thing that saved it was that they were permitted a price increase pass-through for the increases in wheat that they had to pay.

I was told this afternoon in a rather unusual manner when I spoke about unemployment caused by this trade bill that it was a figment of my imagination. The same man has some figments of his own, because he told this floor not an hour and a half ago that the United Electrical Automobile and Aerospace Workers were sponsoring this bill.

Point 1: Here is the letter from the Auto Workers, as he called them, against this bill in its entirety:

> INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA.
>
> *Washington, D.C., October 12, 1973.*
>
> DEAR REPRESENTATIVE: The UAW believes that the trade bill approved by the Ways and Means Committee last week falls far short of the needs of the nation and of the nation's workers.
>
> Failure to include reform of the taxation of overseas income is unconscionable. The continued deferral of taxation of overseas income and the overseas tax credit provides a continuing strong incentive to move American jobs overseas.
>
> The modest steps taken by the Committee in the area of trade adjustment assistance is a betrayal of the needs of American workers. The Committee's bill falls so far short of previous Congressional policy established in the Amtrak legislation that it is demeaning to workers affected.
>
> Therefore, on behalf of the UAW, I urge you to vote against the trade bill.
>
> Sincerely yours,
>
> JACK BEIDLER,
> *Legislative Director.*

Point No. 2: Another spokesman this afternoon said that the IUE was for this bill. Item No. 2, a letter from the IUE indicating that they are 100-percent against this bill:

> INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
> INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS,
> INTERNATIONAL UNION OF ELECTRICAL, RADIO AND MACHINE WORKERS,
>
> *Washington, D.C., October 23, 1973.*
>
> TO MEMBERS OF THE HOUSE OF REPRESENTATIVES: The IBEW, IAM and IUE, with the largest concentration of workers in the electrical-electronics industry, opposes enactment of H.R. 10710, the "Trade Reform Act of 1973." We urge you to vote against this bill.
>
> There is an acute need for responsible trade legislation. The rise of multinational corporations, the changed economic relationships among nations and the decline of the dollar make this obvious even to those who have not been injured directly by the flood of imports. The need is even more evident to the members of our three unions, many of whom have seen plant gates shut in their faces, production transferred overseas and opportunities for new jobs erased—all as a result of the very conditions which require reform.
>
> Instead of attacking directly the complex roots of the trade crisis, H.R. 10710 has these deficiencies:
>
> *1. It's a special interest bill.* Although massive investments abroad, tax loopholes on overseas profits, the shifting of production beyond our shores, and the sale and licensing of taxpayer-subsidized technology are responsible for much of the trade crisis,

the bill does nothing about these evils created or exploited by multinational corporations. Indeed, it was written solely on the basis of big business recommendations, while the harsh experience of American workers and the unanimous testimony of their representatives was ignored.

2. It promotes the export of more jobs to low-wage countries. By giving the President power to remove tariffs from their products, the bill invites a new wave of imports from Taiwan, Singapore, Haiti, Brazil and other nations where runaway U.S. manufacturers are riding high, where wages are minuscule and where trade unionism is oppressed or illegal.

3. It prescribes a poisoned placebo for inflation. By permitting the President to temporarily remove tariffs and quotas as an "anti-inflation" device, the bill will simply open up new opportunities for imports to preempt the U.S. market. It will have no effect on inflation. If imports cured inflation, U.S. prices would be at rock bottom today.

4. It lowers U.S. standards, rather than raising those of other nations. In the name of promoting trade, the President can negotiate the removal of such "non-tariff barriers" as consumer protection and product standard laws. He can agree to elimination of required country-of-origin identification on products, including those carrying American brand names. Without muscle behind it, the bill's nod in the direction of international fair labor standards means nothing; in fact, by encouraging further export of jobs to low-wage countries, the bill will undercut U.S. wage and benefit standards.

5. It offers nothing to cope with imports. Existing laws against other nations' unfair trade practices are weakened. Qualifications for adjustment assistance and for relief from the subsidized competition of foreign exporters are toughened.

H.R. 10710 is opposed by the two million members of IBEW, IAM and IUE. To you they say: vote against it and thereby open the way for a new bill that deals with the problem of trade, rather than making trade a greater problem.

Respectfully,

CHARLES H. PILLARD,
President, IBEW.
FLOYD E. SMITH,
President, IAM.
PAUL JENNINGS,
President, IUE.

I have heard it said that the Industrial Union Department of CIO—which was always for this trade bill, always, but they have learned a lesson that this Congress has not learned—where is the IUD? Here it is, exhibit No. 3, a letter urging defeat of the bill:

INDUSTRIAL UNION DEPARTMENT,
Washington, D.C., October 9, 1973.

DEAR CONGRESSMAN: The trade bill reported by the House Ways and Means Committee is, in our judgment, a body blow to the health of the American economy and particularly a grievous thrust at the job security of millions of American workers.

In spite of the melancholy fact that more than one million U.S. jobs, mostly in manufacturing, have been lost since 1966 because of the enormous influx of foreign goods, there seems to be the unhappy tendency to wish this fact away as a bad dream. But it is terribly real.

For example, in one overall industry—electronics and electrical—the U.S. Bureau of Labor Statistics took a job inventory in September 1969 and repeated it in September 1972 and discovered 450,800 jobs less in September 1972 than in September 1969! The nature of the industry involved and the known trade facts concerning this industry, make it clear that the overwhelming reported job loss was due to imports.

On a smaller scale, we in the Industrial Union Department have kept a running box-score of plant closings during the past 30 months. It is a random and scattered sampling which is very much incomplete and represents a tiny smattering of the totality of plant closings. Yet, our "tip of the iceberg" statistics compiled during the last 30 months show 142 shops totally or partially closed because of foreign imports. 112 of these were closed altogether with an average job loss of 449, while 30 shops were partially closed because of imports with an average job loss of 353. The total job loss in our minuscule sampling was 60,800! Since this very sporadic sampling which we have in our computer shows 60,800 jobs lost due to imports, it takes little imagination to realize that the true job loss because of imports is indeed stupendous and even catastrophic.

It is obvious to us that the bill from the Ways and Means Committee does not address itself to this profoundly important problem—American job loss and unemployment. It is equally obvious to us that any trade bill which fails to directly concern itself with American job security is doomed to ill-serve the American people.

Further, nothing is included in the Administration bill which faces up to the wildly escalating exportation of American capital, technology and jobs by American multinational corporations. Speaking of exportation of American technology, which has been one of the important reasons for our industrial supremacy, one gets a sense of enormity of the exportation of this peculiarly American asset when it is realized that in 1960 American multinational corporations received a total income of $840 million from the sale of royalties and licenses abroad, while in 1971 American corporations received a total of more than $3 billion for the sale abroad of such royalties and licenses. It would not be surprising if this figure reached $4 billion in 1973.

Any meaningful bill must begin the process of regulation of these multinational industrial (and often political) goliaths who devour American jobs as readily as they avoid American taxation of their foreign profits.

Further, it is our understanding that the principal thrust of the bill is to grant additional powers to the President, powers which would further diminish the authority of Congress. It is our fear that such ceding of congressional responsibility to the President may very well worsen our present predicament rather than ameliorate it. The Administration has a strong tendency to think and act in the area of international trade in terms of diplomacy rather than the economic interests of the American people. We believe that the time for earnest and hard bargaining with our trading partners is here. The predirection of the Administration to ignore this reality is such that we urge against following this counter-productive trail.

All in all, our earnest conviction is that the shape of the present bill is so out of joint as to make it more of a national liability than a national asset and therefore should be shelved and a new start made.

I respectfully ask your careful consideration of this communication.

Sincerely,

I. W. ABEL, *President.*

Exhibit No. 4, American Federation of Labor and Congress of Industrial Organizations, against the bill 100 percent:

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., December 5, 1973.

Hon. JOHN H. DENT,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DENT: Next week, the House will be voting on the Nixon Administration's trade bill (H.R. 10710).

The AFL–CIO finds this bill worse than no bill at all. We urge that you vote to defeat it.

As it now stands, the bill has been written almost completely to White House specifications. Its key feature is the grant to the President of unprecedented and sweeping new executive powers which he may use—unhindered by the normal restraints of Presidential powers—to permanently alter the structure of foreign trade and the structure of the U.S. economy.

The one feature of the measure not written to White House specifications, however, concerns the granting of most-favored-nation status to the Soviet Union. Title IV denies the extension of MFN to nations unless they permit free emigration. Further, under procedures allowed in the rule, an amendment will be offered to this provision by Rep. Charles Vanik (D., Ohio) which would deny the extension of credits by the United States to the Soviet Union.

The AFL–CIO supports these restrictions on the extension of MFN to the Soviet Union, and urges you to support Title IV and vote for the Vanik amendment. We would then urge you to *vote to defeat the entire bill.*

We believe that the far more logical approach to the pressing problems created by this nation's trade policies and by the growing world-wide energy crisis is for the House to reject the bill now before it and turn to writing a new trade bill in 1974 when the present turmoil of events does not cloud the scene. A strong, assertive trade bill in 1974 should, of course, contain strong restraints on MFN and credits to the Soviet Union.

Consider these facts:

The present trade bill has been withdrawn from floor action three times because of "unfavorable" events;

The bill's strongest backers admit publicly that support for the bill is eroding;

The *N.Y. Times* reported on December 4 that "higher unemployment next year" would reinforce strong opposition to the bill;

The Common Market nations and Japan quickly capitulated in the face of the Arab oil embargo, demonstrating their overriding concern with putting their own economic self-interests ahead of any American considerations.

In view of the fact that world-wide rapid changes are occurring which will deeply affect not only the American economy but America's position with respect to trade with the rest of the world, approval of an Administration trade bill tailored to a set of circumstances which are becoming obsolete with each passing hour would be the height of folly.

Sincerely,

GEORGE MEANY,
President.

The California Federation of Republican Women:

CALIFORNIA FEDERATION OF REPUBLICAN WOMEN,
Carlsbad, Calif., November 15, 1973.

Representative JOHN H. DENT,
House Office Building,
Washington, D.C.

DEAR SIR: We urge your support of our position in opposition to most favored nation status to Russia, as outlined in the enclosed resolution which passed unanimously at our recent convention.

Sincerely,

ANN BOWLER,
President.
ANN HAGERTY,
Corresponding Secretary.

The American Federation of Teachers:

OCTOBER 18, 1973.

DEAR CONGRESSMAN: The American Federation of Teachers, AFL–CIO has closely followed the development of trade legislation

in the House Committee on Ways and Means. We had hoped the Committee would offer a bill that would operate to reverse the rapid deterioration of the United States' position in world trade and the loss of thousands of American jobs resulting from increased imports. Unfortunately, the bill finally reported by the Ways and Means Committee, HR 10710, can only serve to worsen the many problems brought about by present trade policies and practices.

As indicated in a letter of August 2, 1973 to members of the Ways and Means Committee, the AFT is keenly aware that in terms of the future for students of all teachers, it is obvious that if a wide range of job choices is not available for them on graduation, the value of their education is materially reduced. Furthermore, all teachers know of the frustrations and tragedies associated with attempting to reach children in a classroom who have just come to school from a household with an unemployed or underemployed breadwinner and all the pressures present in such a situation. Finally, there is the very real question of educational finance. Most of the funding for public education is derived from local tax revenues. When a significant employer in a community closes its doors, it is not long before the schools and therefore, students and teachers, feel the pinch. Thus, the continued strength of the economies of cities, counties and townships is of utmost importance to us. The professional nature of our membership notwithstanding, the AFT believes that a completely service-oriented economy will not have this strength and that a diversified industrial base must be preserved in the United States.

These concerns led the AFT Executive Council at its meeting in December 1972 to adopt a resolution calling for a positive trade policy to "regulate and control runaway corporations, prevent the irresponsible export of our technology and capital, and regulate imports to prevent widespread bankrupting of families and communities that our obsolete trade policies have permitted."

HR 10710 does not do any of these things. Quite the contrary, the bill constitutes a virtual abdication of Congressional responsibility in the field of foreign trade. It grants the President a blank check of authority in an area which, according to the Constitution, is specifically reserved to the Congress. Furthermore, the bill only offers some minimum cosmetic language to regulate the exercise of the authority Congress will be ceding to the President. For example, one section of Title I of the bill grants the President five-year authority to negotiate tariff cuts on a sliding scale."

But another section of the same title gives the President immediate power to arbitrarily remove *any* tariffs or import quotas (except for some farm products) to increase the import of goods in any category from any country if he alone deems it necessary to fight inflation. Such action could void voluntary import restraint agreements (as in textiles and steel), standards and purchasing policies, all with no provision for Congressional review. Countervailing duties, import "escape clauses" and anti-dumping provisions would be meaningless under this authority.

The same slight-of-hand technique of granting the President limited authority in one section with an open door to complete autonomy in another section is also used in Title V of the bill which provides the President with ten-year authority to give zero tariffs to imports of manufactured and semi-manufactured products from developing countries. Limitations on such authority are provided in one section. But in another, the President may declare that in his judgment, the "national interest" requires keeping the special zero duty. There would be no Congressional review of such a policy decision.

The only authority left to Congress in the area of international trade under HR 10710 would be merely the opportunity to vote up or down in a single action, the highly complicated changes in tariffs and non-tariff safeguards that will be embodied in each trade accord. These trade agreements could have profound effects on important domestic legislation affecting product safety, consumer protections and environmental safeguards but Congress will only have 90 days to examine these impacts and make its decision. The AFT does not believe that this is the time for any further abdication of Congressional responsibility to the Executive Branch.

HR 10710 completely lacks any effective mechanism to reverse or even slow the continuing flood of imports which are wiping out jobs and whole industries at a devastating rate. The bill relies on adjustment assistance as a first line of relief for heavily import-impacted industries, though the President can choose a different policy so long as he reports his reasons. The AFT views these "import relief" procedures as disappointing at best. Adjustment assistance and the other "import relief" measures only become available after the damage to firms, employees and communities has occurred. Nowhere in the proposed bill is there even mention, let alone provision for encouraging corporations to expand operations in the United States as opposed to moving overseas. In fact, quite the opposite is true. The present system of corporate taxation is left intact whereby American corporations are encouraged to transfer production abroad as foreign subsidiaries are granted more favorable tax treatment than companies which choose to keep their production and jobs in the United States. Furthermore, there are no safeguards against the continued export of capital, technology, and jobs which has the effect of further eroding America's already threatened industrial base.

As stated, the AFT is on record as supporting a positive trade policy. However, HR 10710 is totally unacceptable. In fact, its effect, if passed, would be more damaging than no bill at all. Accordingly, we respectfully urge that HR 10710 be defeated as a first step toward the development of meaningful trade legislation that will meet the nation's problems rather than further aggravating them.

Sincerely,

CARL J. MEGEL,
Director, Department of Legislation.

The Amalgamated Meat Cutters and Butcher Workmen:

NOVEMBER 9, 1973.

Hon. JOHN H. DENT,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. DENT: On behalf of our Union, I should like to urge your strong opposition to H.R. 10710, the Administration's trade bill. This measure not only fails to provide protection against the disastrous loss of U.S. jobs now taking place, it would actually accelerate this dangerous process.

Despite the massive loss of employment, despite the great outflow of American technology, despite the undercutting of the American dollar by the multi-national corporations, despite the damage done to the U.S. economy by the unconscionable greed of these corporations, the bill would make no reforms. On the contrary, it would permit the President to cut back the tariffs on goods from low wage nations to zero.

This and other provisions are exactly the immense new powers which President Nixon demanded. The Committee on Ways and Means tinkered a bit, but it put its stamp of approval on President Nixon's bill.

In a transparent maneuver concerning trade favors for the Soviet Union, the Administration would like to drop the Soviet provisions in the House now, in the hope of a better political climate when and if the measure comes before the Senate. It would then try for the Soviet benefits in the Senate and conference. For the sake of human rights, we urge that you support the bill's rejection of Soviet most favored national treatment and vote for the Vanik amendment barring special Russian credits. And then, vote against the bill on final passage. Thank you very much.

Sincerely,

PATRICK E. GORMAN,
Secretary-Treasurer and Chief Executive Officer.

The Amalgamated Clothing Workers:

OCTOBER 19, 1973.

Hon. JOHN H. DENT,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DENT: The House of Representatives will shortly have before it H.R. 10710, the Trade Reform Act of 1973.

As representatives of 365,000 workers in the men's and boys' apparel and related industries, the Amalgamated Clothing Workers of America urges you to reject this trade bill as worse than no legislation at all.

We are primarily concerned that the granting of almost limitless authority to the President in international trade negotiations is a serious abdication of Congressional responsibility. We have no faith that such a broad grant of authority will help the workers in our union or in our industry. Some restraints and voluntary arrangements exist now in the field of international trade in textile and apparel products. The emphasis in H.R. 10710 on the elimination of non-tariff safeguards places these arrangements in jeopardy—at the will of the Executive Branch.

The apparel industry is one of the largest employers in the U.S.; it is also one of the most vulnerable to competition from low-wage countries. H.R. 10710 does not address itself to fair trade policy which would help to maintain the economic health and stability of this industry. The bill takes no steps toward regulating the flood of imports in this, or any other, manufacturing sector; its reliance on the concept of adjustment assistance is an ill-conceived palliative; and its grant of preferential treatment to so-called underdeveloped nations will simply accelerate imports from those countries which have already shown a capacity for massive production in the apparel field.

The jobs of our members are at stake in this legislation. We urge you to oppose H.R. 10710 when it reaches the House floor for a vote.

Sincerely yours,

MURRAY H. FINLEY,
General President.
JACOB SHEINKMAN,
General Secretary-Treasurer.

Shall I take the 13th chapter and read the Members the litany of the saints to express that everybody who has half of a brain and conscience in this country is against this bill, except the Congress of the United States.

Here is a group that is for the bill, and a letter from them. Let me read it to you. The American Importers Association.

"If organized labor has its way," this great big AIA says, "all the imports will be categorized by category, measured as to their impact."

What other way can we do it? Every American business does not lump the sale of shoes and the sale of plows in comparison. They go by category. Give me category-by-category in this legislation, and that is the only sound way we can operate in international trade. Every country but the United States operates that way. We are the only ones

that operate in an area of basket consideration.

At one time I exposed on this floor the fact that we had sent CARE packages overseas, only to have them subsequently classified an export from the United States and totaled up into moneymaking exports of the United States.

All the foreign aid we have given since the beginning of foreign aid programs has been counted as an export. What do the Members think about the fact that we have been doing a great business in exports and still owe all the money in the world? If we are doing so well, how come we owe so much money? Why is it that the Japanese are in Somerset County, next to my home, buying up all the coal in the ground they can buy? Why is it the Japanese now own many, many lumber plants in Alaska? That great frontier of ours, our greatest remaining resource in lumber and timber is being bought up by the Japanese.

What else are they doing? Almost every celery patch in Arizona and southern California is now owned by the Japanese. Why not? They are buying it with a 60-cent dollar. Who created the 60-cent dollar? The foreign "friends" of ours who knocked the dollar down.

When anybody tells us now that this increases exports, did it increase exports in the shoe business? Did it increase exports in the shoe business?

Mr. BURKE of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to my friend, the gentleman from Massachusetts (Mr. BURKE).

Mr. BURKE of Massachusetts. Mr. Chairman, not only did it not increase exports, but talking about the Japanese, one of the most unusual things happened in the month of August this year, in my judgment. In August of 1945 we signed a peace treaty with Japan and in August of 1973 the Japanese were over wanting to buy the Boston Naval Shipyard.

Mr. DENT. That is not entirely an unusual situation, because they are now resting over there with their billions of American dollars they do not want. They can spend it in the United States and get one dollar's worth as per our exchange with our labor and only 60 cents worth as per their exchange with the Japanese yen.

But let me show the Members what the American Importers Association has done. I call upon the several committees that may have jurisdiction to look into matters of this kind. AIA has a fund raised to defeat the so-called Burke-Hartke bill and support this trade legislation. The AIA established a suggestion of contributions from agents, retailers and central purchasing agents according to the volume of imports in millions. For those under $1 million, $150 contribution on up the line to $1,350 contribution is expected from every importer to and exporter from the United States. For customs brokers, with 1 to 10 employees, $150 is expected; a customs broker with 51 to 60 is expected to give $450. Every broker has a piece of the pie in the export-import business. I would like to insert this for the RECORD:

AMERICAN IMPORTERS ASSOCIATION,
New York, N.Y., October 13, 1971.

To: AIA Members.

AIA NEEDS YOUR DOLLARS NOW—TO OPPOSE LABOR'S NEW PROTECTIONIST BILL IN CONGRESS AND THE SURCHARGE

If Organized Labor has its way there will be quotas on all imports on a *category-by-category, country-by-country* basis equal to the average imports for 1965–69. Each year the quotas will be changed up or down to keep the import penetration of the U.S. market at the 1965–69 level. There will be no offset for reduced imports of products which decline due to market factors.

AIA has begun a vigorous campaign on behalf of all its members to oppose this bill now before Congress; and to seek immediate termination of the surcharge. But, AIA's actions are limited by the amount of money collected so far.

One month ago, AIA asked for contributions. Many members have sent in their share of the money needed, and AIA thanks them for their quick action. However, there are many more members who have not sent in their checks.

We urge all members who have not contributed yet to do so as quickly as possible. Please read the accompanying schedule of contributions. These are the recommended *minimums.*

The threats to your livelihood are real. They are here now. Action must be taken to oppose them now. It takes a great deal of money—but if everyone contributes his share—we may be able to obtain an earlier rescission of the surcharge and stall Labor's drive for quotas.

Please send in your check today.

Sincerely,

KURT ORBAN,
President.

SUGGESTED SCALE FOR CONTRIBUTIONS

[Dollar volume of imports in millions]

Importers (including agents, retailer, central purchasing offices):

	Contributions
Under $1	$150
$1–$5	350
$5–$10	550
$10–$15	750
$15–$20	950
$20–$25	1,150
$25–$30	1,350
$30–$40	1,550
$40–$50	1,750
$50–$60	1,950
$60–$70	2,150
$70–$80	2,350
Over $80	2,550

Customs brokers: Based on number of persons handling imports in the entire company, including branches in other cities:

Employees:	*Contributions*
1–10	$150
11–20	200
21–30	250
31–40	300
41–50	350
51–60	400
Over 60	450

Attorneys: Based on number of attorneys directly concerned with imports and international trade:

Attorneys:	*Contributions*
1	$175
2	225
3	275
4	325
5	375
6	425
Over 6	475
Banks steamship lines, insurance companies	1,000

American Importers Association,
420 Lexington Avenue,
New York, N.Y. 10017.

Here is my company's share $—— of the financing of AIA's campaign against the surcharge and protectionism.

(name)

(title)

(company)

(address)

Sure, the AIA is against it. Where did all that money go? I wonder? I wonder where it went? I hope nobody left the gate open any place.

Under this kind of a trade bill, what happens? We now import things we do not need and we export the things we do need. We are shipping cowhides out of the country as fast we can bale them. We are bringing in shoes and leather products. Lost jobs in production there.

We shipped out cotton and we brought in textiles. Lost jobs in production.

The smartest operators on the face of this earth, and I bow to them for it, are the Japanese traders. They are so smart that 80 percent of their business is under the table. They do not do it up on top, because then we could understand them. We must have the greatest suckers ever representing the United States in trade deals all over the world, because no one could ever give away so much in so short a time as we have given away in the last 10 years.

We could go whole through this whole thing. I can remember in 1960, and, incidentally, to show there is no effect either way to anybody, it might interest Members to know that in 1960 on this floor I started on page 12022 and I ended up on some page around 12066.

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

Mr. DENT. Just a minute, I will be glad to.

I told the Members then what I thought. I want someone in this room to take this treatise that I gave to Congress in June 1962 and pick out the predictions that I made on trade, on imports, on jobs, and on another thing that no one took seriously at that time, the devaluation of the American dollar.

I talked about the trade surplus and the fakery of it. It is right in here and, if Members find it, any one of them, and find one place where I have not predicted exactly what happened, I will leave the Congress and go back to digging coal where I belong.

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

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

Mr. HANNA. I thank the gentleman for yielding.

I think the gentleman knows that I myself have been for a long time, as he said he was, for free trade. I am not remanding on that pledge; however, it is my firm conviction that those here in the House today are passing a trade bill without any sense of what the trade policy of this country is. They are sending people to negotiate who have absolutely no in-

put in this administration or in this Congress as to what the aim of the negotiations should be. What are we negotiating today? What is the policy of this country in trade and agriculture?

It was not very well decided in the wheat deal.

What is the trade policy of this country in steel, in metals?

Let me give a little incident here. We are not only short in a big way in terms of trade in oil, we are short in a bad way in the trade of many things which are short, not the least of which is metals.

What we have seen with the Arab countries with oil when they are jacking up the price when we are short is going to happen in every other country that has the things of which we are short. Not only that, because we have no trade policy, we have added to our shortage.

Let me give you an example. I do not know whether any of the Members have businesses in their districts that have to use lead in batteries. If any of the Members have a factory like that, they are in trouble, because there is very little lead in this country. One of the reasons this is so is that we have no policy. The Europeans and the Japanese came and bought all of the lead used in batteries, which represented 65 percent of the lead needed for new batteries. We have very little chance to recoup that. We have to find lead in countries that mine lead and there are only three or four left.

We have no policy that has protected our position. We have no policy that has protected our opinion. Tell me how we can go to the people of the United States and justify what we are about to do. We are going to have a trade bill when there is absolutely no trade policy.

When, oh when are we going to have some kind of economic trade policy in the sectors of our economy? When are we going to have a policy that will establish a background against which these negotiations we are talking about can take place? We all certainly have the cart before the horse in this matter.

I think it means very little to me, gentlemen, in the end, but I think some Members are going to be very sorry.

Mr. DENT. Mr. Chairman, someone said during the debate that jobs were not lost. Anyone who is interested in his State, give me the name of the State and tell me what he wants to know about it, and I will be glad to answer if he is not worried about it.

Let me read this: Hartford, Conn., typewriters, number of workers who lost jobs, 1,500; Macon, Ga., footwear, 1,200 workers affected; Hialeah, Fla., footwear, 120 workers affected; Miami, Fla., 350 workers affected. This is part of the catalog, my dear friends, which is as big as the Sears, Roebuck catalog and in finer print.

I heard one of my colleagues say that this helped the textile industry. Helped it how? Here are 540 jobs lost in Joilet, Ill., affecting 200 employees. We are being flooded with shoes all over the United States. My own State of Pennsylvania was the largest shoe manufacturing State in the Union, with all due respect to Massachusetts, my friends, and we are down to 45 percent of manufacturing of shoes.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

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

Mr. TEAGUE of California. Mr. Chairman, I know the gentleman wants to be correct about the facts. He mentioned a while ago that the Japanese owned most of the celery production in California. Now, a big portion of that comes from the districts represented by Congressman PETTIS, Congressman KETCHUM, and myself. There are, we estimate, perhaps 10 percent Nisei who own lettuce farms in that district. We do not know of any, do not personally know of any Japanese capital or Japanese Nationals who are celery operators.

Mr. DENT. My dear friend, in order that we do not take the time of the House, I will be glad to send you the report and give you the background where I got it.

Mr. TEAGUE of California. Mr. Chairman, I will be very glad to have it.

Mr. DENT. I will give it to the gentleman tomorrow in fine print.

Another industry affected by our trade policy was housed in Carthage, Mo., where the main industry was marble—dimensional stone, as it is sometimes called. I wish my friend Jim Taylor was here, because I think he has something interesting to learn if he does not already know it. In 1966, the marble industry came before my committee on import impact. They testified that if they did not get relief, then they might have to close down completely. Last week, the Carthage Marble, second largest in the United States, did shut down.

Why? Let me tell the Members why. Up until a point before the passage of the Kennedy Round, we had a policy in the United States of importing free of duty and customs raw materials into the United States. Raw materials in the marble industry are considered to be "rough blocks," imported as "rough" from Italy, France, and Asia. Because marble has a different color and different texture in every vein that is discovered, and in order for anybody to be in the marble business, he must have marble coming from all over the world to meet the demands of his customers.

It is sawed, cut up, and polished. Today there is a high tariff on rough marble and a low tariff on finished marble. Today we import finished marble—and Carthage Marble is out of business, and some importer is making more money.

That is why the marble industry is down the drain.

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

Mr. DENT. I will be glad to yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, over the years we have spent in excess of a hundred billion dollars in foreign aid, and various administration people, including this one have been coming before us and saying, "You have got to help these underdeveloped nations, because no nation can exist solely as a producer of raw matrials. They have got to have an industrialized base."

Now, what is happening with the people who are negotiating these tariffs? They are turning the United States into nothing but a producer of raw materials, they are exporting our industrial base, they are exporting our jobs.

I know the gentleman is reading statistics, and I can give him a lot more to read.

When I came to this Congress, in my district there were 24 manufacturers of dishes and pottery; today there are two.

The rest of them have gone. We can take almost every industry and see that that is happening.

If we think this Nation can exist as what the people in foreign aid have been deploring as a nation with agricultural dependence, we can just let these bureaucrats in the civil service go over there and negotiate these tariffs, and we will see that is exactly what they are negotiating us into.

Mr. DENT. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I just want to document this. Of course, it is true that most of us will color a thing toward our own values, and maybe that is the proper spirit. But I try to keep mine within the lines of knowledge, to the best I can obtain.

I have tried not to lie, because I found out as a boy that it did not pay, and it certainly does not do me any good as an adult.

Mr. Chairman, more than half of the people in the United States wear shoes which were made abroad. More than half of our black and white TV sets were made abroad, and now, Mr. Chairman, 9 out of 10 of us listen to the news on radios which were made abroad and overseas.

If this energy crisis keeps up and they can build automobiles overseas fast enough, we will just have to get ourselves a microscope before we will be able to find an American-made car. What are we doing, I ask the Members? Are we watching the dimming of America? Are we exporting too many jobs? I said something a while ago, and one of the Members said it was a figment of my imagination.

Is it a figment of my imagination when we can take just simple figures and figure out the manufacturers we had in 1962 and compare them to now? When the Kennedy round came up, they promised so much; in fact, they promised half as much as this bill does, and so this bill promises twice as much. If it does twice as much damage as the Kennedy bill, then there will be many new faces in the Congress in the next 2 years.

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

Mr. DENT. I will be glad to yield to the gentleman from Florida.

Mr. GIBBONS. Mr. Chairman, let me thank the gentleman for yielding.

First, let me say that I am not the Member who said that any of these points were figments of the gentleman's imagination.

Mr. DENT. No. It was said on the other side.

Mr. GIBBONS. I am sorry. I did not hear that.

Let me say to the gentleman from Pennsylvania that I do have a hard time following his figures and——

Mr. DENT. Excuse me. The gentleman ought to see the trouble I have with the Department of Commerce.

Mr. GIBBONS. I know that we all have trouble with each other's figures.

Mr. Chairman, when the gentleman appeared before the Committee on Ways and Means on June 14, he had an oral statement and a written statement, and this weekend I pulled out that statement and read it very carefully.

I noticed the gentleman started off his statement by saying as follows; and I am quoting now from page 4929:

> One of the things that has always been brought up and one of the hardest nuts to crack in this type of legislation is the effort to try to get people to look at this section as it is today, without relying so much on what was said or done yesterday.

Mr. Chairman, I must say that I agree with the gentleman from Pennsylvania.

Then I went on in the gentleman's statement, and I read on and on, and I got over here and I could not find any dates or any back-up of material until I got over here on page 4939 of the gentleman's statement. There I found the first date as to footnoting, and it refers to an address made by Coler G. Parker to the National Industrial Conference Board on February 19, 1953.

Now, that was 20 years prior to the gentleman's appearance before the committee.

Then I went on to the next page, because I could not believe that was right, and the next page is footnoted in three places, and I refer to two of those three places, first on page 4940. Two of them in December 1953 and one of them in August 1953.

Mr. DENT. Will the gentleman make sure I get back the time he is using? I am a limited person, you know, from the standpoint of time.

Mr. GIBBONS. I will be glad to stop now. I did want to make some points.

Mr. DENT. You are making the point of what? That in 1953 I said something and I repeated it in 1963?

Mr. GIBBONS. These are the only things I can see where we really refer to what you are talking about now. I do not want to take up any more of your time—I did have some points to make—but I will bring them up on my own time.

Mr. DENT. That is perfectly all right. But let us understand each other. I go way back to 1953. I was thinking of this problem then. Can anyone in this room compare American productivity and American strength and American capability to produce in 1953 with 1972. Can they bring it up to date and tell me that we are in the same or in an equal position? Certainly I had to start then in 1953 because that's when we were strong in productivity and strong in technical skill and industrial might.

This is just as it happened in 1964. After 1962 when I predicted it would happen the flood of products coming into the United States wiped out our trade balance in 1964, and this has been the case ever since.

The CHAIRMAN. The gentleman has consumed 30 minutes.

Mr. DENT. I yield myself 5 additional minutes.

Mr. LONG of Maryland. Will the gentleman yield?

Mr. DENT. I am sorry. There are only two opponents I have heard on this whole floor. I know your position, and I am happy for it.

Mr. LONG of Maryland. I would just like to make a unanimous consent request.

Mr. DENT. I yield to the gentleman for that purpose.

Mr. LONG of Maryland. Mr. Chairman, I rise in support of the Vanik feature of this bill.

Mr. Chairman, as an early sponsor of the Vanik amendment, I intend to support the addition of the final portion of this amendment to the trade bill—the prohibition of any trade credits and credit guarantees to any nonmarket economy government which denies freedom of emigration. As now written, the trade bill prohibits most-favored nation status to nonmarket economy countries which deny freedom of emigration but allows the United States to provide trade credits and credit guarantees. This trade credit provision is much more important to the Soviet Union and therefore, much more important as a hostage to force the Soviet Union to allow Jews and other minorities to emigrate.

At the moment, the Soviet Union is allowing significant numbers of Soviet Jews to emigrate. However, this emigration represents only nonenforcement of official policy, not a change of policy.

The House should vote to prohibit trade credits and credit guarantees unless the Soviet Union allows free emigration for three reasons:

First. Free emigration is a basic human right.

Second. Soviet Jews and other minorities want to leave the Soviet Union.

Third. In view of its arms buildup and its financing of aggression in other parts of the world, the Soviet Union should not receive trade concessions in any case.

In fact, the United States should be demanding far-reaching foreign policy concessions from the Soviet Union in return for trade credits and most-favored nation status.

First, free emigration is a basic human right. Critics of the Vanik amendment argue that the United States should not interfere in the internal affairs of the Soviet Union. However, for any nation to belong to the community of nations, it must fulfill minimum requirements, and free emigration is one of those. Further, repression and harassment by the Soviet secret police continue. By voting to prohibit trade credits, we will encourage the Soviet Union to end this persecution.

Second, Soviet Jews and other minorities want to leave the Soviet Union. Israel needs the Soviet Jews who will go to Israel if free emigration is possible. Immigrants are Israel's lifeblood and are especially important since the recent Middle East war.

Third, recent actions of the Soviet Union prove that we must be more hardheaded in our dealings with the Soviets. Critics of the trade credits prohibition argue that its passage will threaten détente. However, consider the recent actions of the Soviet Union: First, in bring about a new war in the Middle East; second, in encouraging the Arab oil embargo of the United States and the West; and third, in seeking, according to numerous reports, a clear-cut superiority in the quality of ballistic missiles, rather than parity. Where is détente?

Far from easing tensions, these actions have renewed tensions between the USSR and the United States around the world. The United States will probably be forced to increase substantially its defense budget. With trade credits and guarantees, the Soviet Union will be able to continue its high weapons expenditures, boost expenditures for economic development, and ironically, exploit its fossil fuel reserves. We need not only free emigration in return for trade credits and guarantees. We need more. We were burned in the Russian wheat deal. Who wants to be burned again?

A vote prohibiting trade credits without free emigration is a clear statement from Congress that the United States should drive much more realistic bargains with the Soviets in return for economic concessions.

Mr. DENT. I am sure Mr. VANIK will be happy to hear that.

Let me just show you how we treat this game of trade. I wonder how many of you understand the phenomenon that has happened since we were a free trade oriented nation.

The phenomenon that has taken place in this country is not trade with foreigners, as much as it is trade with Americans in foreign countries. For instance, Chrysler some 3 or 4 years ago, negotiated with Mitsubishi to bring into the United States Dodge Colts made by Japanese workers. They brought in 20,000 Colts in 1971. These were Dodge automobiles. Chrysler at that time did not make 20,000 American automobiles. In the trade balances, you and I have had to read that as somewhat distorted inasmuch as Chrysler's 20,000 automobiles imported from Japan were not counted as foreign products.

As a part of its deal with Mitsubishi Chrysler won the right to sell its Valiants in Japan. However, those Valiants were assembled in Australia. So in this case; as in many, the typical multinational operation went into effect. The American based multinational corporation. Chrysler, helped a foreign country export cars to the United States, but on the other hand, the exports of the United States sold in Japan were not made in the United States but, rather, in Australia by Australian workers.

This was clearly a joint venture operated as a double-edged sword against American workers.

Do any of you really and honestly believe that this Nation can operate on consumption and distribution? Yet that is what we are doing. We are oriented to an economy based on distribution and consumption. It is a service-oriented economy. It can no more survive without the third leg than the farm wife can milk a cow on a two-legged stool. Even an old farmer back years ago discovered he had to have a three-legged stool to sit evenly on an uneven floor.

And nothing is more uneven than the economic floor of a democracy. We have our ups and downs, our levels and our high points, our valleys in production, in taste, changes in character of products, changes of desires by purchasers and merchants in what the merchants are selling. Therefore we need a three-legged stool. And what is the three-legged stool? It is production, distribution, and consumption.

Let me tell you why you have not felt the real wrath of our problem that we are creating for ourselves. I will tell you why. Because we still have a great deal of consumption.

We are the only Nation on the face of the Earth that creates its own consumption base. How do we create this consumption base? We create that consumption base by taking money from some people and giving it to others, many times giving it to the same ones we take it away from. But we keep the market money going into the marketplace, and when it goes into the marketplace, it is a non-earned dollar. We are a high cost Nation, and we have the money to buy the goods that naturally flow here. If I felt the consumer truly benefited, my gripe would be less, but the fact of the matter is that they do not.

For instance, we bought two radios. One FM tuner from Japan that was sold there for $11 and some cents. Do not hold me to the penny, I have it here some place in my files, but I do not have the time to dig it up, but I will show it to you. That same radio that sold for $11 and plus cents in Japan, imported into the United States, priced to the importer, tariffs, customs, and insurance added on to it, and profit, if they made any, was $13-plus, about a 2-dollar differential. The American market price that was labeled on this was $36. Where is the savings to the consumer?

We have another one that we bought for $36 in Japan, delivered to the United States through an importer, through direct connections with our people, which was imported into the United States for $54. That same product was priced in the United States, as a suggested retail price, at $156. Again, where is the savings?

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

Mr. DENT. I yield myself 5 additional minutes.

And then another foreign tuner, an FM tuner, priced at $55, sold in the United States, the cost of transportation, all of it put together, for $76, and is priced at $195 in the United States. Again, where is the savings?

Then, lastly, while I wind up in these few moments left, let me show you why we have a marketplace. I will tell you why we have a marketplace, my dear friends. It is because we have 946,080 Americans collecting military retirement. We have 28,363,000 Americans drawing social security. We have civil service retirees and survivors, some 1,214,000 Americans. Railroad retirement beneficiaries, 993,000. People on welfare, 14,806,000 Americans drawing welfare. Veterans collecting GI benefits other than for education, 350,000. Veterans or survivors collecting pensions or compensation, 4,933,627. Unemployed workers collecting as of July 1, 1973, 8,795,000. All of these workers, plus a few more who may be making marginal earnings in the United States. Let us see what they look like. Military personnel, out of the Treasury of the United States, 2,552,841. Federal Government workers, 2,833,000, that is coming out of the Treasury, that is money paid for by the remaining workers in the United States. Because every job in this country must have seed money some place. Additionally, there are:

	Fiscal year 1973—estimate
Children in school- lunch program	25,700,000
People helped under Medicaid	23,537,000
Medicare beneficiaries	10,400,000
Veterans getting hospital care	1,005,000
People receiving food stamps	12,103,000
College students, excluding veterans, getting loans and/or grants	N.A.
Adults receiving vocational education	3,372,000
Children of poor families counted for Elementary and Secondary Education Act	8,855,300

Why is it that in the coal mining town that I was born in, when they closed the coal mine, the barber could not make a living? Why did the squire have to move? Why did they close the school down? Why is it that the store left? Why did the little saloon down on the corner close up? Why did they leave? The people still needed service; they still had hunger; they still had thirst. They still had to have shoes fixed. They still had to have services rendered. Where was the seed money coming from? Answer: These source of the seed money—the coal mine—was gone.

What are we doing in the United States? We are taking seed money from the very people we gave it to in the first place. So we tax everybody, but it is diminishing return. That is why we have a national debt increase every year. That is why we have to go in before the House and say, "We are going to increase the national debt." Why do we do that? Why has every country in the world come in here and poached upon our market so that they could create jobs? The biggest fools in America now are the farmers of this country. They allowed themselves to be the scapegoats, because they have allowed themselves to be condemned in industrial centers as being those who lived on subsidy from the American taxpayer. They never got much of a subsidy. The American farmer was paid the difference between what it cost him to raise and sell his product to the American people and what we sold it to the foreign people. The money that was paid to the farmer was subsidy in fact to the foreign purchasers of American products.

We are doing it every day on many other products in this country. We sell hides at a higher price than the American shoemaker can buy them, but the foreigner can afford. We sell our stumpage at a higher price than the American lumber mill can buy it. We have closed down most of our lumber mills in the United States. Why? Because we are importing it back.

You go ahead. The Lord will not give me long enough to stay and watch and see it. But just as I walked past awhile ago when they were tallying up the last vote, I passed a group of my friends, and they gave me the hee-haw, a sort of a laughter, and they went down like this. I said I can see easily in my mind as a young man, if I had been born and reared in Rome, and I was sitting in the Coliseum, there they were, all of the genteel, all of the well-doers, with no worry about tomorrow.

So they too put their thumbs down. I ask you: Where is Rome? Is it in the northern part or in the central part of our country? Where is the dynasty? Rome fell. I will make a prediction, if it is the last one I make, and I hope to God I am wrong. If the Members pass this bill, they will either repeal it in the next 5 years or this Nation will become virtually dependent for its livelihood on foreign products.

I may say that my friend, the gentleman from Florida, thinks that I am doubletalking.

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

Mr. DENT. I yield myself 1 additional minute.

When I do, I am talking about changing facts, and everyone is worse than the last one.

I call upon the Members to not ignore the voice of labor, because that is the blood of this Nation that flows through the economic life. Listen to it. They supported the trade bill in 1962. If this bill were good, if it were to create jobs, would labor be against it today? They could not; they would not. They know what they are doing.

Mr. BURKE of Massachusetts. Mr. Chairman, will the gentleman yield?

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

Mr. BURKE of Massachusetts. I thank the gentleman for yielding.

I want to say this to the gentleman: I want to commend him for his excellent talk here today. I want to point out that some of these Members who are voting for this bill will not be here to vote to repeal it in a few years.

Mr. DENT. Mr. Chairman, I reserve the balance of my time.

Mr. ULLMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota (Mr. KARTH).

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

Mr. KARTH. I yield to the gentleman from Oregon.

Mr. ULLMAN. I thank the gentleman for yielding.

Mr. Chairman, the purpose of the trade bill is not to solve all of the problems of any nation. In the speech of the distinguished gentleman from Pennsylvania there was a great deal of reference to export matters. The Committee on Ways and Means does not have jurisdiction over export control. If it is proper, it has to come under the jurisdiction of the House here. The Committee on Ways and Means does not have jurisdiction.

There are many items of short supply in this country, but this is not the vehicle. We do not have the authority to cope with those problems.

Reference was made to investments. I know a little bit about lumber investment in Alaska. I happen to know that American industry went broke up there.

It is a "go broke" business. There is no way American capital can go up and make a living in the lumber business, and that is why the Japanese came in. But there are reasons for most of the answers that were given by the gentleman.

I thank the gentleman from Minnesota for yielding.

Mr. KARTH. Mr. Chairman, I am not sure I can put all of this in its proper perspective but let me at least make an effort to do so. I have listened very carefully to most of the arguments made by the opponents today and I find some of them very interesting. It has been said on a number of occasions that if trade is important to peace, why have we been at war for most of our lifetimes?

The fact of the matter is, at least since we have had trade agreements with the developed countries of the world, that the people we have been at war with, have been those countries with whom we have not had trade agreements, and those with whom we have not been at war are those with whom we have chosen to trade. That is kind of a simple answer I guess to a very wound-up, impassioned statement on that score, but the fact is, it is true.

Timing has been mentioned, Mr. Chairman. I really do not know what the proper timing is, but I will say this. Favorable trade agreements with our friends should not be held in abeyance to satisfy our enemies. I think some of our trading partner friends are very upset and disappointed with this country, for we have in effect given more attention recently to our enemies than we have to our friends.

Mr. Chairman, why do we import substantial amounts of manufactured articles under the most-favored-nation treatment from a country like Canada? In fact we import tons of automobiles and parts, hundreds of millions of dollars worth of imports from Canada, manufactured imports on a duty-free basis. Why do we do that? There is a good reason.

The simple fact is, we must accept some of their industrial manmade products to get their raw materials. We want, no we need, their raw materials such as oil and pulp and ore.

If the gentleman from Pennsylvania had stayed here, I might even have suggested to him that maybe his steelworkers would not be working at all if it were not for the ore we get from Canada to keep his people busy making steel.

All these raw materials we get from Canada, and incidentally we import about 35 percent of the total manufactured goods from the industrialized countries of the world, from Canada. That is, about 35 percent of the total comes from our neighbor to the North. There is not an industrialized country in the world, Mr. Chairman, that is not crying for those raw materials, literally begging Canada to sell to them the raw materials Canada sells to us. Perhaps at twice the price.

Indeed we must accept some of their manmade, manufactured articles in order to get their raw materials. Frankly I do not know that I blame Canada for taking that position.

It has been said that a Toyota sells in America for about what it sells for in Japan, while a Pinto made in America sells for three times its U.S. price in Japan. I think that is essentially true, but that is what this bill is designed to correct. That is the kind of nontariff barrier we want to eliminate and which this bill gives authority to eliminate. It is one of the features of the proposed act.

Let me remind Members that what has been described most often today has taken place under existing conditions, under present law, and not under this bill.

That is why this bill is here. It has also been said by way of complaint, that this bills allows tariffs to go up 50 percent above Smoot-Hawley. The gentleman who made that statement said:

I didn't even have enough courage to propose that in the committee.

Under certain circumstances what he said about possible tariffs equal to 50 percent of Smoot-Hawley is true.

There is a section of this bill that does, in fact, allow tariffs, if you will, to go up 50 percent above the Smoot-Hawley levels. But that argument should satisfy those who oppose the bill, for the opponents contend that this bill give insufficient protection to American industry and American workers; so under certain circumstances when industry or the worker is very seriously affected by imports, there are remedies in this legislation to take care of it. Again, another reason why the bill is here.

I wish some of those who are opposing this bill, frankly, would take the time to read it. I know it is long and I know it is difficult. I know, Mr. Chairman, it is very tough reading, but it is there.

I wish the Members who oppose it, and I do not mean this in any malicious way whatsoever, but I spent 6 months on this bill in committee. I just wish they would take a little more time to read it.

No one has recognized that, not until the 1962 Trade Expansion Act expired in 1967, Mr. Chairman, not until that time did our balance-of-trade problems begin.

Is there anyone here willing to admit, who is opposed to this bill, that may be it is because the trade law expired 6 years ago and we have not had one to replace it since? I think that is a fairly cogent argument.

More than that, let me say that in my judgment it is sound argument. I wish we had passed a trade bill in 1969, Mr. Chairman. Unfortunately, we did not, but if we had, it seems to me that all the arguments that are being raised today about this spector of imports and the terrible things that have been happening to this country, I suggest to those that had we passed a trade bill sooner those things probably would not have come about. All the grave matters we are listening to about what is happening, are happening under existing law, not under this bill.

What do opponents think we have the bill here for?

We are more concerned about it than those who are opposed to it, because we know it is easy to argue against a bill like this. Rhetoric is cheap. Facts are what you choose to make them.

Let me say to my friends who represent the agricultural community, let me say this one thing. This bill, in my judgment, particularly now since the whole agricultural production system has been changed by this Congress; that is, where the lid is off and the sky is the limit on production, the agricultural community in this country stands a great deal to gain under this bill. We know that as the standard of living goes up across the world spectrum, people want to eat more and they want to eat better. There is not any doubt in my mind whatsoever that every farmer in this country is going to produce more, because he is able to sell more, not only to Americans, but to every person in the world whose standard of living is going up by leaps and bounds. There is not any doubt about it and it is also true, of course, in industrial products. As the standard of living grows and expands in the world, there will be greater demands for industrial, manmade products.

What country is the greatest industrialized nation in the world? Who produces the most and, therefore, who is the best equipped to sell the most? I honestly think it is the United States.

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

Mr. KARTH. I yield to the gentleman from Pennsylvania.

Mr. DENT. I suppose the gentleman did not mean to leave the impression, and I do not believe he did, but I would like, and I will give you title by title all the contents of the bill and will the gentleman pick out for me, not now, but afterward, the difference between this bill and in how many instances in the Kennedy Round we may not have had the same thing?

The CHAIRMAN. The time of the gentleman has expired.

Mr. ULLMAN. Mr. Chairman, I yield the gentleman 4 additional minutes.

Mr. KARTH. Mr. Chairman, I appreciate very much the offer of the gentleman from Pennsylvania. Indeed, there is a great deal of difference between this bill and the 1962 law.

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

Mr. KARTH. I yield to the gentleman from Minnesota.

Mr. ZWACH. Mr. Chairman, I thank the gentleman for yielding to me. I want to associate myself with his remarks and agree with him fully on the importance of this legislation.

Mr. KARTH. Mr. Chairman, I thank my colleague for his remarks.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. KARTH. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Chairman, I want to say that the gentleman has made a most persuasive statement. I have gotten a great deal from it.

With regard to the remarks of the gentleman from Pennsylvania who related here for a great, long time the hor-

rors of free trade and all the people becoming unemployed, I cannot help but wonder how on Earth during the period in which we have had this legislation that we have gained about 10 or 15 million people in employment. I cannot understand why, under the terms of the things he is talking about, why everybody is not unemployed.

However, let me point this out; I come from a district in Baltimore, a port district. If we stop buying goods abroad, I think it would have to be a pretty naive person who would not say that we stop selling abroad. The port of Balitmore is a vast port with machine shops, ship repairing, great grain handling facilities, and all kinds of industrial production. It handles both the trade coming in and going out. I just cannot imagine how the gentleman from Pennsylvania could assume that the port of Baltimore could continue to prosper as a great industrial port if we were neither buying nor selling our goods.

Mr. KARTH. Mr. Chairman, I thank the gentleman from Maryland for his contribution.

There are as many figures and statistices as we have speakers on this subject. Let me continue if I may, for a moment. The Russian wheat deal has been mentioned and a great whoop-de-do has been made about it. Let me call to the attention of the Members that the Russian wheat deal was consummated under existing law. If opponents of this bill are concerned about some of the things that have gone on that have really despoiled the productive capabilities of this country, or whatever the problem is, I would think they would want to change the effect of existing law to eliminate those circumstances.

Let me point out to the Members that not only was the Russian wheat deal negotiated under existing law, but it was negotiated by private entrepreneurs and was not subject to congressional veto. If the Government did something like this, under this bill it would be subject to congressional veto.

For those Members who have read the bill, they know that.

Category by category, trade has been endorsed profoundly by the gentleman from Pennsylvania, and I have the greatest respect for him, but let me say that this bill provides for the first time in trade legislation, product sector negotiations—product sector negotiations. That is category by category, depending on how thin we want to slice it.

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

Mr. KARTH. Mr. Chairman, I yield to my distinguished colleague from the State of Minnesota.

Mr. NELSEN. Mr. Chairman, I just want to compliment my colleague from the great State of Minnesota for the very careful analyses he has given us of this bill. I want to compliment him on the position he has taken.

Mr. KARTH. Mr. Chairman, I thank my colleague from Minnesota.

Let me conclude, Mr. Chairman, by saying again that the major complaints of the opponents of this legislation all afternoon have been complaints about existing law; not complaints about this bill. The tragic circumstances of the conditions we are in today are because of existing law, and yet when we propose to change the law to provide our Government with an opportunity to throw out these old agreements and negotiate new ones, they oppose the opportunity to do so.

Mr. SCHNEEBELI. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota (Mr. ZWACH).

Mr. ZWACH. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding time to me.

Mr. Chairman, I will say to the Members of the House that I think it is true that our country is in some difficult times with regard to jobs and with regard to exporting jobs.

I think that if we go through the 1970's the way we have in the 1960's, we are not going to have any great 1980's and 1990's.

But I think this legislation approaches and tries to help correct this situation.

Very frankly, when I started to read this bill and I read that the President shall do this and the President shall do that and the President shall do some other thing, I was concerned, because I know, when we say that the President shall do something, we mean some flunkey or some nonface in some building down here, in the White House or the State Department, is going to do it—someone that we cannot get at by vote is going to do this or do that.

However, I do think that this trade bill has the best handle, the best congressional handle, of any trade bill that we have considered in my lifetime. I am glad to see the handle that the Congress has maintained, and I believe we have kept every possible handle that we could keep and still negotiate and carry on a proper trade bill.

As a farmer for 40 years, I approach this legislation with considerable concern, because in 1962, in the Kennedy round, we all know who was sold down the river in the 1962 negotiations. It ended up being the producers of agricultural goods. Negotiators said they were going to stand and continue to stand for agriculture as well as for industry.

But when the waters cleared, there was nothing left for agriculture, with the result that the economic market of Europe in 1969, 7 years after the 1962 act, the average levy or the ad valorem levy on industrial products in Europe was 8.6 percent.

What do the Members think was the average levy on agricultural products in the economic market? On barley and wheat, it was 120 percent of ad valorem; on corn it was 70 percent of ad valorem; on poultry products and pork it was 45 percent of ad valorem.

So, Mr. Chairman, I am rather concerned, from the standpoint of agriculture, when we get into further tariff consideration we are finding now that food is coming into its place of recognition. I think this bill will improve things.

Mr. Chairman, I wish to speak for a moment about hides. My good friend, the gentleman from Massachusetts, and my good friend, the gentleman from Pennsylvania, have been talking about the shoe industry. The real sad story about the shoe industry is that we lost it at a time when the price of hides to the American producer was almost nothing.

From 1952 to 1971, the price of hides to the American producer was only 14 cents a pound. In fact, as a farmer and a cattleman, when a cow died, I could not afford to skin it, because the hide did not bring enough of a return to pay for the labor.

We lost all of our shoe industry while the shoe manufacturers were getting the hides for nothing in America, for almost nothing.

So we must look beyond just trade agreements to see what is wrong with America. There has to be something else besides just trade agreements. If it were that simple, we would not have the problems we now have.

The problem, I will say to the Members, in America in getting our jobs back from foreign countries is much, much bigger and much deeper than just trade agreements.

So we lost our entire shoe industry. As a producer of hides, I will say to my good friend, the gentleman from Massachusetts, that there is nothing in the world I want as much as to see that the workingman, the laborer, and all of our people should benefit from those hides.

Mr. BURKE of Massachusetts. Mr. Chairman, will my good friend yield?

Mr. ZWACH. I yield briefly to the gentleman. I have a limited amount of time, so I will yield only briefly.

Mr. BURKE of Massachusetts. Mr. Chairman, I wish to point out that the Korean people who were working in the shoe factories of Korea were being paid less than 10 cents an hour for their labors, and they were working 10 hours a day, 6 days a week and, for instance, they had a 10-year-old child getting as low as 6 cents an hour.

So, Mr. Chairman, that is the thing I wish to bring out.

Mr. ZWACH. I agree. The problem is more than just trade agreements. It runs much deeper.

Let me quickly come to something else which concerns me.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SCHNEEBELI. I yield the gentleman 2 additional minutes.

Mr. ZWACH. I have 6,000 dairy farm factories in my congressional district. The so-called Flanagan report says that the American dairyman is going to be submerged for the export of feed grains. I think as I read the report that there are some corrections in this area. However, I am very concerned about the trade picture on agricultural products.

Let me tell you something. I do not think it is good to sell corn only or to sell soybeans only or to sell barley or oats only. It would be much better for America if we could to the extent possible produce that in the second phase and manufacture the butter and cheese and dried milk powders and pork and beef and sell it that way. That is what the other countries do.

However, it seems like the whole push in America is to sell the feed grains instead of a finished product and make

nothing but great big feed grain factories out in our great Midwest. That is all.

That is not good, first of all, because it drains our real good soil and sells off hundreds of millions of tons of our best soil. It ought to go out as pork and beef and dairy products. If we sell our feed and ship back the finished product, we are making the greatest mistake in America. After the fuel shortage we will find a food shortage here. Let us keep the food factories going in this country.

Will the chairman of the committee respond to me for just a moment? I would like to have his assurance that dairying will not be traded off unfairly or unduly in the legislation passed by this committee.

Mr. ULLMAN. Will the gentleman yield?

Mr. ZWACH. I yield to the gentleman.

Mr. ULLMAN. In responding to that question, I want to assure the gentleman that the committee was very diligent in its efforts to make sure that the dairy industry would not be traded off in any negotiations. I am sure that the House will also hold the administration to its commitment that our own dairy industry will not be the subject of negotiation unless dairy policies of our major competitors are also the subject of that negotiation. We expect the President to live up to that principle, and we expect the Congress to stay behind it.

Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania (Mr. GAYDOS).

Mr. GAYDOS. Mr. Chairman, I wish to thank the chairman for yielding me this time on this bill.

Mr. Chairman, I rise in opposition to this bill.

I think the kindest comment that can be made about this bill is that it is the right bill but that it is offered at the wrong time and before the wrong forum. This bill merely continues the same policies as the 1962 act and fails to take into consideration the substantial transformation that has occurred in our international trade, where we experienced such a substantial deficit in 1972. It more appropriately should have been before the Diet of Japan or the various legislative bodies of the EEC countries. The rationale of title I, general negotiating authority; title IV most-favored-nation provision; and title V, systems of preferences, reflect the concern on the part of a nation which has such a favorable balance of trade that it is interested in encouraging more foreign imports. This certainly is not the status of trade in the United States at this time. Instead, we are in a situation where spiraling manufactured imports have eclipsed our exports and have caused serious dislocations in our economy.

The only provisions of the bill which outwardly appear to have any relevance to our trade problem are title II, relief from import injury, and title III, relief from unfair trade practices. But a close study of those two titles indicate that any relief for our current trade problem is purely illusory.

Perhaps the most insidious thing about this bill is that it appears to give something to everybody, notwithstanding the existence of the many complex and contradictory solutions being advanced as the solution to our current trade problem. In turn this appears to reflect a feeling on the part of the sponsors of the bill that the basic problem is unsolvable and the best way out is to give carte blanche authority to the President and hope for the best.

I do not share this feeling of defeatism. Instead, I submit that the Congress must address itself to the underlying problem of international trade and mandate the President to pursue certain policies within specified goals and objectives. Instead of providing that the President "may" take certain steps or is "urged" to take certain steps he should be directed to take certain action. For example, with respect to section 102 which is aimed at eliminating nontariff barriers, the President is only required to take certain action such as consulting with committees of Congress before entering any agreement to eliminate nontariff barriers after he has made the decision to take certain action. Thus, if he does nothing how can it be said that he has not enforced the law?

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

The CHAIRMAN pro tempore (Mr. PATTEN). Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 641]

Abdnor	Gray	Roncallo, N.Y.
Adams	Griffiths	Rooney, N.Y.
Archer	Gubser	Rooney, Pa.
Armstrong	Hanrahan	Rose
Aspin	Hansen, Wash.	Ryan
Badillo	Harsha	Scherle
Barrett	Harvey	Shoup
Bell	Hébert	Shuster
Bergland	Heinz	Smith, N.Y.
Broomfield	Henderson	Snyder
Brown, Calif.	Hogan	Steed
Buchanan	Howard	Stokes
Burke, Calif.	Hunt	Stuckey
Carey, N.Y.	Jarman	Sullivan
Carney, Ohio	Jones, N.C.	Symms
Cederberg	Jordan	Taylor, Mo.
Chisholm	Keating	Teague, Tex.
Clark	King	Thompson, N.J.
Conyers	Kuykendall	Towell, Nev.
Dent	Lehman	Veysey
Diggs	Mann	Waggonner
Donohue	Martin, Nebr.	Walsh
Drinan	Melcher	Wampler
du Pont	Mills, Ark.	Widnall
Erlenborn	Minshall, Ohio	Wiggins
Eshleman	Mizell	Wilson,
Evins, Tenn.	Nix	Charles H.,
Fish	Parris	Calif.
Fisher	Patman	Wyatt
Flowers	Powell, Ohio	Wydler
Fraser	Reid	Yates
Fulton	Rhodes	Young, Ill.
Grasso		

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 10710, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 337 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. When the point of order of no quorum was made, the gentleman from Pennsylvania (Mr. GAYDOS) had been recognized and he had 7 minutes remaining.

The Chair recognizes the gentleman from Pennsylvania (Mr. GAYDOS).

Mr. GAYDOS. Mr. Chairman, I wonder how many Members of this House really know what a nontariff barrier is. Section 102 of the bill states that Congress finds that nontariff barriers are reducing the growth of foreign markets for U.S. goods and preventing the development of open and nondiscriminatory trade among nations, and "urges" the President to take all appropriate and feasible steps within his powers to reduce or eliminate them. Yet there is no definition of what constitutes a nontariff barrier in the bill. Furthermore, reference to the committee report reveals that the only specifically designated nontariff barrier is the ASP—American selling price. On the other hand the committee report indicates that nontariff barriers are "diverse," "complex," and "imbedded in domestic laws." We are led to believe that product standards are considered a nontariff barrier. What about safety standards such as the Flammable Fabrics Act or health standards such as the Food and Drug Law and the Wholesome Meat Act? Our foreign trade partners view these laws as nontariff barriers. Are we about to pass a law which gives to the President authority to supersede the Federal and State Laws which have been enacted to better protect the health and safety of Americans

The ambiguous nature of this bill is more graphically illustrated by section 102(c)(1)(2) and (3) which provides in part, that a principal objective in negotiating the reduction or elimination of nontariff barriers—

Shall be to obtain with respect to each product sector . . . competitive opportunities for U.S. exports to the developed countries.

Not only is there no definition of "product sector" in the bill, but amazingly, the definition of this term is delegated by Congress to representatives of the executive branch, who shall prescribe such definition after consultation with private organizations. This complete absence of a congressional definition of nontariff barriers means that the Congress has forfeited its right to effectively review the administration action in the light of the intent of Congress. How can Congress challenge any action of the administration based on its determination of a "product sector" when the meaning of that term is undefined in the bill and Congress accordingly has no standard against which to compare the administration's interpretations?

Another instance of the ambiguity in the bill is found in section 122 which authorizes the President to proclaim temporary surcharges or quotas: First, to deal with serious balance-of-payments deficit; second, to prevent an imminent and significant dollar depreciation; or third, to cooperate with other countries in correcting an international balance of payments disequilibrium. This would apyear to authorize the President to impose

quotas, but further language provides that quotas are authorized only if trade agreements to which the United States is a party permit quotas and only if surcharges are ineffective.

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

Mr. GAYDOS. I yield to the gentleman from Florida.

Mr. GIBBONS. Mr. Chairman, the gentleman is inquiring about what a nontariff barrier is. I have here a print of the committee dated May 1973 which, starting on page 54 and going over to page 176, not only refines what a nontariff barrier is, but we outline them.

It is impossible to lay out a really simple definition in this particular matter about nontariff barriers. It actually is any distortion of trade other than those distortions caused by ad valorem tariffs. This is a term widely understood in international economics and international trade. As I say, this report of the committee dated May 1973, starting on page 54 and going to page 176, is very explicit as to what a nontariff barrier is.

Mr. GAYDOS. Mr. Chairman, let me respond to the gentleman by saying that I am very familiar, as is anybody who has read it, with the report. However, I am making the specific point in talking about the nontariff barriers that appear in the bill: The report is not part of the bill. It just is another example, as I see it, in my opinion, and in my very sincere belief that we are talking about a subject where nontariff barriers should be identified in some manner within the bill. The report is of no significance at all.

If I may continue, yet section 121 of the bill directs the President to take the necessary action to bring about—

> The revision of Article XIX (19) of the GATT into a truly international safeguard mechanism which takes into account all forms of import restraints countries use in response to injurious competition or threats of such competition.

If it is the intent of Congress to have the President take action to eliminate quotas as a device available to GATT members, then why does the bill make a provision for the use of quotas in section 122? Why should Congress grant authority to the President to use quotas when another section of the bill authorizes him to seek agreement from our trade partners not to use them? At best this apparent contradiction would seem to express a built-in assumption that administration efforts to obtain an agreement from GATT members to eliminate quotas are bound to fail.

While one looks in vain in this bill for clear guidelines to be followed by the President in exercising the very broad authority granted in the bill, it is interesting to note that section 128 provides that the President shall not reduce or eliminate a duty or other import restriction if he determines it would threaten to impair the national security. Admittedly, a similar provision is in the 1962 act. But what is the purpose of this provision? Is it not proper to assume that the President would consider the effect on national security in all his actions? If there are some Members of this House who do not share this confidence in the President, how can they allow such a broad delegation of power as is provided in the bill? Or is Congress, in fact, telling the President he can do as he pleases provided he does not endanger the national security? Have not the dismal results of negotiations pursuant to the 1962 act, which was likewise devoid of guidelines, taught us the futility of granting broad discretionary authority to the President? Or does this mean that the Congress is so confused about the problem of international trade that it is incapable of suggesting any guidelines for the administration to follow? I submit that in considering the bill before is we are not being asked to legislate, but rather to abdicate to the President the constitutionally mandated power of Congress to regulate foreign commerce, and at the same time to place our confidence in the President to solve the international trade problem. The disastrous results of the Russian grain deal on our economy certainly do not inspire such confidence.

Title II of the bill would appear at first blush to offer some consolation to the American worker who faces unemployment from foreign imports, but a close reading leads to the conclusion that the reference to increases in duties, quotas or orderly marketing agreements as a means to prevent the destruction of American industry, with its resultant unemployment, are mere window dressing. What it all boils down to is that adjustment assistance is advanced as the only remedy for injurious imports. With rising unemployment forecast for 1974, this is a cruel hoax to play on the American worker. It could well lead to a national disaster.

The mere fact that this bill appears to have expanded the scope of adjustment assistance is frank acknowledgement that adjustment assistance has not been effective in the past, even though no detailed general report has been made to the Congress of the results of adjustment assistance under the 1962 Act. Additionally, it is tacit acceptance of the unmanageability of our current trade policy. This means we are resigned to a policy of reacting to the instability of our trade policy rather than taking the initiative and setting as our goal our national industrial health, and preventing the occurrence of injury before it is beyond our control. How much longer do we have to follow our present policy before we are convinced of the futility of catering to the whims and caprices of our trade partners? Are we going to be here five years hence, authorizing further expansions in adjustment assistance to compensate for the destruction of American industries and the unemployment of American workers much like we are today proposing an expansion of adjustment assistance provided in the 1962 act? Do we have to wait until our trade partners have managed our economy back to a primarily agricultural economy?

If this legislation is really reform in nature and purpose it should embody a reform in the philosophy which has brought us to our current situation. This means we should establish a policy of preventing further destruction of American industry by imposing quotas in those areas of our economy where we can salvage our future. I do not suggest a turning back of the clock, but rather an approach to international trade designed to put our industry on an even footing with foreign competition and make domestic investment by American industry as attractive as investment abroad. This could be accomplished by the Burke-Hartke proposal which would set up flexible limitations on imports, which would allow an increase in imports when there was an increase in domestic production.

There are those who cavalierly say that if American goods cannot compete with foreign imports, the Government should not insulate American industry from the inroads of foreign goods. But this is a grossly misleading statement. Which of our trade partners has made such a contribution to international world peace and has provided assistance to the developing countries—and developed, such as Japan and the countries of Western Europe—as well as to the poverty-stricken nations of the world? The answer is clearly, none. Yet the cost of those international commitments is reflected in the cost of domestic production. If our trading partners would demonstrate their willingness to share in the cost of these international commitments then the apparent cost advantage they now enjoy would soon disappear. In the meantime why should we stand idly by and allow our domestic industry which is required to pay a minimum wage, to provide safe working conditions for its employees, to eliminate pollution from its operations as well as to conform to many other regulations, to be destroyed by foreign imports which are produced without such restrictions? Is it fair and equitable that American industry and American workmen should be penalized for adherence to such laws?

The American worker wants a job. He does not want an insurance policy to pay for his burial when foreign imports cause his unemployment. Yet this bill does nothing to address itself to the projected increase in unemployment. From September 1969 to September 1973 steel jobs declined from 1,378,300 to 1,330,700. For every 18 million tons of steel imported in a year, 109,000 jobs could have been created. Further, based on energy supplies of 90 percent of last year the steel industry forecasts a loss of 65,000 to 70,000 jobs. The auto industry forecasts a reduction of 10 percent in car sales next year, and the aerospace industry predicts job losses in 1974. And yet in spite of all this are asked to approve of legislation here today which would only make worse the unemployment, while at the same time we are exporting our raw materials for production abroad.

Some people may find comfort in the latest report of the Department of Commerce which indicates that for the first 10 months of 1973 exports exceeded imports by $680 million, whereas for the comparable period of 1972 imports exceeded exports by $5.23 billion. But it must be realized that this change resulted from the dollar devaluation and a substantial increase in agricultural ex-

ports. Actually if our agricultural exports remained level with 1972, the trade balance for the first 9 months of 1973 would have amounted to a deficit of $5.6 billion. Can we count on such substantial increases in agricultural exports to continue in the future to bring about trade surpluses? I certainly do not disapprove of such substantial increases in our agricultural exports, provided they do not cause a disruption to our economy, such as resulted from the Russian grain deal. But I strongly feel that it is a fallacy to depend on such further substantial increases in our agricultural exports to solve our foreign trade problem. Such continued increases would require a continuation of worldwide weather conditions adverse to the agricultural production of our trade partners. This is to say at least an untenable assumption.

Furthermore, I doubt if the American housewife views with much enthusiasm the continuation of substantial increases in agricultural exports when she sees the results of these increases in the spiralling food costs at the supermarket. Of course increased agricultural exports are no benefit to the unemployed worker who at the same time sees his job lost to foreign imports and must face the prospect of higher food costs for his family.

The present energy crisis may be a blessing in disguise if we heed the lesson it can teach us. If instead of increasing our dependence for oil on foreign sources, we had pursued a policy of developing domestic energy sources, we would not now be experiencing the serious dislocations in our economy. If we do not wish to disregard the lesson of the present energy crisis then we should engage in a true reform of our trade policy and establish a goal of never again becoming so dependent on foreign imports that a cessation of them would jeopardize our economy. This means we should immediately take the necessary steps to prevent foreign imports from destroying our domestic industry, thereby allowing foreign countries to acquire control of vital segments of our economy, and seriously endangering our national security.

Unfortunately the bill before us does not address itself to this problem, nor does it make any attempt to prevent such a situation from occurring. Instead let us not ignore the message of the bill before us. It speaks out in loud and clear language to the American worker telling him that he can look forward to the remote possibility of qualifying for adjustment assistance. Will this Congress condemn the American worker to such a future?

This bill represents a betrayal of the American worker. I can have no part in deception, and I ask my colleagues to vote against this legislation.

Mr. SCHNEEBELI. Mr. Chairman, I yield 2 minutes to a member of the committee, the gentleman from Michigan (Mr. CHAMBERLAIN).

Mr. CHAMBERLAIN. Mr. Chairman, I thank my colleague for yielding to me. The reason I ask for this time is for the purpose of making some legislative history here. I direct a question to our colleague from Oregon, the distinguished acting chairman of the Committee on Ways and Means.

I would like to inquire if under escape clause investigations, the Tariff Commission determines whether imports of like or directly competitive products are seriously injuring a domestic industry and makes recommendations for import relief where appropriate. I understand that specific products within a general product category are excluded from import relief recommendations when the specific products are not themselves contributing to the injury of the domestic industry. I also understand that the President, in framing any import relief he may decide to provide, makes a similar exclusion. Is it the gentleman's understanding that the escape clause will continue to be interpreted and applied in this manner?

Mr. ULLMAN. Will the gentleman yield?

Mr. CHAMBERLAIN. I will be happy to yield to the gentleman from Oregon.

Mr. ULLMAN. I will say that that is certainly my understanding and the understanding, I think, of the committee. In any import relief action the President certainly can exclude any items that are not competitive.

Mr. CHAMBERLAIN. I thank the chairman for responding to my query.

Mr. MICHEL. Will the gentleman yield?

Mr. CHAMBERLAIN. I am pleased to yield to the gentleman.

Mr. MICHEL. Mr. Chairman, this trade bill is landmark legislation and deserves our wholehearted endorsement.

For several months the Ways and Means Committee thoroughly investigated, debated, and prepared this legislation which will permit the United States to fill its leadership role—a role we have vigorously filled since 1945—in seeking economic peace and prosperity among nations.

The Trade Reform Act of 1973 is sound and reasonable legislation. It strikes an unusually strong balance between Executive leadership and decision-making on trade matters, and appropriate congressional concurrence.

The President is given authority to relax or impose several measures in negotiating trade agreements with our trading partners. However, this is only done within a framework of consultation with the Congress.

This legislation can represent a significant gesture to the world that the United States does not intend to retreat from leadership in building a freer world economic system; does not intend to artificially isolate itself from a rapidly changing world; is not afraid to compete with the products and services of other countries on an unburdened basis; and is willing to pursue a more open and freer economic system.

The pursuit of trade reform legislation has not been easy. Since 1967, when the President's authority to negotiate trade agreements with our partners expired, we have time and time again attempted to find a legislative answer to the trade question.

Mr. Chairman, we have gone through periods which seemed to indicate that the United States could, in fact, ignore the needs of free world trade and live within its own self-abundancy.

How foolish it is to believe for one moment that this is the case in 1973. To pay for our increasing number of vital imports, such as oil and iron ore, we need the income derived from a healthy export-conscious economy. We can only achieve this balance if the atmosphere of world trade is unburdened and free from artificial constraints.

The Trade Reform Act is the method to achieve this balance by giving us the ability to sit down with our trading partners and mutually work for the reduction of trading barriers, such as excessive tariffs, quotas, unrealistic product requirements and other impediments to an open economic system.

Some Members expressing themselves vocally here this afternoon are fearful that legislation which improves and strengthens our position to negotiate trade agreements will be injurious to our economy because, by allowing imports, domestic industries and workers will be displaced. These same people feel that restrictions on our ability to compete abroad will somehow help strengthen our economy. Apparently, they feel that regulating the natural flow of goods and services between nations into stagnancy, is good.

In reality, we have factual examples that international trade, conducted in an unburdened manner, is directly beneficial to the United States.

I am fortunate that in my district one of the Nation's leading exporters, and one of the world's most successful multinational corporations, makes its home.

Over the years I have served in the House, I have watched this company increase its activity in worldwide markets, and have observed firsthand the benefits this has had on my State and the Nation.

Their employment has grown by the thousands in response to serving markets throughout the world—markets that were penetrated by a balance between growth at home and the operations abroad.

Exports, generated by overseas sales, have returned billions of dollars to this country which have contributed to the positive side of our balance of payments. Wherever this company have constructed facilities abroad, exports from the United States to that country have increased dramatically. We have some very good figures to back up what I have just said and will attempt to include these in our extension of remarks.

Anyone else who would take the time to examine their contribution to world trade, could only come to the conclusion that it is a direct benefit to the U.S. economy.

And among American firms, their experience is not unique.

The history of American trade is strong evidence of our productiveness and ingenuity as a free country. While there are isolated examples of some industries being injured by imports, the sheer weight of evidence indicates that as

world trade volume has increased, unemployment has decreased.

Figures indicate that unemployment in the United States is at an alltime low while world trade is at an alltime high.

Is this, then, the time to retreat from our traditional leadership role in pursuit of an unburdened world economy? Definitely not.

The bill before us today recognizes that there may be occasions when domestic disruptions may be caused by developments in trading patterns. If this does occur, the bill provides for protection to workers and relief measures which insure that the injured will have appropriate compensation while securing other forms of employment.

That is why I say this legislation is reasonable. It recognizes that the way to international economic progress is paved with understanding between countries, arrived at through a process this House cherishes—that is, through give and take, through negotiation, through compromise. But it also recognizes that problems can occur. That is why the bill includes a provision to protect sectors of our economy injured by imports, and provides assistance to workers and firms who may have also suffered.

Mr. Chairman, with respect to the serious question of trading relations with Communist countries, I do not intend to enter the argument of whether or not trade reform legislation is the place to address the domestic social policies of another country—but I surely would be remiss if I did not point out that I feel the action taken by the Ways and Means Committee to limit the extension of most-favored-nation status to only those countries which do not place restrictions on emigration is most adequate to indicate the mood of this Congress to the Soviet Union.

I firmly believe that any other form of penalty to trading with the Soviet Union—such as that proposed by Mr. VANIK—would not help those within the Soviet Union that it is intended to help—but only serve to make their plight even more severe, and serve to upset the progress made between the United States and U.S.S.R. on the diplomatic and political front.

The President and his representative are at a sensitive juncture in their efforts to reach a just and lasting peace in the Middle East, and thus once more proving that the détente between the Soviet Union and the United States is for real. I do not believe we should undermine their honorable efforts.

The Trade Reform Act of 1973 will be a useful tool. It will serve as a tool to pursue agreements on trade matters between ourselves and our trading partners. Our negotiators at Geneva at the historic international talks on trade and tariffs need this legislation now to indicate the integrity, seriousness, and commitment of the United States to continue the job that was started in 1945, to rebuild an orderly international economic system.

There are a lot of other reasons why this bill should be approved as it is, without any debilitating amendments.

Reasons such as our favorable trade balance, largely assisted by the realinement of currencies brought on by U.S. leadership, indicate the time is appropriate for additional improvements in economic relations.

Reasons such as our need to seek trade agreements so that we will continue to have access to resources we vitally need as a country—petroleum, iron ore, bauxite, timber, copper, and countless others.

Reasons such as that if we do not penetrate successfully markets of Eastern Europe, our competitors will, thus further shackling our ability to enhance our national potential.

But I believe the central reason is that we should not retreat from a leadership position that has been constructed over several years on the dedicated service of many Americans who were determined that the world economic stagnation, and depression of the 1930s—and its contribution to World War II, should not happen again. I am of the belief that an open, free economic system is the basic requirement for peace and understanding between nations.

We have nothing to gain but reprisal and consequent decline in our national health—if we turn down the road of economic isolation and market protectionism.

The option is the road to a world trading system based on trust, confidence and peace among nations.

I believe the Trade Reform Act is the opportunity to maintain the leadership needed to achieve these goals.

Mr. Chairman, I support this bill enthusiastically and sincerely hope we will pass it within the next day or two without doing any serious harm to its content during the amending process.

Mr. SCHNEEBELI. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. Mr. Chairman, with respect to paragraph e of the bill on page 123 beginning with line 13, this provision is entitled, "Temporary Provision While Negotiations Are in Process." In all due respect to the work of the committee, it seems to me that with this one provision the committee undoes all that the other amendments to the countervailing duty provision would accomplish.

As I am sure the gentleman is aware, there has been a failure to administer and apply this provision and to countervail against subsidized exports to this market over the years. Can the gentleman tell me why this subparagraph e should not be removed from the bill?

Mr. ULLMAN. Will the gentleman yield?

Mr. QUILLEN. I yield to the gentleman.

Mr. ULLMAN. The gentleman is correct that the committee amendments are certainly directed at assuring that the countervailing duty provision will be administered as has been intended by the Congress in the past, and that the Secretary of the Treasury will no longer be able to ignore petitions for action under this provision. I would point out to the gentleman that the amendments do require the Secretary of the Treasury to act within a 12-month period on bona fide questions of subsidized exports to the United States. Further, the amendment would make duty-free merchandise subject to the countervailing duty provision if such subsidized exports are found to be injuring a domestic industry. Just as important to the gentleman is the reaffirmation of the right of domestic producers to judicial review of negative determinations by the Secretary of the Treasury under the countervailing duty provision.

With these changes it was recognized that cases under the countervailing duty provision could be brought before the Secretary which if acted upon could seriously jeopardize the forthcoming multilateral negotiations including negotiations on an agreement to define justifiable and unjustifiable export subsidies. Thus, the Committee agreed that the Secretary of the Treasury would have the discretion for a period of 4 years not to impose additional duties if he finds on the basis of advice and information from appropriate agencies that such action would be likely to seriously jeopardize the negotiations. Further, the period would be reduced to 1 year with respect to products of facilities owned or controlled by a developed country if the investment in, or the operation of, such facilities are subsidized.

I think the gentleman will agree that the previous amendments we discussed are in the interest of our domestic producers who are concerned with subsidized exports to the U.S. market. The permanent change in the legislation with respect to the requirement that the Secretary act within a 12-month period and with respect to judicial review are far more significant than the temporary period of discretion granted the Secretary under certain circumstances for purposes of obtaining an international agreement in the area of export subsidies.

Mr. QUILLEN. I thank the gentleman.

Mr. SCHNEEBELI. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. PETTIS), a valued member of our committee.

Mr. PETTIS. Mr. Chairman, I would like to draw the distinguished acting chairman's attention to a provision of title II of the bill. I refer to the so-called escape clause provision under which the President is authorized to provide import relief after the Tariff Commission has made a finding of injury to a domestic industry. In section 202(c) certain considerations are set out which the President shall take into account in deciding whether to provide import relief. Included among these is "geographic concentration of imported products marketed in the United States." The fact that this consideration is explicitly set out in the legislation as a guide to the President indicates that the Congress is instructing the President to be mindful of the geographic concentration of imported products and their impact on domestic industry in that geographic area. Is my understanding correct in this regard?

Mr. ULLMAN. Mr. Chairman, if the gentleman will yield, the understanding of the gentleman from California is correct. The language which the gentleman has referred to in section 202 defines a congressional policy to guide the President in the exercise of his authority under title II.

Mr. PETTIS. Is not my further understanding correct that the Tariff Commission, in making its findings under the escape clause, would take into account and report to the President on considerations which apply to the exercise of Presidential authority? Thus, in the case I cited, the Tariff Commission, under section 201, would consider and report on the effects of the geographic concentration of imports on the affected industry in the particular geographic area.

Mr. ULLMAN. That is correct, and that information would be considered by the President.

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

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

Mr. CORMAN. Mr. Chairman, I also would like to direct a question to the gentleman from Oregon. I am concerned with some of the practices by foreign countries which were called to our attention during the course of the hearings wherein some of our exports are precluded from foreign markets even though the same types of products have ample access to the U.S. market when exported from that foreign country. It seems to me that such a practice by foreign countries of not permitting or drastically restricting exports of particular products from the United States to enter when the producers from the country involved enjoy almost unlimited access in the American market is a discriminatory treatment which our negotiators should seek to eliminate. It is my understanding that this is the type of situation which would justify action under section 301 regarding foreign import restrictions or export subsidies.

Mr. ULLMAN. Yes; the gentleman is correct. These types of unjustifiable or unreasonable import restrictions which burden or discriminate against U.S. commerce and on which other countries are unwilling to negotiate are to be dealt with by the President under the authority provided in section 301.

Mr. PETTIS. Mr. Chairman, if the gentleman would yield further, is it correct that our own producers who are being discriminated against in foreign markets even to the extent of having their products embargoed can bring their case to the President, and he is required to provide for public hearings under section 301?

Mr. ULLMAN. Yes; that is correct.

Mr. CORMAN. Section 301 provides the President with the authority to increase duties or impose other import restrictions in order to obtain the elimination of unfair foreign import restrictions on United States exports, does it not?

Mr. ULLMAN. Yes; those are the actions which the President may take if he determines that such action is required to obtain the elimination of the restrictions on U.S. exports and if other requirements of section 301 are met.

Mr. PETTIS. Could he act to restrain the imports of the similar product from the same country that is discriminating against U.S. exports?

Mr. ULLMAN. Yes; such an action could be taken in the same product area.

Mr. SCHNEEBELI. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. WHALEN).

Mr. WHALEN. Mr. Chairman, in the time allotted me, I would like to address my remarks to title V of H.R. 10710. This section of the Trade Reform Act of 1973 provides for a generalized system of preferences—GSP—for selected imports from the developing countries.

Under this title the President is authorized to participate with other developed countries in granting tariff preferences on the imports of manufactured and certain other products from the developing countries over a 10-year period. The GSP was agreed to in 1970 at the U.N. Conference on Trade and Development—UNCTAD. Since that time, the United States is the only OECD country which has not yet passed the necessary enabling legislation.

The United States runs a surplus in its trade accounts with the developing countries, and they are important trading partners of ours. Granting GSP will help to expand this mutually beneficial trade.

Perhaps the most compelling reason for supporting title V is the growing importance of the less developed countries to us as a source of basic raw materials and markets for U.S. exports. In this context, granting GSP will vividly demonstrate America's desire to build better relations with them. The capital thereby generated within the developing countries—as a consequence of GSP—will help provide both the means and the incentives for them to buy American goods and services. In the absence of this necessary effort, the United States could lose potentially enormous markets for our exports which the European Economic Community—EEC—countries and Japan could well exploit.

Title V, moreover, is limited in its total effect. It contains effective safeguards designed to insure that the increased trade resulting from GSP will not injure American workers and industries. In addition, title V provides that when imports of an item from an individual developing country reach a level of $25 million or 50 percent of the total value of such an item, preferential treatment is terminated.

Thus, title V should have no adverse effect on U.S. labor. In fact, the increase in American exports to the developing countries resulting from GSP could easily result in more jobs for Americans, with each additional $1 billion in exports expected to create an estimated 80,000 new jobs.

One of our goals in extending GSP is to eliminate "reverse preference" agreements between other developed countries and individual developing countries which discriminate against U.S. exports in the markets of these developing countries. Title V may not be extended to any developing country which benefits from such "reverse preferences."

In summary, title V honors the commitment made to developing countries by President Nixon in 1970. In helping the economies of emerging nations, its implementation also will expand American export opportunities and provide access to scarce raw materials. Mr. Chairman, I urge my colleagues to retain title V as a part of the Trade Reform Act of 1973.

Mr. SCHNEEBELI. Mr. Chairman, I yield 20 minutes to the gentleman from Georgia (Mr. BLACKBURN).

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. I appreciate the gentleman's yielding. I am aware of the content of his remarks. I have discussed them with him at great length, and I wish to associate myself with them. They are going to be very refreshing, following a good deal of the misinformation and lack of accuracy we have heard here today.

I welcome his remarks.

Mr. Chairman, the heart of the controversy over the Trade Reform Act of 1973, and the subject which I wish to address myself to in the brief time available concerns title IV of the bill dealing with "trade relations with countries not enjoying nondiscriminatory treatment." The central question in this section is whether the United States is going to grant most-favored-nation privileges and tax-supported credit guarantees to the Soviet Union and other nonmarket economies.

In the bill, freedom of emigration is quite properly asserted as a minimal prerequisite, and I emphasize, minimal prerequisite, to the extention of most-favored-nation status to any nonmarket economies. However, no such limitation has been placed on the extension of credit guarantees; in this aspect I believe the bill is seriously deficient and must be changed here on the floor.

Quite clearly, the entire trade bill, and particularly title IV, represents critical aspects of the conduct of American foreign policy. While most of the bill is needed for the progress of negotiations with our trading partners in Western Europe and Japan, the principal impact of the provisions of title IV falls upon the Soviet Union. The extension of trade concessions to the Soviet Union have been promoted as part of the broad policy of détente being pursued by the administration. Given the actions by the Soviet Union this past year, the Congress would be extremely negligent to grant further concessions without qualifications.

Even while proclaiming détente with the United States, the very same Soviet leaders have simultaneously announced their continued devotion to an "anti-imperialist" foreign policy including support for the so-called "national liberation" movements. In his acceptance speech for the Lenin Peace Prize on July 12 of last summer, Leonid Brezhnev stated that with détente accomplished, it was necessary "to further tighten the socialist community and to develop our relations with national liberation forces and with the young states of Asia and Africa, fighting for their independence." Apparently Brezhnev then fulfilled the Soviet version of the meaning of peace prizes by supplying the arms necessary for the Arab nations to launch attacks against the State of Israel in October. Obviously, the Soviet Union knew the attacks were about to commence as they

not only withdrew their embassy personnel from the area, but also prepared shipments of materials to the Arab nations for immediate airlift once the hostilities began. The desire for a strategic breakthrough in the eastern Mediterranean clearly superseded the previous pledges of the Soviets to consult with President Nixon in order to prevent the outbreak of war. Détente is being credited with having ended the Yom Kippur war in effect when the war was precipitated, but was any other policy than détente.

A certain eeriness of timing seems to accompany the consideration of the Trade Reform Act. You may recall that it was during the Yom Kippur war that the bill was last scheduled for consideration but was abruptly postponed with the fear of allegedly anti-Soviet repercussions emanating from the Congress. Now, just this month, as we take up this measure, we are considering also a proposal to extend $2.2 billion of assistance to Israel in order to replace losses incurred during the war. I need not point out that such enormous losses were due to the use of the most advanced Soviet military equipment which had been sent to their Arab allies. Now, in a lengthy statement just last Thursday on the oil crisis, the Communist Party newspaper, Pravda, stated that the oil embargo of the Arabs "supported by the U.S.S.R. has succeeded in creating a lasting antagonism between the United States and the other industrial powers, Europe and Japan."

As the economies of the Western world are rapidly being brought to a halt through the foreign policy machinations of the Soviet Union, it is hardly appropriate for the United States to provide credit guarantees in order to promote Russian economic advancements. The American consumer still is suffering from the higher food prices engendered by the massive sale of wheat to the Soviet Union on credit this past year. The extension of credit to the Soviet Union for massive sales of materials in the future will undoubtedly have the effect of even further raising interest rates in the money markets of the United States. Even now consumers cannot afford to borrow money for home mortgages.

In light of historic evidence, it would be wiser to demand from the Soviets cash payments to the maximum possible extent. By denying them easy term credits, which in reality is economic aid, we can force them either to pay us in gold or sell their gold and pay us in U.S. dollars. From this, we would have a two-fold benefit: One, the soaking up of Eurodollars; and two, an immediate improvement of our balance-of-payments problem.

The Soviet Union's strategic rationale, which is behind their present policy of extension of international economic relationships, is based on three objectives. Namely, to obtain from the United States and developed nations of the West, advanced technology, industrial know-how, and massive credits necessary for the buildup of their economic base in which the military/industrial complex predominates.

Let us stop playing the Soviet kind of game, providing them with what they need in return for nothing, and let us get down to the serious business of extracting concessions. The essence of trade is that each side seeks something it wants. The side that is most eager to acquire benefits from the other must make the larger concessions—that is, pay a high price. We should demand from the recipient Soviet Government that it declare a moratorium on dumping, adopt above-board marketing methods, invest in export industries, create dealer and service agencies abroad, make their ruble convertible, join the International Monetary Fund, drop the secrecy about free exchange and gold reserves, develop confident relationships with U.S. business firms. This last would require protection of U.S. property rights, whether in the Soviet Union or outside the Soviet Union, and honest dealings under the patent laws.

We must prevent American credits in the Soviet economy from being de facto subsidies for increasing military development and the financing of subversion abroad. We can do this by including language in this bill which would prohibit taxpayer-backed credits and credit guarantees to the Soviet Union. I urge my colleagues to support such an amendment when it is offered.

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

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

Mr. STEELMAN. I thank the gentleman for yielding.

I want to compliment the gentleman for taking this time. I think this is an important piece of legislation in that it does expand this country's trade with other countries of the world. I hope that we will be discriminating in the source of new arrangements that are made with the Soviet Union, especially with regard to credit in this title IV with relation to the trade status.

I compliment the gentleman and wish to associate myself with his remarks. I have discussed these remarks with him in advance.

Mr. Chairman, the Trade Reform Act of 1973 has been before the Congress and under close public scrutiny for many months now. Like most of my colleagues, I believe that continued close commercial relations with our major trading partners in Western Europe and East Asia requires that we act expeditiously on this measure. Little doubt exists that aside from the controversy engendered by the proposed changes in the trading status with the Soviet Union and other nonmarket economies, the bill could have been acted upon long ago. Extensive deliberations and a clear consensus of opinion now exists concerning title IV of the act dealing with "trade relations with countries not enjoying nondiscriminatory treatment." Therefore, rather than deleting this section of the bill as some have proposed, and thus embroil us all in the same turmoil at some later date, I believe that we should act upon that section and the entire bill this week.

Critics of title IV have properly expressed their concern with the relationship between this section and the numerous disconcerting policies of its chief beneficiary—the Soviet Union. However, by relating any trade concessions for the Soviets to freedom of emigration, it is possible to strongly encourage the liberalization within Russian society that we all desire. In this manner the choice is clearly left up to the Kremlin leaders whether they want nondiscriminatory trade treatment—most-favored nation status—more than they need the continued confinement of their people. By virtue of placing a progressive head tax this past year on each individual leaving their country, the Soviets explicitly sought to use people as an exportable commodity. Though suspended after extreme pressure from the rest of the world, the law remains on the books ready for reimplementation. If such laws are to be permanently abolished and other restraints upon the people are to be removed, then we must vigorously encourage the Soviet leaders to move in this direction. Thus if we are to allow material goods to pass freely across international boundaries, then we should certainly require that human beings be allowed at least an equal opportunity in their ability to move.

The Soviet Union does not currently enjoy most-favored-nation status and might decide that lifting their embargo on people represents too great a threat to their closed society to warrant the benefits accruing from freer trade. Under the bill before us only the extension of most-favored-nation status is dependent upon a prior acknowledgement of the right of emigration. Consequently, we must also prohibit the extension of credits to the Soviet Union unless there is a similar guarantee of freedom of emigration.

The Soviet Union needs access to our sources of credit far more than access to our markets. In fact, if the Soviet Union continues to restrict emigration and their products are denied access to American markets, then the demand for credit may rise even higher than it might have otherwise. Even with their limited trade with the Western nations, the Soviet Union amassed a $1.3 billion trade deficit in 1972 and a cumulative foreign debt of $8.5 billion. Both figures are expected to rise substantially by the end of this year. Under both the economic and political circumstances, the guarantee of any credit to the Soviet Union is highly questionable, but to do so without any reciprocal actions is completely unjustified.

The extension of credits, much more than most-favored-nation status, provides a tremendous boost to the Soviet economy. As we all know, just this past year the United States salvaged the Soviet Union from one of their regular agricultural disasters. The grain deal that so drastically raised our own food prices was largely based on credit. Not only did we not have the quantities of food available for the deal, but with the prime lending rate hovering around 10 percent, we clearly did not have surplus capital available for credits. Money is in just as short a supply now as then. Extensions of credits to the Soviet Union amount quite simply to a form of economic aid to the

same country we spend billions of dollars to defend ourselves against.

Thus, prior to any further economic assistance through lucrative trade agreements with the Soviet Union, we must have some substantial evidence that we are not simply further strengthening a government suppressing their own people or possibly using the benefits of our trade for the promotion of international instability. Only if the Soviet Union openly announces and adheres to freedom of emigration will we have at least a minimal assurance that some trade concessions from the United States are justified.

Mr. BLACKBURN. Mr. Chairman, I rise to speak in support of the Vanik-Mills amendment and the extension of the Vanik-Mills amendment to include a prohibition of generous credits and credit guarantees to the Soviet Union. I rise in support of the Freedom of Emigration amendment because I feel that it is essential for the Congress to make known to the administration their reluctance, that many of us have—or the misgivings that many of us feel—about the present policies of the administration which are allowing the indiscriminate exportation of American capital equipment and technological know-how to the Soviet Union. There are many arguments that are being advanced for expanding of Soviet trade, and I should like in my remarks at this time to deal with some of them.

One argument we hear repeated quite often is that trade leads to peace. Mr. Chairman, there has been no substantive evidence that trade necessarily leads to peace. Obviously, a world at peace will be a world with increased trade. But that is not the same thing.

I recall prior to World War II there was a very great degree of trade between the United States and Japan, and we got a great deal of the scrap metal back from Japan that we sold to them. So increased trade does not necessarily mean increased peace.

In 1918 the cliche was advanced, "Civilize the Bolsheviks" with trade; today the cliche is "peace through world trade." On the other hand, we have had trade with the Soviets since 1919. Our armies have fought in two wars, Korea and Vietnam where the Communist side was armed with Soviet weapons produced by a military-industrial complex largely built by Western firms under the label of "peaceful trade."

Two: "The Soviets are mellowing." Again, this is a 50-year-old cliche. No substantive evidence has been produced to support the claim. Indeed, the evidence goes the other way. Wining and dining, soft words and expressions of good fellowship do not suggest change of Soviet intent. The key is whether the Soviets have decided to abandon totalitarianism.

The 1970 case of Soviet seaman, Simas Kudirka, demonstrates both Soviet intent and the spinelessness of U.S. policy. Kudirka wished to leave the Soviet Union. When the Soviet ship *Sovyetskaya Litva* was in U.S. territorial waters, Kudirka jumped on board the U.S. Coast Guard vessel *Vigilant* and requested asylum. After extensive communications with Washington, the *Vigilant* allowed Soviet personnel to board the Coast Guard vessel, seize Kudirka, beat him and forcibly remove him to the *Sovyetskaya Litva*.

The American action was direct flagrant contravention of paragraph 23 of the Geneva Convention. Kudirka was subsequently sentenced by the Soviets to "10-year labor in a strict regime camp with confiscation of personal property." The property amounted to a mere 700 rubles and was later seized by the Soviet State. At the moment Kudirka's relatives are bravely resisting Soviet attempts to have Kudirka declared mentally incompetent and so provide a rationale to transfer him to a psychiatric hospital. Probably no other recent episode demonstrates the brutal methods of the Soviets and the bootlicking response of a once-proud United States.

Congressman RICHARD ICHORD recently provided an answer to the basic question at issue:

> The Soviet Union is still a nation which allows no freedom of the press, no freedom of assembly, no freedom of religion, no freedom to emigrate to another country.

In other words, there has been no mellowing, after 50 years of United States-Soviet trade.

Three: "If we do not sell to the Russians, they will get it elsewhere." We spend $80 billion annually on a defense mechanism to protect our country against external threats. It is clear therefore that we have a very real problem with the U.S.S.R. Our relations must be based on principle, not expediency. National security cannot be subordinated to political pull or commercial profit. The tactic, "they will get it elsewhere" was first used by a few American businessmen in 1918 to get Woodrow Wilson to relax a trade embargo. So long as we have a defense problem, the only acceptable policy is to convince our allies that our trade is backfiring and subsidizes Soviet military capability.

Four: "Trade has no effect on Soviet military capability." On the contrary, the United States and its allies have built the Soviet military-industrial complex to a very significant extent and continue to subsidize it. A forthcoming book from Arlington House "National Suicide: Military Aid to the Soviet Union," outlines the 50-year story.

Five: "Those against trade are extremists and/or screwballs and/or warmongers." This is the tactic of outright despair, demonstrating the lack of rational argument and hard fact. A thorough examination of the evidence—all the evidence—not just selections—will uncover a powerful case against Soviet trade. The writer considers that the arguments against trade by far overwhelms the arguments for trade, at this time.

Six: "Admittedly the Russians want our technology, but this assistance is marginal; they could do it themselves, if they wanted."

Then why do they not go ahead and do it?

Because if you make a precise detailed technical examination of Russian plants and processes, one by one, from 1917 to 1973, you find almost complete technical dependence on the West. For example, you take each Soviet truck plant in turn, identify its equipment and processes, and check the technical attributes of each Russian model against Western models. The marginal assistance argument then collapses, the degree of Soviet dependence upon Western technology becomes obvious. In any event, any college economics text demonstrates that "the sum of the margins is the total."

Soviet innovation is limited to duplication and "scaling up." Their really successful work is in pure science, not applied technology; that is, for example, the Kirlian process, the use of vitamins against cancer—the FDA forbids U.S. work along these lines—and so on.

Seven: "If the Soviets are dependent on us we can control them and we have a weapon for peace." The Russians are like most other people in this world of ours: intelligent, proud, and capable. Sooner or later the Soviets would resent the status of being a technical colony of the United States. The most important single factor that inhibits Russian technical development is its unbending statist regime. The beneficiaries of Soviet dependency are the self-appointed Soviet rulers—to maintain their political power.

Eight: "Mutual interdependence will bring world peace." This collectivist cliche omits a basic historical truth: that statist systems are the most likely to get involved in conflict.

The "Brezhnev doctrine" is explicit. The Kremlin reserves the absolute right to intervene in any Socialist state. How do you derive peaceful intent from that kind of assertion?

Unfortunately, these totalitarian political systems are quite acceptable to a few international businessmen because state monopsonistic buying programs dovetail the marketing objectives of some super national corporate giants. Under Hitler it was Standard Oil that benefited from cooperation with I. G. Farben in Jasco. I. G. Farben was one of Hitler's financiers. Under Brezhnev, it is Occidental Petroleum cooperating with Amtorg, the Soviets foreign trade agency.

A recent article in Human Events—July 21, 1973—calls attention to the peculiarly successful history of Mr. Armand Hammer, the president of Occidental Petroleum, of his dealing with the Soviet Government over the past 50 years. The fact that he continues to enjoy such favored treatment from the Soviet Government is undisputed and could lead to a degree of justifiable suspicion that he is enjoying immense personal profits all the while he is contributing to the strength of the Soviets' economy, at the expense of the American taxpayer and consumer.

There is only one road to peace. To move toward a world of voluntary societies, each demonstrating by word and deed and protection of individual rights. The enemies of individual liberty will never achieve a world at peace. Neither can a world at peace be achieved by subsidizing the terrorization of Russian intellectuals, would-be emigrants and the

Russian faithful of all religions. Washington policymakers who brush aside these inhuman activities are not aiding the cause of peace. We cannot achieve a world at peace when foreign economic policy is covertly influenced by the ambitions of a mere handful of businessmen whose judgment is clouded by visions of huge profits.

To conclude: This administration—and specifically Henry Kissinger—has been less than forthright in release of full information about United States-Soviet dealings. But enough data is available to make clear the United States-Soviet trade as presently conducted, is a one-way blind alley.

The Soviets get the benefits, a few internationalist operators—such as Armand Hammer and Cyrus Eaton—get the cream of the order-book action, and the weary American taxpayer is expected to contribute the subsidies and the credits—at 6 percent, yet—and then guarantee the losses. We may find that when the "Great Debate" takes place, support for trade with the Soviet Union will join wheat and soybeans to become another scarce commodity.

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

Mr. BLACKBURN. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, the gentleman from Georgia is making an excellent point and one I would like to associate myself with. Also I would like to point out that if people will look at the statements emanating from Soviet Russia today by such distinguished people as Alexander I. Solzhenitsyn and Andrei D. Sakharov, they will see there can be no effective change in Soviet foreign policy until there have been changes in Soviet domestic policy.

The gentleman from Georgia is going to the heart of the question. I appreciate his leadership on this issue and I do associate myself with his remarks.

Mr. Chairman, the Trade Reform Act of 1973 being considered this week is one of the most significant pieces of legislation to come before this House this session.

Most of the debate surrounding its provisions on trade with the Soviet Union has focused on the terms of that trade, not on the efficacy of such trade per se, and such efficacy, I suggest, ought to remain open for debate, both within this House and throughout the Nation.

What are some of the possible dangers in a significant expansion of trade with the Soviet Union?

First, indiscriminate trade may jeopardize the security of the United States. There can be no trade in commodities of actual or potential military application.

Second, trade is not a simple commercial concept when dealing with the Soviet Union, for American firms will be trading not with private firms nor individuals but rather with the State itself or with State-controlled instrumentalities.

Third, trade, even in nonstrategic goods, can permit the Soviet Union to divert requisite consumer production to military production, as consumer-type commodities are provided through trade and not internal production.

Fourth, trade must be on terms which strengthen the U.S. dollar. Today, the American taxpayer is paying 7.75 percent interest on dollars borrowed by the Government of the United States for the extension of credits by both the Export-Import Bank and the Commodity Credit Corporation and the extension of credits to the Soviet Union by Eximbank and CCC at 6 percent means—

The American taxpayer is subsidizing the balance of that interest—or 1.75 percent.

The Soviet Union wants credits—credits underwritten by the American taxpayers—as conditions of trade.

Fifth, the Soviet Union, by sometimes disregarding ordinary patent conventions or treaties, seeks to buy prototypes for copying purposes.

Sixth, trade with the Soviet Union, by relieving that Nation of economic and domestic political burdens, discourages, rather than encourages, internal reform of the government or the economy.

Seventh, American businessmen are not starved for world markets and can seek more non-Communist foreign markets.

In summary, if we are going to permit trade with the Soviet Union or any other Communist country, we had better be sure that we are getting something we want—either in the form of physical resources or raw materials for production; or something intangible, like an expansion of the rights of their citizens; or in engendering a meaningful structural change in the domestic, policymaking institutions of societies. James Burnham, whom I quote hereafter, has made the point that there can be no real détente without changes in these policymaking institutions in the Soviet Union and a general opening up of the intellectual and political climate within the U.S.S.R.

This should, therefore, be a goal of our foreign trade policy.

One of its most important provisions is title IV, Trade Relations With Countries Not Enjoying Nondiscriminatory Treatment.

Section 402 of this title provides that, in order to assure the continued dedication of the United States to fundamental human rights, the products from any nonmarket economy country shall not be eligible to receive nondiscriminatory trade treatment—most-favored-nation treatment—MFN—and the President shall not conclude any commercial agreement with any such country, during the period beginning with the date on which the President determines that such country—

One, denies its citizens the right or opportunity to emigrate; or

Two, imposes more than a nominal tax on emigration or on the visas or other documents required for emigration for any purposes or causes whatsoever; or,

Three, imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizen to emigrate to the country of his choice.

The denial of such MFN treatment would end on the date on which the President determines that such country is no longer in violation of these criteria.

I have long supported the enactment of stringent requirements against conferring MFN treatment on those countries that deny fundamental human rights to their citizens.

The use of the economic power of the United States to obtain concessions from foreign nations—which concessions should result in the expansion of political freedom and the right of free expression by the citizens of those nations—ought to be an integral component of U.S. foreign policy.

The doctrine of noninterference," which has been advanced by those opposing section 402, holds that no nation ought to use its foreign policy in such a way as to "interfere" with the domestic policies of a second power—another country. When the United States must formally confer and negotiate with representatives of other countries, this is an understandable policy to publicly express. It is not, however, neither an accurate nor a desired doctrine. The controversial U.S.-Soviet Union grain deal shows clearly the way in which the Soviet Union was able to impact upon our domestic economy through that one trade package, for today we have inadequate domestic grain supplies for home consumption, a misallocation of railroad boxcars, a resulting rise in domestic food prices, a serious dock shortage in some ports, et cetera, and the resulting political implications arising from these economic stresses. I hope, therefore, that our foreign policymakers perceive the realities of this doctrine they espouse and its shortcomings, for trade can be an instrument—a weapon—for freedom.

The noted foreign affairs analyst, James Burnham, in discussing recent statements of Andrei D. Sakharov, the Soviet dissident intellectual and father of the Soviet hydrogen bomb, made an observation worthy of being brought to the attention of this House:

(Sakharov) is contending that in this specific case of the presently developing relation between the existing Soviet Union and the Western nations, it is impossible to affect Soviet foreign policy in a manner of benefit to the Western nations unless there is a change in the domestic structure; that, in fact, Soviet policy without domestic changes must be a continuing and increasing danger to Western Nations.

Thus, U.S. trade policy should be directed at building a détente based on Soviet deeds, not just words.

There can be little doubt but that the trials and so-called confessions now emanating from the Soviet Union are designed with only one clear purpose in mind: To intimidate and silence all internal criticism of the Soviet Government and to foreclose, thereby, any internal softening or normalization, for internal criticism, reason the Soviet leaders, would jeopardize extant and future hardline Kremlin policies.

That there has been substantial persecution of its citizens, particularly those who are members of minority religious or cultural heritages, cannot be questioned. Neither can its impact on the intellectual climate within the Soviet Union. In a paper prepared for the February 1971 Brussels Conference and subsequently published in the June 1971 issue of So-

viet Jewish Affairs, Mr. William Korey, speaks to the well-developed body of international law on this most basic of human rights—the "right to leave":

THE "RIGHT TO LEAVE" FOR SOVIET JEWS: LEGAL AND MORAL ASPECTS

(By William Korey)

The right of Soviet Jews to emigrate to Israel has recently become a widely known part of the general human rights problem.

* * * * *

International opinion is perhaps best expressed in a study conducted by an important United Nations organ, the Sub-Commission on Prevention of Discrimination and Protection of Minorities. Entitled 'Study of Discrimination in Respect of the Right of Everyone to Leave Any Country, Including His Own, and to Return to His Country,' the 115 page document was completed and published in 1963 after three years of exhaustive research. The Special Rapporteur of the Sub-Commission in preparing the Study was the distinguished jurist and statesman of the Philippine Islands, Judge José D. Inglés.

The Inglés study is probably the most important work ever prepared by the Sub-Commission on Prevention of Discrimination and Protection of Minorities and, indeed, it constitutes a landmark in the evolution of human freedom. Its principal theme runs as follows: Next to the right to life, the right to leave one's country is probably the most important of human rights. For, however fettered in one country a person's liberty might be and howsoever restricted his longing for self-identity, for spiritual and cultural fulfilment and for economic and social enhancement, opportunity to leave a country and seek a haven elsewhere can provide the basis for life and human integrity.

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It is the contention of Judge Inglés that the right to leave is 'a constituent element of personal liberty' and, therefore, should be subject to 'no other limitations' than the minimal ones provided in Article 29 of the Universal Declaration of Human Rights.

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The UN study makes the right to leave a precedent for other rights. Judge Inglés notes, for example, that, if a person is restrained from leaving a country, he may thereby be 'prevented' from observing or practising the tenets of his religion; he may be frustrated in efforts to marry and found a family; he might be 'unable to associate with his kith and kin'; and he could be prevented from obtaining the kind of education which he desires. Thus, the jurist concludes that disregard of the right to leave 'frequently gives rise to discrimination in respect of other human rights and fundamental freedoms, resulting at times in the complete denial of those rights and freedoms.' To this the Special Rapporteur adds that for a man who is being persecuted, denial of the right to leave 'may be tantamount to the total deprivation of liberty, if not life itself.'

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The Preamble notes that the right to leave and to return is 'an indispensable condition for the full enjoyment by all of other civil, political, economic, social and cultural rights'.

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There already exists a body of international law on the subject which conforms to international opinion as expressed in the Inglés study.

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U Thant has called the Universal Declaration the 'Magna Carta of Mankind.' It is far more than a mere moral manifesto. According to leading international lawyers who had assembled in Montreal in March 1968, the Universal Declaration 'constitutes an authoritative interpretation of the [UN] Charter of the highest order, and has over the years become a part of customary international law.' As early as December 1960, the General Assembly adopted by a unanimous vote of 89 to 0 a Declaration on Colonialism which specifies that all States shall observe faithfully and strictly the provisions of the . . . Universal Declaration on Human Rights'.[9] In 1961, the Assembly again voted—97 to 0—that all the provisions of the Declaration on Colonialism including the specific reference to the Universal Declaration be faithfully applied and implemented without delay. In 1962, it reaffirmed this 101 to 0. That same year the UN Office of Legal Affairs ruled that a UN Declaration 'may by custom become recognized as laying down rules binding upon States'.[10]

A second body of international law bearing upon the subject is the International Convention on the Elimination of All Forms of Racial Discrimination. This treaty, the culmination of three years of drafting work, was adopted unanimously by the General Assembly on 21 December 1965. Article 5, paragraph d, subsection 2 provides that each Contracting Party to the treaty 'guarantees the right of everyone' to enjoy, among various rights, 'the right to leave any country including his own, and to return to his country'.

The third major international legal document is the International Covenant on Civil and Political Rights. The result of 18 years of preliminary drafting work in various UN organs, the Covenant was adopted by a unanimous vote of the General Assembly on 16 December 1966. Article 12, paragraph 2 of the Covenant reads: 'Everyone shall be free to leave any country, including his own'.

Clearly, then, both authoritative world opinion and international law consider the right to leave a country as a fundamental human right binding on all Governments.

There is a very important point which should be stressed here: The provisions of the legislation pending before us, if enacted and when put into full force and effect, will apply to the rights of all citizens of foreign nations—not only those who are Jewish but to all others as well. Further, it will be applicable to all nonmarket economy countries, not just the Soviet Union. Thus, there will be hope extended by the promulgation of these provisions to all those people who want to leave the repressive and oppressive regimes of totalitarian or authoritarian societies—a hope that the economic power of the United States will be used to better their common lot, by encouraging requisite internal reforms necessary to the receipt of continuing trade assistance from the United States—something the vast majority of these foreign countries must have.

Avraham Shifrin, a Soviet Jew and intellectual who spent more than 30 years in and out of Soviet labor camps, spoke of those countless thousands now in labor camps and of the millions of people, who want to leave, that these detainees represent:

I urge a free world outcry of revulsion against the Soviet slave labor system of the 1970s. The U.S. and its free world allies can help in two ways. First, by exposing the facts, and second, by voicing our indignation. In helping them, we shall also be helping ourselves.

Yet, Mr. Chairman, where is the recognition of this spirit as a part of our foreign policy objectives? Are we to recognize only the search for markets and dollars as the denominators of our foreign policy judgments? What is so wrong with the use of moral and ethical criteria in the formulation of foreign policy when such criteria rest upon beliefs in political and economic freedom? Is not a foreign policy without adherence to a moral standard devoid of the goals and guidelines needed for making policies in the long term interest of free men?

I suggest that the provisions of the bill pending before us provide this House—and the Nation it represents—an opportunity seldom seized to reinforce our foreign policy with these moral and ethical considerations. The substance of this debate is the fundamental rights of all men. I can think of no more worthy a goal for the Nation and, most assuredly, for the people who are its intended beneficiaries.

Sakharov summed up what he perceived to be the obligations of this Congress:

I express the hope that the Congress of the United States, reflecting the will and the traditional love of freedom of the American people, will realize its historical responsibility before mankind and will find the strength to rise above temporary partisan considerations of commercialism and prestige.

I trust, Mr. Chairman, that we, today, rise to meet this challenge.

Mr. BLACKBURN. Mr. Chairman, I appreciate the gentleman's observations because he certainly points up very clearly that in the absence of some structural changes within the Soviet Union, that is changes which allow a free exchange of information, people, and ideas, with the Western World, there never will be a change in the Soviet foreign policy.

Certainly, the history of the Soviet state reveals that since the establishment of the same through Bolshevik revolution, every Soviet leader, whether Lenin or Stalin, Khrushchev or Brezhnev, has maintained the same steadfast determination to ultimately dominate the entire world. The present leadership of the Soviet Union demonstrates the same objectives today as Lenin exhibited in 1917.

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

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

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for yielding to me. I wish to compliment my colleague for bringing to the House many of these important facts about our present and past dealings with the Soviet Union. The gentleman has clearly documented we need to exercise tremendous caution in any kind of dealings that we have with this Soviet slave state because, as the gentleman has pointed out, their basic doctrine of world conquest has not changed.

The Members of the House can be grateful to the gentleman for so decisively refuting the many distorted myths about "honorable" trade with the Soviet Union. The gentleman from Georgia has crushed such fables as, first, "trade with Russia leads to peace," second, "the Soviets are mellowing" third, "trade has no effect on Soviet military capability," fourth, "those against Soviet trade are extremists" under a landslide

of facts. In addition, Mr. Chairman, Mr. Blackburn has thoughtfully proved that Communist Russia is a slave state for workers and our free labor country has difficulty in exchanging products and services with this type of regimented society.

In addition to the items mentioned by the gentleman from Georgia, I would like to review title IV of this legislation before us.

The stated purpose of title IV, as stated in the committee report, is the extension of "nondiscriminatory—column 1—tariff treatment in return for appropriate benefits to U.S. interests, provided such countries permit their citizens to emigrate and do not impose unreasonable financial barriers to emigration." In other words, "most-favored-nation treatment" is to be extended to "nonmarket economies" in accordance with provisions designed to insure "freedom of emigration" and protection against "market disruption." However, these provisions, as they now stand, are, in my judgment, so inadequate as devices to protect the stated concerns of the bill, that they may be regarded as virtually cosmetic.

The major deficiency in this title is the absence of any prohibition against granting credits and loan guarantees to nations which deny freedom of emigration to their citizens. Unlike the Vanik-Mills amendment, which I have cosponsored, this bill would deny only tariff benefits to the Soviets, which means that their exports, of vodka, for example, to this country would continue to be at a competitive disadvantage which would be relatively insignificant in the total trade picture.

What would be significant and effective, if we are really serious about insuring freedom of emigration, is to prohibit the extension of credits and loan guarantees to finance our exports to Russia, for without these credits and loan guarantees, the Russians would no longer be able to obtain American goods and technology of incalculable value in exchange for I.O.U.'s which are unredeemed and unredeemable.

This approach would also go a long way toward protecting other American interests in addition to freedom of emigration because it would prevent the recurrence of such massive giveaways as the wheat deal as well as the contribution of vital hardware and technology to the Soviet war effort. It might also slow down for a time the "dumping" of Soviet goods on the American market and the consequent loss of American jobs.

Additional conditions and safeguards will be needed, however, to protect against the sufficient "concessions" in the area of emigration to remove any prohibitions which may be imposed on that basis alone. If the Soviets were to allow all of the Soviet Jews and others who want to emigrate to leave tomorrow, I would still be concerned about the fact that Soviet currency is not convertible into so-called hard Western currencies. I would demand that the Soviets pay for whatever nonstrategic commodities we might sell them in gold, timber, or other commodities which the Soviets produce in abundance and which we sorely need.

I would insist that the Soviet Union provide detailed information regarding its financial condition and credit worthiness so that we might fairly evaluate its ability to pay market rates of interest on the loans which it has been demanding to receive as a condition of "détente." I would also want to find out what assurances we could obtain that the Soviets will not "dump" their goods on American markets. Such assurances are practically impossible to obtain with respect to a nonmarket economy because there is no satisfactory way to calculate the actual cost of production of goods in order to determine whether or not "dumping" has in fact taken place.

I want to emphasize that the conditions which I would impose are not designed to discourage the expansion of American exports. Rather they are only the conditions which any prudent business would insist upon and which are necessary if the Soviet Union is not to become a more-favored-nation than any of our longstanding allies, virtually all of whom are subject to the full disclosure and anti-dumping conditions of the General Agreement on Tariffs and Trade—GATT.

I strongly urge my colleagues to restore to title IV the prohibition against extension of credits and loan guarantees and to pursue other means to insure that the Soviets will not take undue advantage of our fairness and generosity in the future as they have done in the past.

Mr. Chairman, I think that the gentleman from Georgia is to be complimented for the very scholarly work he has done on this subject of trade with Communist Russia, I wish to associate myself with the thoughtful and factual presentation of the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, I thank the gentleman for his observation.

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

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

Mr. CORMAN. Mr. Chairman, I want to be sure I understood the gentleman correctly. At the beginning of his remarks, did he indicate that he will support the Mills-Vanik amendment?

Mr. BLACKBURN. Yes, I will support the Vanik-Mills Freedom of Emigration amendment in its entirety, namely with prohibition of taxpayer-backed credits and credit guarantees to the Soviet Union.

Mr. CORMAN. The amendment which will be offered by the gentleman from Ohio, which I intend to support, will be concerning withdrawal of credits.

But as I understand it, the thrust of the Mills-Vanik proposals is that they are not to cut off the opportunity for trade, but, rather, to effect the emigration rights of Soviet Jewry. It does seem to me there is quite a difference.

While the gentleman has pointed out some interesting facts about how this country has been run for the past 5 years, the fact of the matter is that if title IV stays in, with the two provisions, the sole thrust of those provisions is to make an effort to assure the rights of Soviet Jewry to emigrate from the Soviet Union.

I just wondered if the gentleman is supporting title IV, as amended, or seeking to strike title IV from the bill.

Mr. BLACKBURN. No, I think it would be a mistake to strike title IV from the bill.

In fact, I am not happy about using this bill as a vehicle to handle the issue of generous credits and credit guarantees to the Soviet Union. However, many of us believe that America's national security, as well as America's best economic interest, is not being served by the present trade policies with the Soviet Union.

But this is the best and the only vehicle which is available at this time to provide also protection for American taxpayer, American consumer, and American national security.

Mr. Chairman, I appreciate the gentleman's observation at this time, because it gives me the opportunity to announce that I intend to introduce legislation before we adjourn. My legislation will deal more directly to what our trade policy with the Soviet Union should be. Should we insist that they pay cash or should they be able to obtain our sophisticated technology and capital equipment on credit underwritten by our taxpayers? Should we not carefully scrutinize the use to which they will put our technological know-how and our capital equipment? We must be absolutely certain that our Nation's wealth will not be employed to injure the vital interest of the United States.

We want to make sure that the Soviets and other Communist governments will not use our technology and capital equipment for the purpose of strengthening their military capacity. We want to make sure that the sophisticated technology and capital goods provided by us will not be used by them to create industries and production processes which would be based on slave or semi-slave labor. Because this would lead to unfair practices (dumping on their part), unfair competition to our labor and industry, and it certainly would lead to disruptive effects on our economy as a whole.

Mr. Chairman, I fully intend to address myself to those problems.

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

Mr. BLACKBURN. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Chairman, I compliment the gentleman on his statement.

He has obviously done a great deal of study on this issue, and he feels very strongly about it.

However, following up the question asked by our friend, the gentleman from California, I would like to ask the gentleman if he is not somewhat concerned about what might happen from his point of view if the Russians were to comply with the elimination of the emigration tax and title IV remains in.

I would like to advise the gentleman that he will have the opportunity to vote against title IV in its entirety, if he wishes, tomorrow, because I intend to move to strike title IV, and I wish to ask him to consider over the evening's deliberations, to consider whether or not it might not better serve his point of view if title IV were, in fact, completely strick-

en from the bill, thus eliminating any possibility of such negotiation to extend the most favored nation standing with respect to both credit and tariff treatment to the Soviet Union.

Mr. BLACKBURN. Mr. Chairman, I am glad the gentleman from New York raised this question. My answer is: I have every confidence that the Soviet Government will not comply with either the spirit or the letter of the Vanik-Mills Freedom of Emigration Amendment. If they should ever let it be known that the doors of the Socialist "paradise" can be opened from the inside, the Soviet leaders would soon find themselves governing a barren wasteland.

Mr. SCHNEEBELI. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Chairman, the stated purposes of the Trade Reform Act are twofold: first, to stimulate U.S. economic growth and to maintain and enlarge U.S. foreign markets; and second, to "strengthen economic relations with foreign countries through the development of fair and equitable market opportunities and through open and nondscriminatory world trade."

These are very broad and fundamental objectives. They envisage nothing less than the construction of a more open, more equitable, and more stable world trading system. The bill provides the basic authorities, subject to carefully defined limitations, for the United States to participate effectively in realistic trade negotiations to achieve these ends.

This proposed legislation is global in its scope. It seeks an orderly international economic order within a structure of peaceful relations. It is both appropriate and essential, therefore, that such a comprehensive bill should include provisions concerning trade with the state trading countries, in addition to the industrialized countries and the developing countries. The structure of peace will not be sufficiently strengthened if the improved trading system is limited to only one part of the world. The new world economic order must include the less developed countries and the Communist nations. We cannot ignore half the globe.

Our own trade relations with the state trading countries—the Soviet Union, the People's Republic of China, and most of the smaller Eastern European countries have for too many years lagged far behind the practices of other major world trading countries. We have seen trade with the Communist countries by our principal allies grow regularly at a rate of increase greater than the growth of world trade as a whole.

By 1971 the total of trade exchanged between East and West had exceeded $24 billion annually—imports plus exports—while the U.S. share of this trade amounted to only $600 million, or only 2.5 percent of the total. The U.S. share of world trade as a whole, was close to 15 percent. If this ratio had applied to U.S. trade with the Communist countries, our trade would have exceeded $3.5 billion instead of $600 million.

In 1972 total East-West trade—imports plus exports—topped $29 billion. The U.S. share of this total had increased to 4.25 percent and amounted to over $1.2 billion. Other important trading countries, however, were still well ahead of us. West Germany's share of East-West trade came to $5.7 billion, Japan's to over $2.8 billion, Italy's to over $2 billion, and the United Kingdom and France close behind, with somewhat under $2 billion each. The countries of the European Economic Community as a group exported close to $7 billion of goods to Communist countries and imported close to $6.5 billion.

The time has long passed when the United States can afford to deny American companies the opportunity to earn needed dollars in nonstrategic trade with Communist areas. In its drafting of the Export Administration Act of 1969 and its amendments thereof in 1972, the Congress has made clear its view that with the exception of necessary limitations on strategic trade, the policy of the United States should be to encourage trade with all countries "except those with which such trade has been determined by the President to be against the national interest."

The proposed Trade Reform Act likewise reflects the objective of seeking fair and equitable trade relations with all nations, without reference to their systems of government or economic organization. This surely should be our aim if we are to have orderly international economic relations in the 1970's.

The Department of Commerce has acted constructively, within the requirements of the Export Administration Act of 1969, as amended, to remove unnecessary restraints on U.S. trade with Communist countries and to encourage actively the exploration of trade opportunities by American firms. A number of other steps have been taken as part of the process of opening up U.S. trade relations with the Communist countries. An East-West trade center has been set up in Vienna to assist American businessmen in contacts throughout Eastern Europe, a trade information office has been created in Warsaw to assist in United States-Polish trade contacts, and a new U.S. commercial office has been opened in Moscow. In addition, a Joint United States–U.S.S.R. Trade and Economic Council was established in October 1973 with broad business participation on the U.S. side. A United States-U.S.S.R. Commercial Commission was founded in May 1972 to "monitor the spectrum of United States-U.S.S.R. commercial relations, identifying and, when possible, resolving issues that may be of interest to both parties." There have been three sessions of the Commission in which a great deal of progress has been made on intergovernmental arrangements to improve the conditions for the conduct of trade. This includes in particular the conclusion of an overall trade agreement between the United States and the U.S.S.R., conditional on U.S. enactment of MFN tariff authority, and the settlement of Soviet lend-lease obligations in October 1972.

Also in 1972 a Joint American-Polish Trade Commission was established and has held several meetings to deal with trade issues, in particular to assure improved arrangements for business representation. Although there are not joint trade commissions with other countries of Eastern Europe; there have been discussions of trade matters and the reflection of interest in further trade development on both sides.

With respect to the People's Republic of China, it is encouraging that trade contacts have developed and that trade has increased so quickly after the President's trip to Peking signalized a reopening of relationships between the two countries.

These developments all indicate that the United States is well on the road toward working out a more normal trading relationship with those Communist countries that have exhibited the intent to improve relations with the United States. It is important that the United States be in a position to respond constructively in the field of trade relations. As we work to broaden the scope of our relationships with the Communist countries and to enlist their cooperation in constructing a safer and more peaceful world, we should also expand our trade and economic interchanges as a proper part of expanded normal relations across the board. Such actions to regularize our economic relations recognize a logical tie between improved political relations and improved economic relations.

The principal remaining barrier on the U.S. side to permitting nondiscriminatory treatment of trade with Communist countries is the existing statutory denial of most-favored-nation treatment of imports from all of the Communist countries except Yugoslavia and Poland. This means that the products of the Communist nations, excepting Yugoslavia and Poland, are subject to the higher 1930—column 2—rates of duty rather than the normal—column 1—rates of duty to which the products of all other nations are subject.

Title IV of the bill makes it possible to extend such nondiscriminatory U.S. tariff treatment to individual Communist countries not now receiving such treatment on conditions which assure that there will be benefits to the United States. Thus, the bill would permit nondiscriminatory tariff treatment to be extended either through a bilateral commercial agreement or through the General Agreement on Tariffs and Trade (GATT), whichever appears the more appropriate in the case of a particular country.

Title IV provides that if nondiscriminatory treatment is extended as part of a bilateral commercial agreement, certain conditions must be met:

First. The agreement shall be limited to 3 years, subject to renewal for additional periods not to exceed three years;

Second. It must provide for termination for national security reasons;

Third. It must contain safeguard arrangements to prevent disruption of domestic markets;

Fourth. It must assure patent rights equivalent to provisions of the Paris Convention for the Protection of Industrial Property;

Fifth. It must provide arrangements

for settlement of commercial disputes; and

Sixth. It must provide for intergovernmental consultations on the operation of the agreement.

The agreement may also contain other provisions that would benefit trade and would be appropriate in terms of the particular country involved. Moreover, any such agreement may enter into force only if neither House of Congress adopts a resolution disapproving it within 90 days after the President transmits a copy of it to Congress.

The essence of the carefully detailed conditions and safeguards in title IV is to create a framework within which the extension of most-favored-nation tariff treatment may be used as a negotiating device to make possible trade arrangements with Communist countries that will be of real value to U.S. trade as well as to the advancement of overall U.S. interests involving the Communist nations. This is a worthy objective. It is fully in the spirit of the President's wish, in connection with East-West relations generally, to move away from confrontation and toward negotiation in resolving international differences.

Title IV of the bill also contains provisions that condition the extension of MFN treatment upon compliance with stated standards of practice on emigration. These provisions reflect the problem faced in the Ways and Means Committee of balancing the very real importance of trade cooperation as a part of generally improved relations across the board with the desire to support free speech and free movement on a global basis. The provisions in title IV that condition the extension of MFN tariff treatment on a certification that citizens of the Communist countries can emigrate freely is intended to link these two concerns. The effect of the provisions, unless they are modified, is unquestionably to make it difficult if not impossible to initiate steps to extend MFN tariff treatment to any of the Communist countries, at least under present circumstances.

The extension of most-favored-nation treatment is a matter of great interest to the Communist countries. They wish both for reasons of national pride and for reasons of economic interest to receive equal treatment in American markets. A pledge by the United States to extend MFN treatment to the U.S.S.R was the key point in making possible the trade agreement and lend-lease settlement of October 1972. The United States-Soviet trade agreement of 1972 is in conformity with the provisions of title IV of this bill, apart from the condition respecting free emigration, but neither it nor the lend-lease settlement become definitely effective until authority to extend MFN tariff treatment is in the President's hands.

The authority to extend MFN tariff treatment to the Soviet Union and other Communist countries is essential if we are to continue in our efforts to further normalize trade relations with these countries. Normalization of trade relations is part of our objective of developing a mutual vested interest in cooperation and restraint in our bilateral relations with the U.S.S.R. We have substantially reduced the risk of direct United States-Soviet confrontation in crisis areas. The extension of MFN is essential to the full implementation of the Ocober 1972 U.S.-U.S.S.R. Trade Agreement and the lend-lease settlement. These agreements would bring benefits to the United States as well as to the U.S.S.R. and the implementation is important if progress is to be made in other fields.

The administration in 1972 on several occasions made known its support for MFN tariff treatment for Romania, a country which has shown significant independence from Soviet influence in its external relations. We have concluded a claims agreement with Hungary whose government has made considerable progress in decentralizing its economy and in relying on the interplay of market forces. Both of these countries—as well as Poland, which has had important trade relations with Western countries for many years—are now members of the GATT, and Romania has recently joined the IMF and the IBRD. The extension of MFN is an important consideration for these and other Communist countries—notably Czechoslovakia, Bulgaria, and the People's Republic of China—in negotiating commercial agreements, claims settlements, consular conventions, and other mutually beneficial arrangements.

In pure trade terms, the fact is that extension of MFN treatment by the United States is of crucial importance to the continued expansion of our own exports to the Communist countries. Our East-West trade has grown dramatically in 1972 and 1973. It is highly beneficial from our standpoint because our exports vastly exceed our imports.

From almost nothing in 1971 our exports to the People's Republic of China in 1973 will reach an estimated $850 million with an estimated $60 million of U.S. imports from the People's Republic of China. This is a favorable trade balance for the United States of 14 to 1. Such an imbalance cannot go on in the longer term unless the People's Republic of China has the possibility of earning dollars through exports to the United States on equal competitive terms with other countries.

Total U.S. exports to the Soviet Union are expected to reach about $1.4 billion in 1973. U.S. imports are estimated at about $190 million, making for an imbalance of 7 to 1 in favor of U.S. exports. The expected increase in U.S. nongrain exports to the Soviet Union from an average of about $135 million in the previous 3 years to almost $200 million in 1973 is helped by the new availability of Export-Import Bank credits and guarantees.

Even with the availability of credits for both agricultural and nonagricultural exports, however, the continued growth of United States-Soviet trade will depend at some point on Soviet ability to increase its sales in U.S. markets.

What is true of the PRC and the U.S.S.R. is also true of the countries of Eastern Europe not now receiving MFN treatment. Their purchases in the United States are running at three times their exports to the United States.

It is not only these economic considerations that argue for providing the President with now long-overdue authority to negotiate on nondiscriminatory tariff treatment with the Communist countries. It is also and even more strongly the political considerations that call for this authority.

Our relations with the major Communist powers—the Soviet Union and the People's Republic of China—are crucial to the maintenance of world peace in the future. We must be realistic in pursuing those relations. It is important to maintain our military strength so that we do not permit ourselves to be found at a disadvantage at crucial points in dealing with major problems. It is also important to test our relationships with the Communist powers by a standard of mutual commitment and mutual performance in finding solutions to problems.

I believe we have been realistic in insisting that there be responsibility in international conduct and that improved relations with the Communist powers not be exploited to weaken our ties with other friendly countries. On this basis it has been possible to make progress in many important ways in our East-West relations.

Progress on trade should reflect and be a part of progress generally with the Communist powers toward more stable international relations. It is logical and helpful that there should be a significant economic involvement of our two systems that parallels an increasingly constructive involvement on other issues. If it continues to be impossible for the United States to give final substance to the important expanded framework of economic relationships worked out with the U.S.S.R. in the October 1972 agreements, this will inevitably detract from the cooperative structure of overall relationships that we are attempting to build. Likewise, if it continues to be impossible to discuss enlarged economic relations based on the negotiation of most-favored-nation treatment with the People's Republic of China, this will diminish the prospects for further broadening of relationship and understanding between our two nations.

The enactment of this bill containing the authority provided in title IV is therefore an essential first step in furthering the movement toward greater understanding and cooperation in our relations with all the Communist countries.

Mr. ULLMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri (Mr. ICHORD).

Mr. ICHORD. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise to address myself to the question of trade to the Soviet Union and specifically in support of the Vanik amendment to the Trade Reform Act of 1973. It is my opinion that it is vital for us to take the step of adopting the Vanik amendment—the only one available to us under the rule granted for the consideration of this bill—to prohibit U.S. credit to the Soviet Union until we have adequate assurances that such

credit is in the best interest of this country.

Most of us entertain serious reservations about interfering in the internal affairs of other nations. We would not like it, for example, if some other nation tried to tell us how we should set quotas on those allowed to immigrate into our country each year. However, there are times when policies of certain nations are so repressive and devoid of basic humanitarian considerations that we cannot ignore them and act as if they did not exist. When we give a nation most favored nation trade status, which allows them to sell their goods in the United States with the lowest tariff charges, and especially when we extend credit to them from the hard-earned tax dollars of our citizens we are not fulfilling a right they have but we are extending a privilege to them.

Certainly we have the right, Mr. Chairman, to withhold any or all trade or financial assistance until we are satisfied that any nation has met certain basic standards we feel all human beings should be granted by their government. The Soviet Union is a closed society which does not tolerate the slightest criticism of the state. Our papers carry almost daily accounts of Soviet persecution of intellectuals, artists, or scientists who dare to question any decision or policy of the Soviet Government.

Mr. Chairman, I am well acquainted with the arguments of those who believe if we greatly expand trade with the Soviets by granting them most favored nation and long-term credit that our example will lead them to liberalize their immigration policies, move toward a more open society in which at least minimal dissent will be tolerated, and reorder their priorities between military and civilian programs. But such an approach is to put the cart before the horse. Let us first gain some assurances that they are ready to join the family of civilized nations by abandoning policies of internal repression and external conquest. The stakes are much too high for us to take the gamble and the risk when we hold the cards.

It is rather obvious that there is something basically wrong with a society which must erect an iron curtain or any other type of barrier to prevent citizens from immigrating to another country. There is something basically wrong with a society which deprives its citizens of simple domestic goods and services while spending inordinate amounts of its GNP on military matters.

The Vanik amendment is a good amendment for a number of reasons: First of all, it focuses on a humanitarian issue that should concern all of us who believe that man has a right to be free. Second, it does not deprive the Soviet Union or any other non-market nation of any responsibility—moral or otherwise—we have toward them. Third, it tells the world that we still cling to certain residual requirements for the treatment of human beings in any part of the world which cannot be compromised with our blessing. Fourth, the passage of this amendment will give us much needed time to thoroughly examine all the issues involved in the trade question as they relate to our economic policies, national security concerns and all the rest before we plunge headlong into a venture with so many potential consequences. Things have happened so rapidly since the Moscow Summit of May 1972, I am afraid that many people have not even stopped to assess the importance of these developments. The Soviet Union has already received millions of dollars in credit not only from the Commodity Credit Corporation but also from the Export-Import bank and preliminary commitments have been made for additional millions. At the same time projects are being studied involving billions of dollars of U.S. loans along with extensive sharing of our technology especially in connection with the Soviet oil and gas deposits in Siberia.

It appears to me that long-term credit with a subsidized interest rate, which, in effect, causes the American taxpayer to pick up the tab on part of the interest on money borrowed by the Soviet Government, is a giant step that must be carefully and extensively examined by the Congress of the United States. I personally believe that it would be a breach of confidence with the people who sent us here to represent them if we did not give such a move our most extensive deliberations. Logic would lead us to the unavoidable conclusion that extension of credit to the Soviet Union will make it easier for her to continue to divert over 12 percent of her GNP to the production of military hardware. I fail to see how this could possibly be in our best interest.

I submit, Mr. Chairman, that in our consideration of the granting of MFN status and credits to the Soviet Union, we should first stop and reflect upon why we spend approximately 80 billions a year on defense. We do not spend 80 billions because of the threat presented by Cuba. We do not spend 80 billions a year because of the threat presented by Red China. We are spending 80 billions a year primarily because of the threat which the Soviet Union presents to world peace.

In view of Russia's recent action in the Mid-East war, it is difficult for me to see where Russia has changed its objective of world domination through international communism.

I am not a businessman, Mr. Chairman, as I have pointed out on several occasions. I am a lawyer, an accountant and a teacher by training and experience and having held public office for better than 20 years, some people might call me a politician. If I were a businessman, and I had a product to sell, I would sell that product to my enemy as well as my friends, as long as I received a price which I thought was mutually advantageous, or personally advantageous to me. But I will be damned, Mr. Chairman, if I would lend that enemy the money to put me out of business.

This question of trade with the Soviet Union is of such importance that I have directed the staff of the Committee on Internal Security which I chair to do a preliminary staff study on the possible threats to national security that might be involved. As far as I can determine no committee or subcommittee of this House or the Senate has done an in-depth study on the potentially adverse effects that massive trade, extensive credit and exportation of our technology to the Soviet Union could have on the security of this Nation.

I am also concerned that no one committee has been in a position to tie together the various and diverse aspects of the trade question in a whole picture for our consideration. At least nine committees of the House of Representatives have an interest in and responsibility for one or more of the ramifications of expanded trade with the Soviet Union. With this thought in mind, I am now preparing a resolution to establish a temporary special committee with representation from all of these committees to thoroughly investigate the subject and report back to the House and the respective committees their findings.

Mr. Chairman, I urge the adoption of the Vanik amendment.

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

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

Mr. CORMAN. Mr. Chairman, I thank the gentleman for yielding to me. I would view with discretion that portion of the gentleman's presentation which seems to me makes something much more out of the Vanik amendment than it really is. It has nothing to do with us looking at whether or not it is in our own interest to grant credit or grant MFN status to the Soviet Union. The single question raised by the Vanik amendment is whether or not the Soviet Union uses racial or religious discrimination in their emigration policy.

Mr. ICHORD. I will ask the gentleman from California, does he feel at the present time the President of the United States could make a finding that the Soviet Union is not persecuting its Jews by its emigration policies?

Mr. CORMAN. No. sir; not at all.

Mr. ICHORD. Then I think the question answers itself. The amendment will effectively preclude MFN status and credit being extended to the Soviet Union.

Mr. CORMAN. I want to make it clear that I support both of those. I supported the Vanik amendment in committee. I will support the amendment on the floor.

Mr. ICHORD. I understand that.

Mr. CORMAN. The truth of the matter is that I call to the gentleman's attention the fact that the only way that we take away from the Soviets the power to determine whether they are to get MFN is to strike title IV. That is why the present speech and the previous speech made a better case for striking title IV than they do for the Vanik amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ULLMAN. I yield 1 additional minute to the gentleman from Missouri.

Mr. ICHORD. I thank the gentleman. Let me point out to the gentleman from California that I am not opposed to trade with the Soviet Union as long as it is mutually advantageous, but I am opposed to extending them credit making it much easier for them to continue to

divert so much of their gross national product to the production of military hardware. I would point out to the gentleman that even without this bill credits are being extended to the Soviet Union at the present time, and I oppose this.

Mr. CORMAN. Yes, sir.

Mr. ICHORD. The Vanik amendment will have the effect of stopping further extension of credits to the Soviet Union unless they change their emigration policies.

Mr. CORMAN. Yes, sir.

Will the gentleman yield further?

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

Mr. CORMAN. I thank the gentleman for yielding.

My point is that it is within their power to stop their discrimination.

Mr. ICHORD. I fully agree with the gentleman.

Mr. CORMAN. That is the only point I want to make.

Mr. ULLMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Chairman, I make no great pretense of detailed knowledge of Soviet politics, although I did receive my master's degree, long before I got in politics, in Russian Studies. I just want to make one observation. I, frankly, am not certain whether the extension of credits to the U.S.S.R. is in our national interest or not. I suspect what they want more than anything else is access to sophisticated American computer technology which will enable them to plan in a much more sophisticated way than they have been able to do up to now. As I said, I am not sure that that is in our long-range national interest, but just as surely as I stand here, I am sure that it is not in the long-range interests of the Jews who remain in Russia for either the language in this bill or the language in the Vanik amendment to pass.

I would make the simple prediction that Soviet Jews, if the language in this bill or the language in the Vanik amendment passes, will be worse off than they are today for one very simple reason. I think one can imagine how far any of us would get if we stood on the floor of this House and said:

"Well, the Russians say that we have to change our emigration policies or they are not going to do this or that with us, or they will not deal with us correctly on the Middle East."

I think the Members know how far each one of us would get if we said:

"Well, fellows, since Brezhnev says that is what we ought to do, that is what we had better do."

I submit to the Members that Mr. Brezhnev, although his political system is quite different from ours, is in precisely the same position as a politician. I do not believe he can go to his Politburo and say:

"Well, fellows, because the American Congress dictates we have to change our emigration policy or they will not trade with us, we had better change our emigration policy."

They are not going to do it. It is going to be more difficult for Russian politicians in positions of leadership to change Russian emigration policy as far as Soviet Jewry is concerned if we pass the language in this bill, or if we pass the Vanik amendment, than if we do nothing at all.

I would simply say that it is possible I think to draft language which could take care of this problem in a more sophisticated way and still provide Mr. Kissinger with the latitude he needs to negotiate with the Russians and provide at the same time for some assistance to Soviet Jewry, but I do not believe this language does it, and obviously under this rule we have no chance of changing that language.

Mr. SCHNEEBELI. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Chairman, I am deeply grateful to the gentleman from Pennsylvania for yielding me this time and I want at the outset to applaud the patience and perseverance and fortitude of the distinguished Committee on Ways and Means for their stick-to-it-iveness in being able to sit here until 6:35. I hope I am the clean-up hitter and I shall listen with renewed interest to the vigor with which the debate takes up tomorrow morning.

While I must admit every American industry has a vested interest in the trade bill now before us, I doubt that anyone stands to lose more than America's dairy farmer. The emergence from the Department of Agriculture of the so-called Flanigan report brought legitimacy to a perennial fear in America's dairy community that its rights would be "trade-off" for concessions from our GATT partners in the areas of beef, soybeans and feedgrains. While we all know the Flanigan reports is but one of many studies on the subject of agricultural trade negotiations, its "pie in the sky" philosophy has caused great concern among all of us who respect the productivity of America's farmers.

Few of us can ignore recent trends in the American farm community. Even if we had no preponderance of agri-business in our home districts, we all represent nearly one-half million price and quality conscious consumers. What we conclude here this week will have a significant effect on the future of American farmers and consumers alike.

Dairy farming, like all of agriculture, is in a convulsive state of flux. In addition to the changes that are taking place throughout agriculture, the dairy farmer is experiencing additional stresses that are compounding his problems. His production costs, especially soybean/protein supplements, have rapidly outstripped his returns over the past year. Economic stabilization actions, particularly the wage-price freeze, have severely limited his ability to recover the necessary costs of production. These factors, coupled with several recent actions to expand product imports, have led many dairy farmers to leave the dairy business because of inadequate prospects for future returns on existing investments. Recent USDA figures show that in January of 1973 milk production, in Wisconsin alone, was increasing at the rate of 1 percent annually. By September of this year, production had fallen off over 9 percent from the same time in 1972—tragic but obvious proof that the emigration crisis facing our dairy industry is a real one.

The dairy farmer faces a crisis of confidence in his market. In order for him to remain in business or for a prospective dairy farmer to make the investment needed to develop an economical facility, he must have some assurance that a stable market will exist. Otherwise, he cannot recover his cost of production, let alone expect a reasonable return.

It must be recognized that "free trade," as it is generally understood, is virtually nonexistent in world dairy markets. The European Economic Community, in particular, presently provides a very high degree of protection and assistance to its dairy producers in the form of high levies on imports and export subsidies designed to enable their produce to penetrate world markets. The list of examples is endless and outrageous:

(a) support prices of $6.79 per hundredweight on milk, as compared to $5.61 in the United States,

(b) a 38.3 cents export subsidy on butter and 37.78 cents per pound of cheddar cheese—November 1973.

In fact, last winter the EEC was so intent upon increasing their butter exports, in the hope of keeping their inefficient dairy farmers in business, that they sold 440 million pounds to the Soviet Union at 19 cents a pound. To make the sale possible at that price, the Community paid an export of more than 80 cents a pound—a 420 percent subsidization of actual sales value.

Subsidies notwithstanding, the EEC dairy produce is not exposed to the rigid sanitary supervision of American products. As my colleague and friend DAVID OBEY has noted in the July 19, 1973, CONGRESSIONAL RECORD: over 10 percent of all imported cheese is rejected at the point of entry into this country because it is "moldly or contaminated with insect larvae, unsafe chemical substances such as dieldrin or benzine hexachloride and other assorted junk." And, to make matters worse, most dairy imports are subject to spot checks only—which means most contaminated produce from foreign countries finds its way to our tables.

European nonfat dry milk, labeled by the USDA as too contagious to feed to our livestock due to contamination with dreaded foot and mouth disease bacteria, is instead fed to the American consumer. This type of unequivocably inferior product, by law, can never come out of American dairy plants, yet certain people, including Mr. Flanigan's committee, insist on increasing European imports!

All other things being equal, the American dairy farmer has nothing to fear. If EEC sanitation standards, subsidization levels, and general dairy technology were required by law to be equal to that of American standards in order to sell abroad, the EEC would soon lose virtually every world account they now command on the mistaken premise of efficiency and productivity.

The American dairy industry does close to $20 billion of business annually. And no one benefits more from a healthy dairy industry than the American consumer. If our dairy farmer, whose average age is already over 50 years old, is allowed to continue his emigration from the farm, we may soon see the greatest American food crisis yet.

Unlike beef, pork, and cheese, we cannot import fresh raw milk. How many mothers, especially those who are already caught in the price squeeze, want to pay double or triple what milk costs today, or, even worse, force their children to go without, because there simply is no milk available. Even if the EEC or New Zealand could supply our butter and cheese needs on a priority basis, America's dairy farmer would be so disheartened that a raw milk crisis would soon be inevitable. Moreover, we must have a healthy "hard product" market to sustain the weekly fluctuations in demand for fresh milk. Without a demonstration of confidence, America's dairymen will continue to sell out and move to the cities.

During the August recess, I had the opportunity to visit at length with consumers as well as dairy farmers. The price and availability of all food products was the prime subject of concern for everyone. While many farmers had already sold out or were culling their herds, I began to realize if something were not done soon, milk would be the next food product in short supply.

Upon my return to Washington, I wrote a letter to our distinguished colleague from Pennsylvania, HERMAN SCHNEEBELI. I raised my concerns over the viability of the Flanigan report and how the dairy importation problem would be dealt with in committee markup. His response was most heartwarming. While I would like to submit the entire text of his return letter into the RECORD, I read in part:

With more specific reference to dairy, I sought and received firm assurances from the Administration that protection for our own dairy industry would not be the subject of negotiation unless dairy policies of our major competitors also were on the table. Secretary Butz specifically acknowledged, in public testimony before the Committee, "that the dairy industry has been highly protected around the world. Surpluses have built up and certain of our trading partners have resorted to large export subsidies in order to market these surpluses. In a liberalized trading situation, we would expect that these export subsidies would be terminated, thereby ameliorating much of the adverse effect for U.S. producers."

I do not regard these as empty assurances. In any case, we will have the opportunity to judge the result for ourselves, since any negotiation conducted by the Administration covering dairy would have to come back to the Congress for review and could be vetoed if a simple majority of the members of either House felt the settlement obtained failed to provide fair competitive terms for the dairy industry.

A further clarification of the administration's position was released on Friday, September 28. In a speech before the American Society of Agricultural Consultants in Atlanta, Ga., Special Trade Representative to the President, William Eberle, said, and I quote:

As to the daily question, let me say flatly that we do not contemplate trading off our dairy industry in exchange for benefits for our grain producers. . . Our dairy industry is highly productive. Surely it cannot pay to ship feedstuffs from the U.S., feed lower productivity cows in Europe, produce dairy products from those cows in Europe, and then ship such products back to the U.S. at prices lower than our domestic production without the influence of enormous subsidies and other distorting policies.

Again, I would like to submit the entire releases made by Mr. Eberle on September 28, 1973, into the RECORD.

Finally, I would like to extend my compliments to the fine presentation made by AL ULLMAN, HERM SCHNEEBELI, and their fellow members of the Ways and Means Committee on the dairy question in the committee report. Specifically, in regard to nontariff barriers, the report of the Ways and Means Committee states:

In addition, the bill includes a provision stating that the attainment of competitive opportunities for our exports in developed countries equivalent to those accorded in our market to imports is to be a principal U.S. negotiating objective with respect to trade agreements on nontariff barriers. U.S. negotiators are to seek equivalent market access and equality of treatment, as between countries, for agricultural products and for product sectors of manufacturing. To the maximum extent, feasible and appropriate, negotiations on nontariff barriers are to be conducted on the basis of product sectors to achieve this negotiating objective.

It is the committee's intention that, where feasible, competitive balance should be sought for major product sectors within industry and agriculture. Industrial product sectors are to be defined by the Special Representative for Trade Negotiations together with the Secretaries of Commerce or Agriculture, as appropriate, and after consultation with the Advisory Committee for Trade Negotiations and interested private organizations. The product sectors may be broad in scope as appropriate to best accomplish the negotiating objective.

While the bill does not specifically require the establishment of product sectors in agriculture, it is the committee's intention that, where feasible, competitive balance should also be sought for major agricultural products. Concern has been expressed that provisions benefiting our domestic dairy industry would be negotiated away in order to secure greater access for other agricultural exports, with little regard for the severe discrimination and high level of protection afforded dairy products by our trading partners. But the Administration has assured the committee that protection for our own dairy industry would not be the subject of negotiation unless dairy policies of our major competitors were also on the table.

The committee fully expects that the Administration will, to the extent feasible, use its authority to provide equivalent market access for agricultural products.

In regard to this language, let me conclude by referring to the language in the bill and the committee report on these points. As the gentleman knows, the bill requires that negotiations on nontariff barriers insure equivalent market access and equality of treatment in product sectors to the extent feasible. I would like to ask the gentleman from Oregon if my understanding of the use of the term "to the extent feasible" in the bill and the committee report is correct. I assume this means that where nontariff barriers are applicable to product sectors on both sides of the bargaining table there would be mutual give and take on a reciprocal basis with respect to these products.

With specific reference to the dairy industry, I assume this is what is meant by the statement in the committee report "that competitive balance should also be sought for major agricultural products" and that "the administration has assured the committee that protection for our own dairy industry would not be the subject of negotiation unless the dairy policies of our major competitors were also on the table."

Does the gentleman agree with this statement?

Mr. ULLMAN. If the gentleman will yield, the gentleman raises a very important point. The Committee on Ways and Means felt very strongly that fairness demanded that where we open our markets to a range of foreign goods that our producers of similar goods be given the same type of opportunity when they sell abroad. We spelled this out in the bill, in section 102, as a principal negotiating objective in the nontariff barrier area.

The gentleman questions the intent behind the use of the phrase "to the extent feasible." We recognize that the measures we impose in the United States and those that are found abroad do not match perfectly. In some cases it may not be possible to achieve the reduction or removal of a nontariff form of protection for a particular product without tradeoffs in concessions among other product sectors. For one thing our trade interests naturally differ from those of our trading partners, otherwise I suppose that there would be very little basis for trade at all.

But the flexibility that we have provided when measuring the negotiating results in terms of the equivalency of competitive opportunities available here and abroad, would not serve as an excuse for not engaging in hard bargaining on foreign trade barriers on a given product sector when our own market is being opened up in that sector.

Mr. STEIGER of Wisconsin. I appreciate the gentleman's statement because we should make it absolutely clear that where there are NTB's on both sides of the bargaining table, there must also be a mutual give and take on a product basis. Because of certain EEC policies and problems, our trading partners already are asking us to yield on nontariff barriers on selected dairy products. With these factors in mind. I hope the gentleman from Oregon will take this opportunity to make it very clear that our negotiators cannot decline to bargain for competitive balance on a product basis simply because "it is not feasible."

Mr. ULLMAN. I already have responded to similar questions with respect to dairy products. Again, let me emphasize the fact that the Ways and Means Committee, and I am sure this House will hold the Administration to its commitment that domestic measures of particular interest to our own dairy industry will not be the subject of negotiation unless dairy policies of our major competitors were also the subject of negotiation. We expect the President to live up to the

negotiating objective of seeking competitive balance for major agricultural products, including specifically dairy. When any nontariff barrier agreement which affects dairy products is returned to the Congress, we will examine it closely to see whether the negotiating objective contained in the bill was in fact honored.

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

Mr. STEIGER of Wisconsin. I yield to the gentleman from Illinois.

Mr. COLLIER. There are cases where it would be impossible for our negotiators to negotiate on a rational basis a nontariff barrier. One good example of this, which is widely prevalent is on local government and State contracts where bids specifically prohibit the use of structural steel or many things that might go into that contract. It is done by State and local law and, therefore, is preempted by any action that might be taken.

(At the request of Mr. SCHNEEBELI, and by unanimous consent, Mr. STEIGER of Wisconsin was allowed to proceed for an additional 2 minutes.)

Mr. STEIGER of Wisconsin. Mr. Chairman, I appreciate very much the comments of the gentleman from Illinois.

I yield to the gentleman from Wisconsin (Mr. FROEHLICH).

Mr. FROEHLICH. Mr. Chairman, I would like to associate myself with the remarks on the dairy problem of my friend and colleague from Wisconsin BILL STEIGER, and thank him for the excellent work he has done to clarify the intent of the Congress in regard to the dairy question. I also want to thank AL ULLMAN, HERM SCHNEEBELI and their fellow members of the Ways and Means Committee for the reassurance they have given to the American dairy community in the committee report on the Trade Reform Act of 1973.

While the very best reassurance to dairy farmers would be in the form of specific language in H.R. 10710, I fully understand that this is not in keeping with the philosophy of the entire bill. My remarks today are not intended to underestimate the reassurances of the committee, but rather to reemphasize their absolute and undeniable importance.

The Trade Reform Act provides opportunities for American agriculture in general, but it also holds great liabilities for America's dairy industry unless the intent of the Congress is known and understood by the administration. We all know that benefits can result from reducing nontariff barriers and increasing accessibility to foreign markets. But, we know equally well that to achieve these ends, we will have to make concessions of our own.

It is the responsibility of the Congress to insure that these concessions are made on a quid pro quo basis in each product sector—not for the benefit of one sector at the disastrous expense of another.

In fact, however, the dairy farmers of my district are deeply apprehensive about the flexible language in this bill, especially in light of the Flanigan report and similar suggestions that their interests be traded away for benefits to our soybean, beef, and grain producers. While such tradeoffs may appear attractive to some, I am convinced that they would be disastrous for our dairy farmers and even more catastrophic for the American consumer. I am pleased that the committee has recognized these implications and seen fit to articulate congressional opposition to these expedient procedures for the upcoming trade negotiations.

The American dairy farmer has lived with frustration and disappointment for years. The Flanigan report is merely the culmination of this consternation in its most dreaded form—the elimination of protection for our dairy farmers with little or no reductions in the outlandish dairy protection policies of the EEC nations and other countries. Though this report is only one of many alternative suggestions, any serious contemplation of its recommendation would ruin America's dairy industry—and that would work severe hardship on 200 million consumers.

The American dairy industry has a history of making burdening investments in order to produce the finest products available anywhere in the world. It operates under stringent sanitary and production requirements enforced by the Federal Government for the benefit of all consumers. And it is not an overstatement to say that many farmers have gone for years realizing only minimal profits on the investments they have made—profits that would be totally unacceptable in most other industries.

Dairy farming simply is not a lucrative business. It takes an enormous dedication and a good dose of faith to make a go of it. But dairy farmers need more than faith to live. They need a solid, stable market for their hard products to counter the fluctuations in demand for raw milk. Without this market, they cannot produce milk for cheese and butter production, let alone milk for the consumer's table.

Yet, when demand is strong and prices rise, the Government consistently takes action to deny the farmer the opportunity to recoup the losses he has suffered in years gone by. This was the case three times this year alone; on April 25 when cheese imports were increased; again, on July 18 when quotas on nonfat dry milk were lifted; and a third time on November 1 when butter quotas were suspended. Not only have these shortsighted policies introduced instability to the domestic market for hard dairy products, but, in fact, they have reduced milk production altogether, and driven hundreds of farmers from the rural community. The implications that the farmers fear in this bill are not only that it will further reduce their market, but that it will put them out of business permanently.

All of this is totally unnecessary. The American dairy industry is the most efficient in the world. And, it could be a great positive factor in our balance of trade if it was competing on an equal footing with foreign dairy producers. Mr. STEIGER has positively shown that this equal footing does not exist under the present trade policies of our partners in Europe. But more than this, he has shown the state of desperation that afflicts foreign producers, as evidenced by the outrageous export subsidies and import levies that their governments support. Their products might be cheaper than our own in some cases, but this is not because they are better, only because their farmers are paid great sums to export and are totally protected from foreign competition.

When this fact is seen in light of the lack of sanitary requirements in many of those foreign nations, one begins to respect the American dairy farmer for his quality mindedness and efficiency. Anyone can produce inferior products cheaply, but it takes a great ability to produce quality products at competitive prices.

Let's take a look at the hard facts of the situation. In fiscal year 1972, nearly 10 percent of all inspected dairy imports were rejected for not meeting American standards—many did not even come close. Examination of FDA commercial import detention reports reveals that these import rejections were so low in quality as to make one nauseous at the thought of the filth they contained. When we understand that only 15 percent of dairy imports are ever inspected, it makes you wonder how many Americans are exposed to this garbage because 85 percent of it is never inspected at all.

To sacrifice the domestic markets of our own dairy producers will most certainly lead to increasing emigration from rural areas. As our colleague from Wisconsin has pointed out, it will also lead to the unavailability of milk for the American family, simply because farmers will no longer exist to produce that milk—and, despite the willingness of our foreign competitors to dump their products on our markets, they will not be able to provide us with raw milk. While the consumer might save a few pennies by importing our hard dairy products, I seriously doubt that he will be pleased by huge increases in milk prices and the dangerously low quality of other imported dairy products.

For all these reasons and many, many more too numerous to mention, it is with some relief that I view the intention of the Congress as expressed in the committee report. I appreciate the understanding shown by our colleagues on the committee and the knowledge that if this bill passes the negotiated results of these trade talks will necessitate congressional approval before they are implemented. But I will not be happy until those negotiations are completed and I know that the American dairy farmer has not been sacrificed once again.

Mr. STEIGER of Wisconsin. I appreciate very much the comments of the gentleman from Wisconsin (Mr. FROEHLICH).

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

Mr. STEIGER of Wisconsin. I yield to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Chairman, I thank the gentleman for yielding. I think he has made a fine contribution.

The trade reform bill on the floor today and tomorrow will touch the life of everyone in this country, and the lives of many millions of people abroad as well.

We can talk about this bill in broad, general terms like balance of payments, comparative advantage and economic expansion. But such generalizations do not answer the question that most people will ask: "How's it going to affect me?"

One group especially and justifiably concerned are the thousands of dairy farmers in Wisconsin and their counterparts throughout the country. When they think of world trade they ask a very basic and vitally important question: "Is the United States willing to cripple one important domestic industry—the dairy industry—in order to promote exports in other agricultural commodities?"

I am very pleased, indeed, that the report on this trade measure, and remarks by members of the Ways and Means Committee clearly indicate that it is the intent of the Congress that this not happened.

The reason they are forced to ask that question can be traced back to a once secret document called the Flanigan Report. This report was written over a year ago, and recommends the elimination of essentially all international trade barriers regarding agriculture, and an end to price supports for agricultural products in Europe and the United States. It suggests a tremendous increase in U.S. grain exports to European countries and Japan and an increase—on the order of $1 billion—in dairy imports to the United States.

What worries dairy farmers, and those of us concerned about the health of the dairy industry, is that in many ways this administration seems to be already implementing those recommendations.

The price support for milk was kept at its legal minimum of 75 percent of parity until the Congress increased it to 80 percent of parity last Fall, and Secretary of Agriculture Earl Butz has suggested that the minimum support level be eliminated altogether. And, in addition to that, over 400 million pounds of additional dairy products, especially non-fat dry milk and butter, have been imported into the country since December, 1972, mostly on an "emergency" basis.

Mr. Chairman, some people think dairy farmers are overreacting to all this and are edgy for no good reason. One nameless USDA official quoted in the Wall Street Journal recently said that dairy farmers were "paranoid."

But I think they have reason to be concerned. When you couple this administration's import policy and its determination to keep price supports at basement levels, with twists and turns in its economic stabilization policy and accelerated costs of production in the dairy industry, you know farmers have something to worry about. The result has been decreasing numbers of farmers, decreasing numbers of cows, and decreasing amounts of milk.

Every month for the past 12 months, we have had a decline in milk production compared to the same month a year ago. In Wisconsin in September production was down a record-breaking 9 percent, and 30,000 fewer cows were being milked than a year ago. And, while the Secretary of Agriculture would have us all believe that farmers are wallowing in newly found wealth, the fact is that from January through October of this year, gross incomes for dairy farmers increased 10 percent all right, but their costs of production increased 20 percent.

When the latest monthly figures came out, one newspaper reported that the picture for the American dairy farmer is bright, if he intends to sell his cows for beef and take it easy.

As serious as this may be for dairy farmers, the consumer has plenty to worry about too.

The administration has made no bones about the fact that dairy products were being imported to keep a lid on dairy prices at home, even though those prices lagged behind farmers' costs of production.

I can foresee the day, Mr. Chairman, if that is allowed to continue, that so many dairy farmers will call it quits that we will have to rely on imported dairy products to meet our needs. Lord knows, we should learn from our oil shortages today what happens when we grow to rely heavily on imports for anything. Just as with oil, if we grow dependent on others for our dairy products, the price of cheese, now kept artificially low by export subsidies, will rise substantially and we won't have any help in meeting our fluid needs at all.

I think we can forestall that unfortunate set of events if we guarantee dairy farmers a decent price for their milk and decent incomes for their families. We can help too if we have a more balanced import policy than that suggested in the Flanigan report.

I am glad to see that the administration has changed its tune in recent months and that it now seems less anxious to sell the dairy industry down the river in order to increase our sales of feed grain and soybeans. I think it is important during the debate on this bill that we set down for the record some of what they've been saying.

For example, Agriculture Secretary Butz said on November 27, 1973, that—

> This administration is prepared to put the matter of quotas on the negotiating table, but we're not going to give them away. We'll fight to prevent the dumping of subsidized dairy products in the United States.

Under Secretary of Agriculture Phil Campbell used almost the exact same language in a speech in South Dakota a month earlier.

In early November, Assistant Secretary of Agriculture Clayton Yeutter said:

> The Department of Agriculture will fight to prevent the dumping of subsidized dairy products on the dairy markets of the United States. In the long run there can be no rational alternative for free trade, but all farmers of the world will have to compete on an equal basis—and U.S. dairy farmers will have to have free access to all markets.

Perhaps of greatest importance was the remark referred to earlier by my colleague, Mr. STEIGER made by the President's Special Representative for Trade Negotiations, William D. Eberle, who said that the United States does not contemplate "trading off our dairy industry in exchange for benefits for our grain producers."

Mr. Chairman, there is one other subject of importance here which may be outside the scope of this bill, but which is certainly not unrelated to what I have been discussing. That is sanitation standards for the dairy products which are imported into this country.

Consumers in this country have become accustomed to uniform high quality in their dairy products. This grows out of the system of Federal, State and local inspections of the plants where milk is processed and the farms where it is produced. The dairy industry, from the farmer through the retail outlet, has invested millions of dollars to develop this high quality and to maintain it.

We have no real knowledge of the conditions under which imported products are produced. There are no legal requirements that they be produced under conditions similar to those established or required in this country. There is an inspection program administered by the Food and Drug Administration which makes an inspection of a random sample of imported dairy products. Due to a lack of adequate funds and manpower, this program falls far short of inspecting all but about 15 percent of the dairy products imported into this country. And, during a period of expanded imports such as we have seen this year, that percentage is even lower.

Even so, FDA reports are filled with notices of seizure of imports for such reasons as the presence of pesticide residues, filth, failure to conform to established product standards, or just plain unfit for human consumption.

It is because of my concern that such conditions should not be allowed to exist that I introduced with 30 cosponsors the Foreign Dairy Quality Act of 1973. That legislation would establish firm inspection requirements for farms producing milk and plants processing it into dairy products for import into the United States.

I am hopeful that the Congress will act on that legislation some time early next year. It would not only equalize the efforts American and European dairy farmers must make to produce wholesome products, but would help to shatter the myth that European farmers have an advantage over U.S. dairy farmers in efficiently producing milk.

We would, however, still have to solve two basic problems which face the international dairy industry. One is a constant fluctuation between surpluses and shortages and the other is the use of export subsidies which today make a mockery of so-called "free trade" as far as dairy products are concerned.

Last spring in Strasbourg at a meeting on agricultural policy attended by United States and Common Market officials, I suggested that a negotiated international agreement among major dairy producing countries, with minimum prices for dairy products, is one way we could bring equitable prices to the world's dairy producers. There is ample authority under this trade bill for the United States to conclude such an agreement.

I encourage our trade negotiators to do so. But let them also keep in mind that under this legislation, before any such agreement is formalized the Presi-

dent is required to notify Congress, and either House could veto the proposal if—in this case—it felt the dairy industry was being compromised. If and when such an agreement is signed, as I hope it will be, I am sure that a number of us in Congress will be scrutinizing it very carefully.

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

Mr. STEIGER of Wisconsin. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Chairman, I would like to commend the gentleman for his efforts. He has spoken to me many times about the fact he would like to see the dairy farmers and agricultural workers have justice in this area. He has been very thoughtful and very thorough. I agree with the evaluation just submitted by the gentleman from Oregon.

Mr. STEIGER of Wisconsin. I appreciate the comments of the gentleman.

Mr. ULLMAN. Mr. Chairman, I yield myself 1 minute. Does the gentleman from Pennsylvania have any additional requests for time?

Mr. SCHNEEBELI. Mr. Chairman, if the gentleman will yield, I would like to reserve 20 minutes for tomorrow, the balance of our time, for general debate.

Mr. ULLMAN. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. Does the gentleman from Pennsylvania yield back all time, except 20 minutes?

Mr. SCHNEEBELI. Yes. I yield back all but 20 minutes.

Mr. ULLMAN. Mr. Chairman, I would also say that Mr. DENT also has some time left. He was not able to be here this evening. He has 19 minutes. I reserve 20 minutes for tomorrow.

Mr. REUSS. Mr. Chairman, the Trade Reform Act before the House today is a good bill. We can take pride that at a time when the United States is caught up in its own morass of problems, from the scandals of Watergate to the growing fuel shortages, the bill does not fall victim to the isolationist or restrictionist sentiments which these domestic difficulties might otherwise have spawned.

The bill provides the President with the authority to proceed with negotiations to reduce trade barriers. The United States was instrumental in the call for this round of multilateral trade negotiations in the discussions prior to the 1971 Smithsonian Agreement. It is right that we should now be prepared to grant the President the power to carry out our earlier initiative. The bill permits the President discretion to eliminate tariffs below a minimum level of 5 percent, and to cut by fixed proportions those above this minimum. While I would be in favor of a broader tariff-cutting authority, which would allow the United States to bargain for freer trade, the bill provides adequate leverage to get further negotiations underway.

The bill also gives the President authority to bargain away a range of nontariff barriers—NTB's—on a mutually advantageous basis. These provisions are rightly subject to congressional approval. Such power to negotiate on all fronts to remove blocks to free trade is an essential requirement of effective international economic negotiation. The right of congressional veto over the elimination of any specific nontariff barrier limits the power of the President to act independently, and preserves for the Congress the necessary degree of control over foreign economic policy. The requirement of sectoral reciprocity in eliminating nontariff barriers unfortunately narrows the scope of negotiations to areas where such reciprocity exists. This limitation differs markedly from our tradition of conducting trade negotiations on the basis of overall reciprocity. But the total authority granted the President permits us to proceed toward promoting open and nondiscriminatory world trade.

I am happy to see that the bill provides a strong statutory basis for the Office of the Special Representative for Trade Negotiations. These provisions assure a clearer focal point for the formulation of U.S. trade policy, and a greater degree of independence for our chief negotiator.

The bill also provides for adjustment assistance to help workers and firms hurt by imports to move into lines of production that can survive without the need of protection. Such measures are essential to protect individuals from undue hardship resulting from freer trade. While the actual provisions could be more generous, they do provide the basis for dealing with the very real human problems which will arise as we move to rationalize the international division of labor. They are also the minimum we can provide to meet the very real concerns of labor to protect their members.

The bill wisely grants a generalized special tariff preference for exports of developing countries. Such provisions will help develop and strengthen the manufacturing sectors of poor countries which rely so heavily on these trade receipts. Most of the developed countries have already extended similar provisions for duty-free treatment to exports of developing countries. Now the United States, which was one of the early promoters of generalized preference, will join in.

It is regrettable that the trade bill includes no provision to change the tax treatment of multinational corporations. American subsidiaries should pay similar taxes on the profits from their overseas operations as their parents do here on earnings from domestic operations. Labor's concern about exporting jobs is a real one, particularly if we are subsidizing overseas operations through preferential tax treatment.

My only major reservation is the balance-of-payments authority delegated to the President under section 122. This seems superfluous and unwise. If the United States continues to let the dollar float in exchange markets, as we are wisely doing now, the exercise of this authority would prevent the deterioration or appreciation of the external value of the dollar which would be necessary to eliminate a balance-of-payments deficit or surplus, as the case may be. On the other hand, if we should ever revert to a fixed exchange rate parity for the dollar, the time limit proposed of 150 days would be much too short to allow a reversal in basic economic conditions sufficient to restore a satisfactory balance-of-payments equilibrium. I do not suggest that the 150-day limit be extended. Such a proposed delegation of power to the President is already too sweeping, particularly as we have not chosen to specify which balance-of-payments accounting surplus or deficit would be most relevant. I would hope that the Senate, when it considers the bill, will eliminate section 122.

But the Trade Reform Act does represent a major step forward toward open and nondiscriminatory trade. It deserves support.

Mr. FRASER. Mr. Chairman, I rise in support of the Trade Reform Act of 1973. Further delay in granting our Government the authority it needs to participate in the new multilateral trade negotiations under GATT—General Agreement on Tariffs and Trade—would be unwise. We must join the other nations of the world in developing more satisfactory rules for international trade and investment if we are to avoid drifting into regionalism and nationalism.

IMPORTANCE OF THE GATT NEGOTIATIONS

Delegates from 102 nations pledged themselves in Tokyo this September to "the progressive dismantling of obstacles to trade and the improvement of the international framework for the conduct of world trade." The new round of negotiations is scheduled for completion by the end of 1975. Under scrutiny will be nontariff barriers, as well as tariffs. Agriculture will be a major new item on the agenda. Earlier GATT negotiations focused on manufactured goods. As the world's most efficient food-producing nation, we will be trying to get the European Community and Japan to lower barriers to our agricultural exports. Developing nations' problems have been assured "special attention" and "special treatment." The GATT negotiations will also consider "an examination of the adequacy of the multilateral safeguard system"—that is the steps member nations take to protect domestic industries from threatening imports.

IMPORTANCE OF THIS BILL TO THE GATT NEGOTIATIONS

Crucial to the negotiations is the U.S. delegate's authority to enter into substantive negotiations. The other major powers have indicated their unwillingness to go to the negotiating table until Congress has granted the U.S. delegate the needed authority. A European Community spokesman has declared that "first and foremost we must all be ready to come to the negotiating table with adequate powers and proposals before too long a period has elapsed."

This bill will enable the U.S. delegate to do just this. To lose this opportunity now could mean a return to the disastrous economic nationalism of the post-World War I years that led to the economic collapse of the 1930's and eventually to World War II.

AUTHORITY GRANTED TO THE EXECUTIVE BRANCH IN THIS BILL IS HEAVILY SAFEGUARDED

This bill, it is true, grants new and needed authority to the executive branch, authority without which the

United States cannot take its place at the negotiating table. But the Ways and Means Committee has carefully restricted this authority:

The executive branch must notify the public and Congress of the items to be included in the negotiations.

It must ask the Tariff Commission to determine the impact that any specific negotiation will have on our domestic economy.

Limits on tariff reductions are carefully spelled out.

And for nontariff barrier agreements, the executive branch must consult beforehand with the House Ways and Means Committee and the Senate Finance Committee.

Furthermore, either House may veto any nontariff barrier agreement with which it disagrees.

EXPANDING OUR FOREIGN TRADE THROUGH THIS BILL WILL HELP, NOT HURT, OUR ECONOMY

We cannot cure what is wrong with our economy by altering our stance in international trade. This trade is only 5 percent of GNP. When unemployment was at its height, 2 million people had been put out of work, largely because of the Federal Government's misguided anti-inflationary measures. Two million people are many more than are involved in all of our foreign trade.

Although many more jobs are gained than are lost through trade, some dislocation unfortunately does occur through changing trade patterns. This bill takes important steps to safeguard American workers and industries from being seriously injured from competition of imports. I am under no illusions that trade adjustment assistance is a remedy for our economic ills, but it is a useful and needed part of a total program to assist individuals. Although the adjustment assistance provisions in the bill are not as strong as I would like to see, they are a distinct improvement over existing law and over the administration's proposals. Eligibility criteria are eased; relocation and retraining allowances are provided.

Open and vigorous trade is critical in maintaining fgriendly relations with the rest of the world. There are so many important reasons why we have to keep international trade channels open, reasons that have to do with the nature of war and peace and avoidance of the economic disasters of the 1930's which led to the growth of fascism and World War II.

I urge Members to support the Trade Reform Act of 1973.

Mr. MALLARY. Mr. Chairman, I consider this trade legislation to be a generally far-sighted proposal to update and improve our trade relations throughout the world. The thrust of the changes is far-reaching and certainly is the proper object of much debate. I am concerned, however, that we do not lose sight of the fact that such broad proposals will have a significant effect on the many individual sectors of our American economy.

The question which demands attention is: How will the legislation affect each particular sector of our economy? I am particularly concerned because, in Vermont, the dairy industry traditionally has been and continues to be a vital part of the economy.

Normally, our country has a surplus of milk over commercial requirements of about 5-billion pounds per year, out of an annual milk production of around 120-billion pounds. This surplus is usually bought up by the Commodity Credit Corporation under the price support program and is then used mainly for charitable purposes—mostly at home, but also abroad. Import quotas have the purpose of preventing imports from displacing domestic milk and thereby aggravating the surplus which the Government is required to buy up.

All this works to keep our foreign trade in dairy products a very minor part of the total picture. Why then is the Trade Reform Act important for dairy farmers?

First of all, the administration has recently taken steps to liberalize imports because of an abnormally poor production year. Cow numbers declined and production per cow dropped. Furthermore, CCC stocks of dairy products are down substantially from a year ago. We have imported some dairy products because of the reductions in domestic production.

On October 31, President Nixon authorized emergency temporary import quotas for butter and butteroil. The quotas are for 56-million pounds of butter and 22.5-million pounds of butteroil. Earlier, the President had authorized imports of 180-million pounds of nonfat dry milk. These earlier special quotas have now terminated, and the latest special quotas will end on December 31.

For the first time in many years the U.S. Government does not have a substantial stock of butter and cheese and nonfat dry milk imposing a ceiling over the market, stagnating trade, serving as a disincentive to production, and operating as an effective ceiling on dairymen's prices. If, through negotiation, we can move other countries in the same direction, this will be a plus for our own dairymen.

Changes in our dairy import policies should not be founded upon unilateral actions but upon a solid base arrived at through substantive negotiation. I believe that the negotiating process we are considering can remove many of the inequities which now characterize the international dairy situation.

On the other hand, I am pleased to note that if we cannot negotiate an acceptable agreement for dairy, Secretary Butz has indicated that he will fight to prevent the dumping of subsidized dairy products in the United States. He has taken a strong position in favor of using countervailing duties to prevent unfair competition in our markets. In other words, we are assured that if we liberalize import quotas in the United States, we will still have and will vigorously use a companion mechanism that protects our farmers against the threat of subsidized competition.

I am encouraged that the administration has assured that committee that provisions which would benefit the dairy industry will not be traded away in order to assure greater markets for other agricultural or industrial exports. The committee report makes it quite clear that protection for our own dairy industry would not be the subject of negotiation unless the dairy policies of our major competitors were also being discussed and open for negotiation. This assurance is vital to protect American dairy farmers against discriminatory practices overseas or foreign export subsidies.

The proposed Trade Reform Act would not only provide the President with authority to negotiate for improved trading conditions for dairy, it would also strengthen his hand in dealing with the subsidized exports of foreign countries either to this market or to third country markets. In my view, the interests of the dairy industry will be adequately protected by this bill which is otherwise so important to our continued role in world trade.

Mr. ARCHER. Mr. Chairman, I support H.R. 10710, in large part because of changes which our committee made in the provisions of law dealing with unfair trade practices by other countries.

Some of these changes, in title III of the bill, represent compromises on the part of committee members holding strongly to opposing points of view. Both sides worked hard to resolve their differences, in the interest of producing legislation which not only would be acceptable to each, but would be equitable and workable as well. I believe the results of this strenuous effort to reach a meeting of disparate minds have served to strengthen the bill as a whole, making it more responsive to the conditions of trade as they exist today.

The first major improvement in this area came in a revision of section 252 of the 1962 Trade Expansion Act, which sets forth responses which the President may make to unjustifiable or unreasonable import restrictions by other countries or instrumentalities.

Under section 301 of the bill, the President is required to take all appropriate and feasible steps within his power to eliminate three specific practices:

First, where another country maintains unjustifiable or unreasonable trade restrictions which impair the value of commitments made to the United States or which burden, restrict, or discriminate against U.S. commerce;

Second, where another country engages in discrimination or other acts or policies which are unjustifiable or unreasonable and which burden or restrict U.S. commerce;

And third, where a country provides subsidies—or incentives having the effect of subsidies—on its exports to the United States, or to third countries, which have the effect of substantially reducing sales of competitive U.S. products either in our domestic market, or in the market of the third country.

In responding to these practices, the President would be given discretionary authority to suspend, withdraw or prevent the application of benefits under a trade agreement, or to impose duties or other import restrictions for as long a period of time as he deemed appropriate. If he decided to take such action,

he would be required to give the Congress his reasons for doing so, and either House could, within 90 days, veto his decision by a majority vote of those present and voting.

In taking any retaliatory steps, the President would be required to consider the potential impact on our international obligations and on the purposes of this bill.

In cases where the foreign acts were deemed unjustifiable, he could take retaliatory steps on a broad, nondiscriminatory basis. In cases where the foreign acts were deemed unreasonable, he could respond only with respect to products of the offending country.

In the committee report on H.R. 10710, the term "unjustifiable restriction" is defined as one which violates international law or is inconsistent with international obligations; and the term "unreasonable restriction" is defined as one which may not be illegal but which adversely affects our benefits from trade agreements or otherwise discriminates against or unfairly burdens U.S. commerce.

The President can retaliate with respect to subsidies on exports to this country when three determinations have been made. First, a finding by the Treasury Secretary that a subsidy, or another incentive having the effect of a subsidy, actually existed. Second, a Tariff Commission finding that the subsidized exports really were reducing sales of competitive U.S. products. And third, a Presidential determination that remedies available under the antidumping and countervailing duty statutes were not adequate deterrents.

Appropriate provisions are included in this section of the bill for the presentation of views and for public hearings in connection with any retaliatory action which the President might choose to take.

The committee has made clear its intention that the term "commerce," as it is used in this section, should include services as well as goods. We were concerned about reported practices of discrimination against U.S. service industries, including but not limited to transportation, insurance, banking, and tourism. We additionally indicated our concern in another part of the bill by requiring that the President report to the Congress on the results of action taken to remove this type of discrimination wherever found in world commerce.

I might emphasize at this point that the principal change in law under this section of the bill lies in the provision of explicit authority to deal with subsidized exports to third country markets and to the U.S. market. The committee noted, in its report on the measure, that the countervailing duty statute should remain the primary tool for combating subsidy practices by foreign countries. But this law, which has been on the books since 1897, provides only for an additional duty to offset the foreign subsidy. In view of the rising problem of export subsidization around the world, we felt that new authority was needed, permitting the President to go beyond mere equalization and impose further restrictions to deter such practices. I believe this is an important improvement over present law and is one of the more attractive features of H.R. 10710.

In addition to these changes, the bill would make substantial alterations in the Antidumping Act and the countervailing duty statute, strengthening both laws and streamlining the procedures under which they are implemented.

The committee took note of the fact that the administration of the Antidumping Act by the Treasury Department has improved significantly in the past few years. There has been a marked reduction in the length of time consumed in completing antidumping investigations as well as an appreciable increase in the number of cases handled.

The committee was most desirous that vigorous enforcement continue. Accordingly, we have recommended the enactment of time limits on the decisionmaking process in Treasury Department investigations.

Under the bill, Treasury would have only 6 months—or in more complicated investigations, 9 months—after an investigation has been initiated, to determine whether there is reason to believe or suspect that a particular type of foreign merchandise is being sold in the United States at less than fair value; that is to say, at a dumped price.

If the decision is affirmative, an order is issued withholding appraisement of the merchandise in question. This decision is the most critical one in an antidumping investigation, for if appraisement is withheld, and this is followed by a final Treasury determination that the merchandise is being sold at dumped prices, and later by a finding of the Tariff Commission that there was injury to a domestic enterprise, then all affected merchandise is subject to the assessment of dumping duties starting from the date of withholding of appraisement.

Since Treasury regulations require that, generally, the decision on whether to initiate an investigation should be made within 30 days of receipt of a dumping complaint, and that a final determination must be made no later than 3 months after withholding of appraisement, final affirmative action by Treasury will come, in most cases, within 10 months of the date of a complaint. It will not come later than 13 months from the date of a complaint.

If a decision is made that there is no reason to believe or suspect that a particular type of foreign merchandise is being sold in the United States at a dumped price, then the Treasury Department issues a tentative negative determination. Under the bill, a tentative negative determination normally would be followed by a final decision within 3 months.

The bill would require both the Treasury and the Tariff Commission to hold hearings prior to any final determination. In order to preserve the informal and nonadversary nature of these proceedings, and to avoid unwarranted delays in reaching decisions, the hearings specifically would be exempted from the procedural requirements of the Administrative Procedure Act. In the interest of fairness to all parties, published determinations of the Treasury and the Tariff Commission would contain statements indicating the bases for their findings and conclusions.

A number of other substantive amendments to the Antidumping Act are included in H.R. 10710. These are designed to correct existing errors, close potential loopholes, and guarantee fair treatment of all companies subject to an investigation. One provision would insure that a product which is the subject of a dumping investigation could not escape the purview of the law simply because it is imported by someone corporately related to the foreign exporter and is further processed into a different type of product before being sold to an unrelated purchaser in the United States.

Another provision is designed to prevent sales, made in the foreign home market at less than cost of production, from being used in certain circumstances as a basis for determining whether merchandise is being sold in the United States at dumping prices. Without such a provision, sales to the United States at less than cost of production could escape the purview of the act if sales in the home market of the exporting country or sales to third countries also were made at prices which failed to meet the cost of production by an equal or greater amount.

A third new provision would codify existing Treasury regulations which provide a special rule for dumping investigations of products from state-controlled-economy countries. In such countries, prices in the home market or to third countries do not necessarily reflect the interplay of normal market forces. Therefore, provision is made for reference to the prices of similar products in nonstate-controlled-economy countries as a basis for the determination of whether dumping margins exist.

A fourth provision of the bill to amend the Antidumping Act would insure that a company will be judged to have sold, or not sold, at dumping prices solely on the basis of its own practices, and not on the basis of the selling prices of another company.

Even more significant than the Antidumping Act amendments, in strengthening the ability of the United States to respond appropriately to unfair trade practices, are the provisions of the bill relating to the countervailing duty law. This package represents a balanced approach to the troublesome problem of subsidized imports. It corrects important deficiencies in the statute, or in its administration, which have led to what we consider inadequate use of the law. At the same time it provides the administration, on a temporary basis, with the flexibility needed to avoid precipitous action that could endanger the successful completion of an international agreement on export subsidy practices.

Although the present countervailing duty law, which has been little changed since its enactment 76 years ago, mandates action by the Secretary of the Treasury whenever he determines that a bounty or grant is being paid on exports to the United States, the absence of any

time limit on the Secretary's action has led to lengthy delays in the application of the law. To remedy this, we have proposed a time limit of 12 months on the Secretary's decision, once he initiates an investigation. The Treasury Department has assured the committee that promptly following enactment of this legislation, regulations will be promulgated providing that the decision on whether to initiate a countervailing duty investigation will be made generally within 30 days after receipt of a complaint that a bounty or grant is being paid on exports to the United States.

Another significant provision would expand the countervailing duty law to include merchandise which is free of duty. Whatever reasons may have existed in the past for the exclusion of duty-free merchandise, the large number of items which now enter duty-free, combined with the significant increase in this category which likely would occur as a result of negotiations conducted under authority of this bill, make it clear that subsidized imports of duty-free merchandise can do serious injury to competitive American industries. Therefore, in accordance with our international obligations, the bill provides that countervailing duties would be imposed on duty-free merchandise if the Tariff Commission, within 3 months after the Secretary of the Treasury determines that a bounty or grant exists, finds that a U.S. industry is being injured by such subsidized duty-free imports. The provision for a Tariff Commission injury determination parallels the Antidumping Act and is combined with a suspension of liquidation provision which insures that the effective date of the imposition of countervailing duties on duty-free merchandise would be the same as if the merchandise were dutiable.

The committee recognized that requiring the Treasury Secretary to impose countervailing duties on merchandise which also is subject to quota restraints might amount to "overkill" in particular situations. Consequently, we have included a provision which would authorize the Secretary to refrain from imposing countervailing duties on merchandise if, after consulting with other appropriate agencies, he concludes that the quantitative limitations are an adequate substitute for countervailing duties.

The committee is very much aware that the upcoming trade negotiations will focus on export subsidy practices, that a number of these practices are central to the economic structure of certain foreign governments and that a number of programs of export assistance conducted by the United States could be considered by foreign governments as giving rise to unjustifiable subsidies, which might well be subject to foreign countervailing actions.

We are also mindful that the mandatory nature of the countervailing duty law, combined with the proposed 12 month time for action, could compel the Treasury to countervail against such practices in the midst of the negotiations, making the conclusion of a satisfactory trade agreement difficult if not impossible.

In view of all these factors, and in order to facilitate the reaching of international agreements on one of the most difficult trade problems, we have included in the bill a provision giving the Secretary a limited 4-year authority to refrain from imposing countervailing duties, if he concludes that the imposition would be likely to seriously jeopardize the satisfactory completion of negotiations. This authority would be limited to only 1 year in the case of investigations concerning merchandise produced by facilities which are owned or controlled by the government of a developed country, when the investment in or operation of such facilities is subsidized.

The committee is additionally aware that there are considerable differences of opinion as to what constitutes a permissible export subsidy practice. We certainly did not want to sanction any foreign export assistance scheme, nor did we want to frustrate efforts to reach a satisfactory international understanding. Indeed, we earnestly hope that a satisfactory agreement can be reached on export subsidy practices, and that this can serve as a basis for the further, permanent amendment of domestic law upon completion of the negotiations.

A final provision of the bill which concerns the countervailing duty law would amend section 516 of the Tariff Act of 1930 to provide for judicial review of negative countervailing duty determinations. Under a recent court decision, such determinations were held to be free from judicial challenge by American producers. We believe this decision denies American producers basic equity and impairs their ability to obtain appropriate relief under the countervailing duty law. Accordingly, we have amended section 516 to extend to them the same right of judicial review of negative countervailing duty determinations as are presently enjoyed by U.S. importers to contest countervailing duty assessments.

In conclusion, Mr. Chairman, I would emphasize that our committee worked very hard over a long period of time to develop the provisions of H.R. 10710 relating to unfair trade practices. We realize they may not meet the exact specifications of every Member. But they represent the best effort of our entire committee to bridge ideological gaps and bring to this body a fair and practical set of answers to some pressing trade problems.

I commend these provisions, and the bill as a whole, and urge that H.R. 10710 be approved.

Mr. PODELL. Mr. Chairman, there is no doubt in my mind that the United States must have a new trade law for the 1970's and beyond. We cannot afford to go on working with guidelines for foreign commerce which were established one or two generations ago. Nevertheless, the bill before us is so full of flaws that I must reluctantly vote against it.

There are a number of major problems in 10710. First, this bill grants sweeping new powers to the President at a time when the present occupant of that high office has abused and usurped powers on a level unparalleled in our history. Article 1, section 8 of our Constitution gives Congress the right "to regulate commerce with foreign nations." We could not choose a worse time to abdicate more of our powers and transfer them to the executive branch.

Second, the legislation fails to address itself to the Nation's runaway unemployment problem. Over 1 million jobs have been lost in this country in the past 7 years, in large part due to our trade policy. Moreover, the most recent figures issued by the Bureau of Labor Statistics show that unemployment went up again last month. The commercial agreements which are anticipated by H.R. 10710 would result in still more working Americans losing their jobs and joining the welfare rolls.

Third, the bill would allow "zero tariffs" on imports from various "banana republics" where dictatorships are able to impose extremely low wages. This special allowance will further hurt many of our domestic industries, such as electronics, footwear, and textiles.

Fourth, the proposal avoids the crucial issue of multinational corporations, such as ITT, which have spread their tentacles into every corner of the planet. These giant corporations, whose assets exceed those of some countries, have been manufacturing goods in low-wage areas abroad and then selling them to us in the United States. H.R. 10710 imposes no regulation on these corporations and does not close any of the tax loopholes for multinationals, which cost this country $3 billion every year.

Finally, the bill does nothing to alleviate our increasing dependence upon imports. The Arabs' embargo on shipments of oil to the United States is ample proof that Mr. Nixon's strange notions about "détente" are less important than American self-sufficiency. In the first 6 months of this year, the importation of goods increased by an incredible 23.6 percent over the same period a year ago.

In short, then, this bill raises many more questions than it answers. It does not come to grips with the problems faced by the American worker or the American consumer. Like so many other bills proposed by President Nixon, this legislation was drafted by and for the special interests. I believe that it is in the public interest to vote against this bill, and I intend to do so. At the same time, I am hopeful that we can promptly begin consideration of genuine trade reform legislation which we so urgently need.

Mr. KASTENMEIER. Mr. Chairman, while I would like to vote for this bill, I have for a variety of reasons some very real reservations about the thrust of this legislation. It is of such broad scope and has such great potential impact on the lives of every American that I am concerned that the authority which we grant in this bill will be abused to hinder rather than help the economic strength of this Nation. Although this concern runs to every part of this Nation's economy, I would at this time like to address my remarks specifically to the effects the bill

could have on this country's dairy industry.

Over the past year, there have been repeated statements of concern on the part of dairy farmers that the trade negotiations and agreements authorized under this legislation could lead to a tradeoff of the domestic dairy market for expansion of exports of other goods. The U.S. Department of Agriculture study that has become known as the "Flannigan report" recommends substantial increases in dairy imports in exchange for larger volume of U.S. feed grain exports.

If such action were carried out under the provisions of the Trade Reform Act we are considering here today, it would be a serious blow to all of the American dairy industry, but it would strike a particularly critical blow to Wisconsin dairy producers. Since fluid milk is highly perishable, most of the dairy imports would enter this country as manufactured products, such as nonfat dry milk and cheese. Three out of every four pounds of milk produced on Wisconsin farms goes into manufactured dairy products.

It does not take a prophet to predict what would happen to Wisconsin's billion dollar dairy industry if the recommendations of the Flannigan report were implemented. Other administration actions during the past 12 months have done nothing to relieve the fears of the dairy farmer.

On five occasions during the past year, the President has raised the import quota for nonfat dry milk, until today a total of 321 million pounds of the product have entered the country in addition to the permanent annual import quota of 1.8 million pounds. The import quotas on cheese have been increased by 50 percent in the last year. These actions were taken for the specific purpose of holding down product prices. Early this month, the import quota on butter and butterfat was expanded by the equivalent of 84 million pounds of butter. This action was taken in the face of rising butter production and a butter market that had fallen more than 15 cents a pound since October 1.

Last March, the price support level for milk was set at the legal minimum despite clear evidence that this would not bring forth adequate milk production. Recognizing this, Congress mandated an increase in the dairy price support level. Unfortunately, by the time this became law, the higher minimum level was too low to be effective in halting a decline in milk production that has reached very serious proportions. Again, the administration failed to seize the opportunity to take effective action and the price support was again set at the minimum permitted by law.

The price support actions and the import expansions have been viewed by dairy farmers as direct efforts to weaken the industry. Many have lost confidence in the future and have already departed from the business. At a time when much is heard about the need to hold down the cost of living and to take steps to assure the consumers of the Nation of adequate food supplies, it is difficult indeed to conceive of deliberate actions which actually discourage the production of a basic food item. This, unfortunately, is the case in the dairy industry.

What is urgently needed is some clear signal to the dairy farmer that his markets are not to be thrown open to the competition of freely subsidized imports from around the world. He needs to be told that the United States is not going to become the dumping ground for world dairy surpluses.

Unless such assurances are provided, there is no way that the needed confidence can be restored to the dairy industry. Without that confidence, we can expect a continued erosion of the productive capacity of the industry.

When a man enters the dairy business, he makes an investment that can only be recovered over a period of years. He dedicates himself and his family to a job that requires attention 7 days a week, 52 weeks a year. Unless he can reasonably expect that the investment and dedication will be rewarding in the sense that it provides an adequate living for his family, he is not going to make it.

The provisions of the report of the Ways and Means Committee stating it is aimed at providing the needed assurance that the dairy products markets of this country will not be sacrificed to expand markets for other products are helpful. I am hopeful that this assurance can be made clear and specific as an instruction to those who have the responsibility for the conduct of our trade negotiations. This is the minimum that is needed.

Mr. VANIK. Mr. Chairman, this trade bill comes to the House of Representatives at a most inappropriate time. Our Nation is staggering under the impact of an energy crisis. Signs of growing and widespread unemployment are on the horizon. Our partners in the free world are engaged in a horrendous display of disunity and self-survival. Our President's prestige and ability to negotiate from strength is clouded.

The principal beneficiaries of this bill are the American multinational corporations. Today, these corporations can shift their operation from nation to nation as they maneuver from tax responsibility anywhere. The other beneficiary is American agribusiness which shows no concern for the American diet when export profits are involved. They seek wider markets in Western Europe and Japan in exchange for a deeper foreign penetration into industrial America's markets. This is the manner in which agribusiness expresses gratitude to the American taxpayer who paid dearly in multibillion dollar subsidies to strengthen agriculture to assure adequate supplies at home at reasonable prices.

The bitter fruits of taxpayer largesse to American agriculture have spiraled domestic prices. Agribusiness, like its multinational counterpart, pays very little of its wealth in Federal taxes. The arrogance of American agribusiness and American multinational corporations appear beyond the control of the American people. Should this arrogance be rewarded with legislation which reinforces these policies?

Titles I, II, and III of this bill serve as such reinforcement. Although some discretionary authority originally requested by the administration has been eliminated, too much remains. The bill is still largely the President's legislation. The Congress should legislate trade policy—not abdicate responsibility. Under the bill as now written, the President will have the power to be free trader or protectionist and to reward his friends and punish his enemies.

This administration bill stakes out extensive authority for executive discretion—and this discretionary authority is carved out of the little that remains of the shattered and torn carcass of constitutional congressional authority and responsibility. If the Congress should finally pass this bill in its present form, it will move the Congress a considerable distance toward becoming an unnecessary branch of the Government. As far as trade is concerned, there will be little left for the Congress—but remorse for its own folly.

All trade bills have extended wide authority to the executive branch. But this bill exceeds prior grants of authority in both scope and substance. It would not be quite so bad if we really knew what the administration's trade position was. But the administration statements have not always been entirely consistent. The emphasis on either free trade or protection has depended on the particular administration spokesman and the audience he has been addressing.

Since the administration has given us little clear indication of what will be negotiated away and what exactly will be gained, we must look to the bill itself. However, the legislation grants powers right and left—but gives not a clue as to the congressionally mandated objectives of our negotiators. In short, the bill imposes no direction on the administration. It is a piece of putty, to be molded as the administration sees fit. We do not know how this President will use these powers—we can have no idea of how the next President will use them.

Not only is this the wrong bill—it is the wrong bill at the wrong time. It is unconscionable to proceed with a bill of this potential impact at a time when we have no idea what will happen to the American economy and the world economy during the next several months. To grant the President authority to enter into long-range negotiations and to make major economic decisions makes no sense whatsoever in a time of economic upheaval. It is certain that the world's major trading nations will be undergoing fundamental economic realinements. Industries will be developing and closing. Extraordinary pressures will be put on existing sectors of the economy. Some industries may be headed for a long-range recession. To add the uncertainties of major trade/economic changes would be to add chaos to confusion. The sensible thing to do now is to deal with the energy crisis and the economic dislocations it has caused. When we have a better understanding of the economic problems involved in meeting this new and most serious problem, then we can consider traditional trade legislation.

THIS IS AN AGRICULTURAL TRADE BILL

H.R. 10710 is a trade bill designed for and around the American farmer. It is clear from the testimony presented to the committee that American agriculture feels it has the most to gain. I find it interesting that one of the few executive agencies actively lobbying for this bill is the Agriculture Department. They seem particularly anxious to make more big sales to the Soviet Union.

I would like to make these comments on this aspect of the bill: First, it is imperative that the final trade bill contain some provisions for preventing the export of essential reserves of food supplies. We must not be permitted to export ourselves into starvation. Second, this bill should be amended to protect the consumer better by permitting a wider range of imports.

Third, while the farmer may have a short-term gain from this bill, he should be advised that by implication, this bill could lead to the termination of many of the subsidies now enjoyed by the agricultural sector.

It is generally agreed that American agriculture is the world's most efficient and productive. It is expected that our biggest increase in export sales can occur if foreign nations were to eliminate their barriers to American farm goods. The increase in potential agricultural trade exports is estimated in the billions. And according to recent highly complex economic studies by the Brookings Institution such increased foreign sales will increase the price of food goods to American consumers by at least several percentage points.

The productivity and efficiency of American agriculture are not solely the product of the American farmer. The first land grant colleges which provided for training in agriculture were paid for by the Federal Government and its taxpayers. Agriculture research has been financed by the Federal Government. Crop conservation and subsidy stabilization programs have cost the taxpayers tens of billions of dollars in the last decade. When a particular sector of the agricultural economy feels that it is threatened, it receives protections from the Government against imports. Quotas have been placed on milk, cheese, and meats—while thousands go hungry in our Nation's cities.

In light of the billions which have been spent to develop American agriculture and maintain it in a healthy state, this trade bill should have made provisions to prohibit the export of that productivity and profit to the detriment of the vast body of American consumers. Americans are entitled to a preference in American products. Export of food goods must be controlled and regulated when such exports threaten to unduly increase the domestc price of these vital items—items such as wheat, soybeans, feed grains, vegetable oils, meats and other products necessary for health diets.

SPECIAL IMPORT PROTECTION FOR AGRICULTURE

It is typical of the emphasis in this bill that agricultural products under marketing orders are excluded from the provision granting the President authority to suspend import barriers to restrain inflation. Section 22 marketing orders—anti-consumer devices designed to hold down supply and hold up price—are in effect on wheat, cotton, peanuts, and dairy products. Under this bill, import barriers on these products cannot be suspended to restrain inflation.

It is also interesting that in the section on nontariff removal, only one import restraint is specifically mentioned—American selling price; ASP is a system of valuation used mainly in the chemical industry. There is no mention of agricultural marketing orders. There is no reference to the Sugar Quota Act which in most years costs American consumers $400 million. There is no mention of the Meat Import Quota Law of 1964 which costs consumers—primarily the poor—$350 million per year. Nowhere can one find concern about the dairy quota which Brookings Institution economists estimate costs consumers half a billion dollars a year.

During the height of this year's beef crisis, I offered an amendment to repeal the Meat Import Quota Act of 1964. The motion lost 9 to 15.

The Department of Agriculture's hard-nosed position on the meat import quota law can be seen in the letter I received from the Secretary of Agriculture on May 10, 1973:

1(b). The Department does not regard present meat prices as a reason for repealing the Meat Import Quota Act of 1964. Quantitative restrictions on meat imports have been suspended since June 1972, and there is no prospect of their being reinstituted while current market conditions prevail. However, meat production is highly cyclical, and the Meat Import Act does provide safeguards if the supply situation changed and our producers were threatened with sudden sharp increases in imports. Meat prices have already begun to moderate, and a further decline is in prospect for this fall as a consequence of the record large increase anticipated for 1973 U.S. soybean plantings.

If we are granted the authorities contained in the proposed Trade Reform Act of 1973, we would be prepared to negotiate the elimination of our meat quotas in exchange for substantial concessions from our trading partners. But this would not preclude our producers from having recourse to the import relief provisions contained in Section 203 of the Trade Act in the event of imports causing or threatening injury.

The second paragraph, of course, holds out some hope for eventual repeal.

The first paragraph is nonsense. As we all know, meat prices did not decline until very recently. Second, suspension of the quota is not enough, repeal is essential.

Temporary suspension of meat supply restrictions does not appreciably increase the supply of the cheaper priced foreign processing meat. Foreign producers will not substantially alter their production and shipping plans for what appears to be a temporary change in the American market—a market which may be suddenly restricted by the stroke of a pen. For example, Australia, one of our principal trading partners, to protect its markets against sudden American actions, requires its ranchers to sell 1 pound of meat in the world market for every 2.5 pounds sold in the American market. The temporary relaxation of import quotas will not substantially increase meat supplies, since producers must plan years ahead to increase herds to meet American needs.

AGRICULTURAL EXPORT SUBSIDIES

Last year, the intelligence of the American people was insulted by the spectacle of $300 million in agricultural export subsidies being paid out to drain away domestically needed food goods.

After so many billions spent to develop and encourage the productivity of American agriculture, we should not permit subsidies to be applied or given to items for export. We must never repeat the debacle of last year's wheat "deal" which cost the American consumer some $3.2 billion in higher prices and economic dislocations. If loans and subsidies are necessary in the future, they should be limited to the necessary support of agricultural products required for domestic needs.

Fortunately, this bill does indicate very strongly that the United States is anxious to end the growing practice of export subsidies. As the committee report states:

The committee recommends that GATT articles be extended to conditions of trade not presently covered in order to move toward more fair trade practices. Many agricultural practices, such as export subsidies, production subsidies, and variable protection at the borders, are not specifically covered. (Page 26)

Later, on page 76, the committee recognizes that the United States—

May well be conducting programs of export-assists which foreign governments may find inconsistent with international law and policy.

It is very clearly the intention of the United States to move against the wide range of government subsidy programs. I am hopeful that this policy decision will be carried out evenly and across the board to remove or limit the wide range of agricultural subsidies and production payments which have so frequently raised the price of American farm goods and taxed the general public. This is particularly relevant to agriculture, since it appears that most American and foreign complaints under the GATT rules involve agricultural subsidies and restrictions.

I might add here, Mr. Chairman, that this policy objective should be applied to eliminate the DISC export subsidies. It is also time that the various developed nations of the world examined their systems of government-backed investment insurance plans and export banks. The reduction or control of these various institutions could save the American taxpayer—and taxpayers throughout the world—enormous sums.

FAILURE TO ASSIST AMERICAN WORKERS

The bill makes some show of protecting American interests and workers—but it is almost all verbiage. Title II and, more especially, title III deal with import relief from fair competition and from unfair trade practices. Almost none of title III is needed; it almost seems that it has been included to give the illusion of concern about unfair trade practices. Presidents already have the authority to move against this type of problem if they desire. It is interesting in this connection to note the language of the McKinley

Tariff, enacted in 1890 and still in force today, which deals with some of the situations which we are encountering today:

Whenever the President shall be satisfied that unjust discriminations are made by or under the authority of any foreign State against the importation to or sale in such foreign State of any product of the United States, he may direct that such products of such foreign State so discriminating against any product of the United States as he may deem proper shall be excluded from importation to the United States. . . .

19 U.S.C. 181

That American industry and labor should expect little in assistance from this bill can be seen by the fact that the President has been holding up a decision to grant import relief to the nonrubber footwear industry for two and a half years. He does not need a new bill to help him assist this industry. Indeed, the bill as written permits the President to delay in taking corrective action in some cases. For example, this bill will permit him to wait up to 4 years before taking retailatory action, if he feels the matter can be settled through negotiations. The question is, can the workers and companies involved wait 4 years?

FAILURE TO ASSIST AMERICAN WORKERS

It is also interesting to note that the congressional veto procedure is very one-sided. Congress can veto an import relief decision or retaliation-for-unfair-competition proposal, if it thinks that the action is too strong. But there is no provision for the Congress to veto a presidential decision not to provide relief.

Also typical of the weak provisions assisting American interests is the adjustment assistance portion of the bill. The section provides no relief to communities crippled by a plant closed by import competition. If a worker is undergoing job retraining, he is eligible for daily subsistence aid to help him travel to and attend the retraining programs. The bill provides for $5 a day in subsistence—the same as was provided in 1962. Apparently the administration feels that the cost-of-living has not gone up in the last 11 years. In the 1962 act, some impacted workers were eligible for assistance if they had been employed for $15 a week, 78 out of 156 weeks immediately preceding separation. The new bill stiffens that requirement to 26 out of 52 weeks at wages of $30 or more per week. Most important, the bill says that workers shall be eligible for job training—but sets up no special program for trade impacted workers. Under the "new" plan of manpower revenue sharing, how are such workers to be guaranteed retraining? Given the inadequate level of manpower funding by the administration, how can these workers realistically depend on Federal job-producing manpower programs?

CANADIAN-AMERICAN AUTOMOTIVE PARTS AGREEMENT

The failure to promote American trade interests with greater vigor can be seen in the administration's and the committee's failure to take stronger action under the Canadian-American Automotive Parts Agreement of 1965. The committee report notes that the Canadians have still not dropped certain transitional restrictions against U.S. exports. As the report states:

In the opinion of the committee our Government should obtain the termination of these transitional measures as soon as possible.

Largely as a result of this 1965 agreement, United States trade with Canada in automotive products declined from a favorable balance of $555 million in 1964 to a $1,375 million deficit in 1971. Although trade in automotive products has increased to 10 times its previous level, the increase has been heavily in Canada's favor.

The basic function of the agreement was to abolish all restrictions on automotive trade between the two countries—but this has yet to occur. Under annex—or amendment A—of the agreement, Canada was given certain favorable restrictions, which were meant to be temporary. These restrictions stipulate, basically, that only a governmentally recognized "manufacturer" can import U.S. auto items duty-free into Canada; the Canadian citizen buying a car directly from America would still pay a substantial duty. Canadian automotive imports, however, enter our country duty-free.

As I say, Mr. Chairman, these restrictions on U.S. exports were to be temporary. We were told by administration witnesses in 1965 that the Canadians would remove these restrictions by about 1968. The committee was also assured by Commerce Department officials that, despite the agreement, the United States would maintain a half billion dollar surplus in automotive products.

It is the possible repetition of this type of sloppy negotiation and protection of American interests that concerns me as we consider this new trade bill, with its enormous grants of discretionary authorities.

BALANCE-OF-PAYMENTS AUTHORITY—A NONSENSICAL GRANT OF AUTHORITY

Among the various provisions of H.R. 10710, perhaps section 122 relating to "balance-of-payments authority" is the strangest. It is an enormous grant of authority to the President. It cannot accomplish what it seeks to do—in fact, its use would probably cause more damage than benefit.

The section provides that—

To deal with a large and serious United States balance-of-payments deficit.

And—

To prevent an imminent and significant depreciation of the dollar in foreign exchange markets.

The President can proclaim a 15-percent, 150-day import surcharge and/or impose 150-day import quotas. Similarly, to prevent a "large and persistent" U.S. payments surplus or a "significant appreciation" of the dollar, the President may cut tariffs by 5 percent for 150 days or reduce import barriers.

There are any number of problems with this provision.

First, there is the problem of definitions. What is a "large and serious" deficit? How much is a "significant depreciation?"

Second, is it wise to grant import quota power, particularly since on the opposite page of the bill, it is stated that an American goal in GATT negotiations is to see that surcharges are the preferred means of handling balance-of-payments problems?

Third, how can a 150-day quota increase—or decrease—or a 150-day, 15-percent tariff increase—or 5-percent decrease—possibly solve a "large and serious" deficit—or surplus—or prevent a "significant" depreciation—or appreciation? The committee report sheds little light on the problem. For example, the report says:

The committee does not intend that a small or even a large balance-of-payments deficit of short duration would warrant the exercise of the authority under this section. On the other hand, the U.S. balance-of-payments position in August, 1971, represents an example of a large and serious deficit that promises to persist over time.

This provision is not intended, however, to provide authority to alter longer term trends in foreign exchange rates.

In early May, I wrote Secretary of the Treasury Shultz concerning the interest equalization tax legislation and the administration's plans to continue this tax which is designed to improve the balance of payments. As Secretary Shultz said to me in his reply letter of May 16:

Controls constitute a distortion to the process of the market and deal with symptoms rather than with the fundamental economic forces at work.

I would suggest, Mr. Chairman, that a small 150-day surcharge is a control which might arrest the symptom but cannot alter the fundamental economic forces at work creating a serious deficit. The imposition of this section would just disguise the balance-of-payments problem for a few months and once revoked, would simply result in renewed speculation for or against the dollar. It seems to me that speculative pressures could build up as the 150-day expiration date approached.

More importantly, underlying this whole section seems to be the idea of a return to fixed exchange rates. This return is implicit in the concern over the significant depreciation and appreciation of the dollar. In short, the United States—with little guidance and no real, clear debate in the Congress—seems to be moving back to the fixed rate system which has cost us so dearly in the last several years.

It is ridiculous to return to the fixed rate when the "dollar overhang" stands at about $100 billion. Most of this money is in the Eurodollar market, ready to flow in speculation against the target of a fixed dollar.

The desire to return to fixed rates appears to be a goal of the International Monetary Fund. During the last year of floating rates, the IMF has pretty much been a bureaucracy in search of a mission. But is it really necessary to return to the old system which allowed the dollar to get so far out of value and which resulted in an excessive flood of job-destroying imports? The floating exchange rates have weathered the severe political and economic troubles of the past 10 months and, second, world trade

and investment have continued to expand. The new system has proven tough and serviceable and should be continued.

I fear that section 122 will simply be further excuse to move to a fixed rate for the dollar—a philosophy which over the past decade cost us hundreds of thousands of jobs because imports were more attractive than our exports.

ABSENCE OF FOREIGN INCOME TAX REFORM PROVISIONS

While the President's trade message talked about the need for tax reform in certain foreign trade and investment situations, the bill he sent to the Congress did not include any tax reform language. Once again, the administration failed to deliver on the issue of tax reform. Without administration support, the Committee did not take any action on tax reform. If the Congress does not take this opportunity to include foreign income tax reform within the trade bill, it will probably pass up its only relatively "veto-proof" opportunity during the remaining 3 years of this administration's tenure.

In addition to the tax-reform proposals "talked about" in the administration's trade message, it is now time to examine the use of the percentage depletion allowance and the foreign tax credit by American multinational corporations operating in nations which have embargoed shipments to the United States. Oil companies—with about 50 percent of their operations in the Middle East—now claim about $2 billion a year from the Treasury under the foreign tax credit provision. The percentage depletion deduction for overseas operations is about $3.5 billion annually. In essence, the taxpayers of America are helping support the treasuries of nations which have cut off critical supplies of oil.

In 1969, the House repealed the deduction for percentage depletion in foreign operations, since it did not encourage the development of secure, domestic resources. The other Chamber, however, restored this provision. While we might want to retain this provision for operations in countries which permit oil shipments to us, it certainly makes no sense to continue what is now a one-way foreign aid program to unfriendly countries.

INTERNATIONAL SALES CORPORATIONS

There is another area in international trade where tax reform is vital. In the Revenue Act of 1971, the Congress created a new tax privilege or subsidy known as DISC—Domestic International Sales Corporations. DISC was designed to encourage companies to set up export "subsidiaries," whose income from export sales would, generally, be deferred. I recently asked the Treasury whether there was any proof that DISC's were resulting in increased export sales. I was told that over 3,000 DISC's had been created, but by the IRS's interpretation of the confidentiality laws, they could not even disclose the names of these corporations. Furthermore, no data was available as to whether this new loophole was actually resulting in increased exports. I have asked the GAO to provide me with information on the cost-effectiveness of the DISC provision. I am awaiting this study.

But DISC is having a result. In the budget speech delivered in the Canadian House of Commons on February 19, 1973, Minister of Finance and Member of Parliament, the Honorable John N. Turner explained, in part, the Canadian Government's decision to reduce the tax burden on industry as follows:

> These reductions will enable them (Canadian industry) to offset the serious competitive threat posed by the substantial tax subsidies for exports made available in the past year to U.S. corporations.

DISC will cost the Treasury hundreds of millions and gain us nothing, as country after country around the world sets up their own form of export subsidies. DISC should be eliminated before it costs any more in lost revenues and foreign retaliations.

THE TRADE BILL AND THE OIL CRISIS

As I said earlier, this is the wrong time to consider a major trade bill. A most serious, glaring problem in the bill is its failure to deal in any way with the energy and raw materials crisis. In short, the bill has been overtaken and rendered almost obsolete by the oil embargo. As Robert Gardner, law professor at Columbia University and a Deputy Assistant Secretary of State during the Kennedy administration said in his recent speech to the National Foreign Trade Convention:

> The Trade bill "has the appearance of a Rip Van Winkle who has returned to the international trade arena after a long sleep unaware that the most serious current threat to the economy of our country and that of our allies is the withholding of oil by the Arab countries.

The committee's report, printed at the start of the recent Middle East war, says that no attempt was made to develop a new energy import policy, but—

> It is the intention of the Committee to return to this important problem of establishing a rational and equitable allocation of imported energy resources.

It is obvious that the Committee will have to do a great deal more in the energy field—and hopefully soon.

It is one of the principles of the 1941 Atlantic Charter, signed by Roosevelt and Churchill, that after the war, all nations should have "access, on equal terms, to the trade and raw materials of the world." We are now being denied that access. And we are not doing anything about it.

Like most trade bills, this one focuses on entry to markets and totally fails to deal with the question of access to supplies. An amendment should be provided, giving the President the authority to deny our markets, exports and assistance to countries which wage economic warfare against us.

It has just come to my attention that the Soviet Union last month summarily cancelled its contracts to provide oil and gas to five Western European nations—in order to complement the Arab embargo.

The trade bill before us is heavily premised on such contracts, under which America would provide all of the capital investment and quite obviously could suffer the same fate.

CONCLUSION

I hope, at a minimum, that the Members of the House will support my amendment to deny credits to any nation which denies freedom of emigration. This language constitutes one of the few decent aspects of the bill. The adoption of this language will signal a clear-cut position of the American Congress to the Soviet leadership. This is an American trade bill and this Congress should work its will. Up to now, all trading between our two great nations has been conducted on Soviet terms. Genuine and long-term trade leading toward détente requires mutual give and take.

I believe in meaningful détente—developed and not purchased—based on mutual trust and respect among our peoples.

I want to express my thanks and admiration to my colleagues in the House who have stood by the great principles expressed in the freedom of emigration amendment. Their unfaltering commitment has done much to preserve the humane standards which make our Nation so great.

If our amendment is adopted—each Member must individually judge the merits of the rest of the bill.

As far as I am concerned, a vote for or against final passage is unrelated in any way to one's position on the freedom of emigration amendment. If the bill passes with the amendment, it places our potential new trading partners on notice of the conditions which we believe are necessary before trade can proceed. If the overall bill is defeated, it still serves notice on these countries of what we expect. If the credit ban dies with this bill, it will be included in other legislation—such as the Export-Import Bank extension now moving forward in the other Chamber.

The adoption of the amendment is a clear and unmistakable sign of where the Congress stands on this issue. Regardless of whether-or-not a bill passes, the amendment serves notice to other nations of our feelings on this fundamental question of human rights; it telegraphs to them the steps they will have to take before full trade eventually commences.

Mr. ULLMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair (Mr. BOLAND) Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to

revise and extend their remarks on the bill under consideration, and to include extraneous matter.

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

There was no objection.

STEWART AGAINST KYROS, COHEN, ET AL.

The SPEAKER laid before the House the following communications, which were read:

[In the U.S. District Court for the District of Maine, Southern Division, Civil Action File No. 14–115]

SUMMONS IN CIVIL ACTION

Paul K. Stewart, of Portland in the County of Cumberland and State of Maine, Plaintiff, v. Peter N. Kyros, member of the United States Congress from Maine, of Portland in the County of Cumberland, and William S. Cohen, member of the United States Congress from Maine, of Bangor in the County of Penobscot and State of Maine; Carl Albert, Speaker of the United States Congress from Oklahoma, and having an office and place of business as Speaker in Washington in the District of Columbia; and the New York Times Company, publishing a daily newspaper in the City and State of New York, Defendants.

To the above named Defendants: You are hereby summoned and required to serve upon Paul K. Stewart, Esq., plaintiff's attorney, whose address is 193 Middle Street, Portland, Maine 04111 an answer to the complaint which is herewith served upon you, within 60 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

MORRIS COX,
Clerk of Court.
ELISE H. CLARITY,
Deputy Clerk.

[Seal of Court.]
Date: December 6, 1973.

THE SPEAKER'S ROOMS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., December 10, 1973.

Hon. PETER MILK,
U.S. Attorney for the District of Maine, Federal Court House, Portland, Maine

DEAR MR. MILK: I am sending you a copy of a Summons and complaint in Civil Action No. 14–115 in the United States District Court for the District of Maine, Southern Division, against me in my official capacity as Speaker of the House of Representatives, received by certified mail on December 10, 1973.

Representatives Peter N. Kyros and William S. Cohen, both of Maine, have also received by certified mail copies of the Summons and complaint.

In accordance with the provisions of 2 U.S.C. 118, I respectfully request that you take appropriate action, as deemed necessary, under the supervision and direction of the Acting Attorney General in defense of this suit against the Speaker of the House of Representatives. I am also sending you a copy of the letter that I forwarded this date to the Acting Attorney General of the United States.

Sincerely,

CARL ALBERT.

THE SPEAKER'S ROOMS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., December 10, 1973.

Hon. ROBERT H. BORK,
Acting Attorney General, Department of Justice, Washington, D.C.

DEAR MR. BORK: On December 10, 1973, I received by certified mail a Summons and complaint in Civil Action No. 14–115 in the United States District Court for the District of Maine, Southern Division. A copy of the Summons and complaint is enclosed herewith. Representatives Peter N. Kyros and William S. Cohen, both of Maine, have also received Summons and complaint in the action.

In accordance with the provisions of 2 U.S.C. 118, I have sent a copy of the Summons and complaint in this action to the U.S. Attorney for the District of Maine requesting that he take appropriate action under the supervision and direction of the Acting Attorney General. I am also sending you a copy of the letter I forwarded this date to the U.S. Attorney.

Sincerely,

CARL ALBERT.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO FILE CONFERENCE REPORT ON H.R. 11324

Mr. McFALL. Mr. Speaker, at the request of the gentleman from West Virginia (Mr. STAGGERS), the chairman of the Committee on Interstate and Foreign Commerce, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a conference report on the bill H.R. 11324.

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

There was no objection.

CONFERENCE REPORT (H. REPT. NO. 93–709)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11324) to provide for daylight saving time on a year-round basis for a two-year trial period, and to require the Federal Communications Commission to permit certain daytime broadcast stations to operate before local sunrise, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Emergency Daylight Saving Time Energy Conservation Act of 1973".

SEC. 2. The Congress hereby finds and declares—

(1) that the United States faces severe energy shortages, especially in the winter of 1973–1974 and in the next several winters thereafter;

(2) that various studies of governmental and nongovernmental agencies indicate that year-round daylight saving time would produce an energy saving in electrical power consumption;

(3) that daylight saving time may yield energy savings in other areas besides electrical power consumption;

(4) that year-round daylight saving time could serve as an incentive for further energy conservation by individuals, companies, and the various governmental entities at all levels of government, that such energy conservation efforts could lead to greatly expanded energy savings and help meet the projected energy shortages, and that such energy conservation efforts could include but not be limited to such actions as—

(A) lowering office, home, and store thermostats several degrees;

(B) limiting unnecessary automobile travel and holding down the speed of necessary automobile travel;

(C) using energy efficient automobiles;

(D) using public transportation whenever possible;

(E) turning off office air-conditioners and heating plants an hour earlier in the afternoon; and

(F) limiting unnecessary use of electric lights;

(5) that the use of year-round daylight saving time could have other beneficial effects on the public interest, including the reduction of crime, improved traffic safety, more daylight outdoor playtime for the children and youth of our Nation, greater utilization of parks and recreation areas, expanded economic opportunity through extension of daylight hours to peak shopping hours and through extension of domestic office hours to periods of greater overlap with the European Economic Community; and

(6) that the emergency nature of an energy shortage require the temporary enactment of daylight saving time.

SEC. 3. (a) Notwithstanding the provisions of section 3(a) of the Uniform Time Act of 1966 (15 U.S.C. 260a(a)), the standard of time of each zone established by the Act of March 19, 1918 (15 U.S.C. 261–264), as modified by the Act of March 4, 1921 (15 U.S.C. 265), shall be advanced one hour and such time as so advanced shall for the purposes of such Act of March 19, 1918, as so modified, be the standard time of each such zone; except that any State with parts thereof in more than one time zone, and any State that lies entirely within one time zone and is not contiguous to any other State, may by law exempt the entire area of the State lying within one time zone from the provisions of this subsection.

(b) Notwithstanding any other provision of law, if a State, by proclamation of its Governor, makes a finding prior to the effective date of this Act, that an exemption from the operation of subsection (a) or a realinement of time zone limits is necessary to avoid undue hardship or to conserve fuel in such State or part thereof, the President or his designee may grant an exemption or realinement to such State.

(c) Any law in effect on October 27, 1973, adopted pursuant to section 3(a)(2) of the Uniform Time Act of 1966 by a State with parts thereof in more than one time zone, or adopted pursuant to section 3(a)(1) of such Act by a State that lies entirely within one time zone and is not contiguous to any other State, shall be held and considered to remain in effect as the exercise by that State of the exemption permitted by subsection (a) of this section unless that State, by law, provides that such exemption shall not apply during the effective period of this Act.

(d) The provisions of subsections (b) and (c) of section 3 and section 7 of the Uniform Time Act of 1966 shall apply to the provisions of this section.

SEC. 4. (a) The Secretary of Transportation shall, on or before June 30, 1974, submit an interim report, and on or before June 30, 1975, submit a final report, to the Congress on the operation and effects of this Act. Each such report shall give particular attention to such effects on the use of energy in the United States, traffic safety, including the safety of children traveling to and from school, and the effects on school hours. Each such report shall also include such recommendations for legislation or other action as the Secretary may determine. The final report shall include any recommendations of the Secretary with respect to time zone limits.

(b) The Secretary of Transportation shall consult with the departments, agencies, and instrumentalities of the United States having information or expertise with respect to the operation and effects of this Act. Each such department, agency, and instrumentality shall exercise its powers, duties, and functions in such manner as will assist in carrying out the provisions of this section.

SEC. 5. The authority of the Secretary of Transportation, under the first section of the Act of March 19, 1918 (15 U.S.C. 261), to modify the limits of any time zone is suspended during the effective period of this Act.

SEC. 6. Notwithstanding any other law or any regulation issued under any such law, the Federal Communication Commission shall, consistent with any existing treaty or other agreement, make such adjustment by general rules, or by interim action pending such general rules, with respect to hours of operation of daytime standard amplitude modulation broadcast stations, as may be consistent with the public interest, including the public's interest in receiving interference-free service. Such general rules, or interim action, may include variances with respect to operating power and other technical operating characteristics. Subsequent to the adoption of such general rules, they may be varied with respect to particular stations and areas because of the exigencies in each case.

SEC. 7. This Act shall take effect at 2 o'clock ante meridian on the fourth Sunday which occurs after the date of enactment of this Act and shall terminate at 2 o'clock antemeridian on the last Sunday of April 1975.

And the Senate agree to the same.

HARLEY O. STAGGERS,
JOHN E. MOSS,
BOB ECKHARDT,
JAMES T. BROYHILL,
JOHN H. WARE,
Managers on the Part of the House.

WARREN G. MAGNUSON,
JOHN O. PASTORE,
ADLAI E. STEVENSON III,
NORRIS COTTON,
J. GLENN BEALL, JR.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11324) to provide for daylight saving time on a year-round basis for a two-year trial period, and to require the Federal Communications Commission to permit certain daytime broadcast stations to operate before local sunrise, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text, and the House disagreed to the Senate amendment.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment.

The differences between the House bill, the Senate amendment thereto, and the substitute agreed to in conference are noted below except for clerical corrections, conforming changes made necessary by reason of agreements reached by the conferees, and minor drafting and clarifying changes.

SHORT TITLE

House Bill

The House bill provided that this legislation could be cited as the "Daylight Saving Time Act of 1973".

Senate Amendment

The Senate amendment provided that this legislation could be cited as the "Emergency Daylight Saving Time Energy Conservation Act of 1973".

Conference Substitute

The conference substitute is the same as the Senate amendment.

Congressional findings

House bill

No provision.

Senate amendment

Section 2 of the Senate amendment contained congressional findings that the United States faces severe energy shortages; that various studies indicate that year-round daylight saving time would produce an energy savings in electrical power consumption and may yield energy savings in other areas; that year-round daylight saving time could serve as an incentive for further energy conservation; that year-round daylight saving time could have other beneficial effects, such as reduction of crime and improved traffic safety; and that the emergency nature of the energy shortage requires the temporary enactment of daylight saving time.

Conference substitute

The conference substitute is the same as the Senate amendment.

ADVANCEMENT OF TIME

Duration

House bill

Section 2(a) of the House bill provided for a one-hour time advancement in each time zone on a year-round basis. Under the effective dates section of the House bill (section 6), this one-hour time advancement would be required from the first Sunday more than 15 days after enactment of this legislation until the last Sunday in April 1975. During such period, the House bill would supersede section 3(a) of the Uniform Time Act of 1966.

Senate Amendment

Section 3(c) of the Senate amendment amended section 3 of the Uniform Time Act of 1966 to add a new subsection (b) providing for a one-hour time advancement in each time zone from the fourth Sunday after the enactment of this legislation to the last Sunday in April of 1974, and from the last Sunday in October 1974 to the last Sunday in April 1975. Under the Senate amendment, the provisions of section 3(a) of the Uniform Time Act of 1966 would continue in effect from the last Sunday in April until the last Sunday in October of each year.

Conference Substitute

The conference substitute is the same as the House bill, except that it follows the Senate amendment in providing for the fourth Sunday after enactment as the beginning date of advanced time under this legislation. The conferees selected the later effective date of the Senate version in order to afford States an adequate opportunity to petition the President for relief under section 3(b) of this legislation.

Exemptions

House Bill

Section 2(a) of the House bill provided that any State with parts thereof in more than one time zone, and any State entirely within one time zone and not contiguous to any other State (Hawaii), could enact a State law exempting that part of the State in one time zone from the advanced time requirement of the House bill (continuous until the last Sunday in April of 1975). This provision gave the States divided by a time zone boundary the same authority granted under section 3(a) of the Uniform Time Act of 1966, which was intended to permit any State divided by a single time zone boundary to put the entire State on the same clock time.

Section 2(b) of the House bill provided that any State law enacted pursuant to section 3 of the Uniform Time Act of 1966, and in effect on October 27, 1973, exempting one time zone of a State with more than one time zone (Indiana), or exempting the entire State within one time zone if such State is not contiguous to any other State (Hawaii), would remain in effect as an exercise of the exemption authority granted by section 2(a) of the House bill unless that State enacted another law providing that such exemption would not apply for the duration of the House bill.

Section 4 of the House bill provided that the authority of the Secretary of Transportation to modify the limits of any time zone would be suspended for the duration of the House bill.

Under the House bill, the Commonwealth of Puerto Rico and the Virgin Islands would not be granted an exemption because neither is a State and the term "State" was not defined to include them.

Senate amendment

Under the new section 3(b) of the Uniform Time Act of 1966 added by section 3(c) of the Senate amendment, any State with parts thereof in more than one time zone, and any State entirely within one time zone and not contiguous to any other State (Hawaii, the Commonwealth of Puerto Rico, and the Virgin Islands), could enact a State law exempting that part of the State in one time zone from the advanced time requirement of the Senate amendment (winter months of 1973–1974 and 1974–1975).

The Senate amendment did not provide for an automatic exemption from advanced time for States with laws already enacted under the Uniform Time Act of 1966.

The Senate amendment did provide, however, that if the Governor of a State made a finding, before the beginning of either period of advanced time required by the Senate amendment (fourth Sunday after enactment and last Sunday in October of 1974), that an exemption from advanced time during such period, or a realinement of time zone boundaries, was necessary to prevent undue hardship or to conserve fuel, the President could, in his discretion, grant an exemption or a realinement to such State.

Also, under the Senate amendment the authority of the Secretary of Transportation to modify time zone limits would remain in effect.

Conference Substitute

The conference substitute is the same as the House bill with the following two exceptions:

1. The automatic exemption from observance of daylight saving time is extended to include the Commonwealth of Puerto Rico and the Virgin Islands as well as Indiana and Hawaii.

2. The Senate provision is retained, giving the President the authority to grant an exemption or realinement upon a Gubernatorial finding that an exemption or realinement of time zones is necessary to conserve fuel or prevent hardship. However, this authority in the conference substitute is limited to those States whose Governors issue a proclamation before the effective date for time advancement under this legislation. The ability of the President to delegate this authority is clarified by adding the words or his designee".

Effect on State law

House Bill

Section 2(c) of the House bill provided that subsections (b) and (c) of section 3 of the Uniform Time Act of 1966 would apply to the provisions of the House bill requiring advanced time on a year-round basis. These provisions of the Uniform Time Act of 1966 express the intent of the Congress to supersede State and local laws insofar as they provide for advances in time or changeover dates different from the requirements under Federal law, and provide that the Secretary of Transportation may enforce the Federal law by injunction obtained from an appropriate U.S. district court.

Senate Amendment

The Senate amendment did not contain a comparable provision. The provisions of the

Uniform Time Act of 1966 referred to in the House bill would continue to apply under the Senate amendment because the provisions of the Senate amendment were direct amendments to the 1966 Act.

Conference Substitute

The conference substitute is the same as the House bill, except that it also provides that section 7 of the Uniform Time Act of 1966 will apply in order to incorporate by reference the definition of the term "State" contained therein, which definition includes the District of Columbia, the Commonwealth of Puerto Rico, and any possession of the U.S. (Virgin Islands).

PERMANENT AMENDMENT TO UNIFORM TIME ACT OF 1966—YEAR-ROUND DAYLIGHT SAVING TIME

House Bill

No provision.

Senate Amendment

The Senate amendment added a new provision to section 3(a) of the Uniform Time Act of 1966 under which a State (including the District of Columbia, the Commonwealth of Puerto Rico, and any possession) could provide by law that the entire State (whether in one or more than one time zone) or that portion of the State entirely in one time zone observe advanced time on a year-round basis. Thus, advanced time would be observed during the present statutory April–October observance period unless exempt by State law, and for the balance of the year (i.e., year-round) if a State by law so elected.

Conference Substitute

This provision of the Senate amendment is omitted from the conference substitute.

The managers on the part of the Senate, particularly Senator Norris Cotton (R-N.H.), were insistent upon the retention of this provision providing States this new option, in addition to the exemption option now provided for in the Uniform Time Act of 1966, as amended, to observe by State law daylight saving time on a year-round basis. Recognizing that the House provision would generally mandate year-round observance of daylight saving time until the last Sunday of April 1975, and after being assured by the Chairman of the Senate Committee on Commerce and the Chairman of the House Committee on Interstate and Foreign Commerce, each of whom were conferees, that if one or more States were desirous of observing advanced time on a year-round basis, then hearings would be held by each Committee on legislation to afford the States this additional option following the termination of the Emergency Daylight Saving Time Energy Conservation Act of 1973, Senator Cotton reluctantly agreed to the conference substitute.

FEDERAL COMMUNICATIONS COMMISSION AUTHORITY OVER DAYTIME BROADCASTERS

House Bill

Section 5 of the House bill required the Federal Communications Commission to make adjustments, consistent with international obligations and the public interest in receiving interference-free broadcasts, to permit daytime standard AM broadcast stations to operate up to one hour before local sunrise. The adjustments could be made by general rule, or by interim action pending issuance of general rules, and could include variances with respect to operating power and other technical operating characteristics and also could be varied for particular stations and areas because of the exigencies in each case.

Senate Amendment

Section 8 of the Senate amendment was the same as the House bill except that the language limiting the authority of the Commission to permit pre-sunrise operating authority to not more than one hour before local sunrise was omitted.

Conference Substitute

The conference substitute is the same as the Senate amendment.

REPORTS

House Bill

Section 3 of the House bill required the Secretary of Transportation, after consultation with other Federal departments, agencies, and instrumentalities, to report to the Congress on or before June 30, 1975, with respect to the operation and effects of the House bill, particularly the effects on the use of energy. The report was required to include recommendations for legislation or other action. Other Federal agencies were required to assist in carrying out this section.

Senate Amendment

Section 4 of the Senate amendment required the Secretary of the Interior to make a comprehensive study of the energy conservation resulting from year-round observance of advanced time and, in coordination with the Secretary of Transportation, to review the appropriateness of present time zone boundaries. The Secretary of the Interior was required to submit to the President and to the Congress not later than June 30, 1975, a report on the results of his study, together with his recommendations and those of the Secretary of Transportation with regard to present time zone boundaries.

Section 7 of the Senate amendment required the Secretary of the Interior, in coordination with the Secretary of Transportation, to investigate the effect of the Senate amendment on traffic safety, including the safety of children traveling to and from school, and submit an interim report to the President and to the Congress not later than June 30, 1974. Such report was required to include the estimated savings of energy and the total effect of the Senate amendment.

Conference Substitute

The conference substitute follows the House bill in requiring the Secretary of Transportation to make the required reports after consultation with other Federal agencies (including the proposed Federal Energy Administration) having expertise or information with respect to the effects of this legislation and in requiring such agencies to cooperate in carrying out this provision. It follows the Senate amendment in requiring an interim report in addition to a final report. Each report must include recommendations for legislation or other action and particular attention must be given to its effects on the use of energy in the United States, on traffic safety (including safety of children traveling to and from school), and on school hours. The final report, like the Senate version, must include any recommendations of the Secretary of Transportation regarding time zone lines.

ALLOCATION OF PETROLEUM PRODUCTS

House Bill

No provision.

Senate Amendment

Section 5 of the Senate amendment prohibited the President or any department or agency of the United States from taking any action resulting in unreasonable discrimination against users or classes of users of refined petroleum products, or in unreasonable classification of such users, in carrying out any emergency energy rationing or conservation program involving the allocation of such products among users or restricting amounts sold to users. This provision did not apply to action taken under the Defense Production Act of 1950.

Conference Substitute

This provision of the Senate amendment is omitted from the conference substitute. However, it should be noted that the deletion of this provision does not indicate any opposition to it among the conferees.

The conferees recognized that severe hardships have been imposed on several sectors of the Nation's economy in recent months through administrative decisions which have arbitrarily cut allocations of fuel to whole sectors of the Nation's economy. The conferees agreed that unreasonable discriminations in fuel allocations must be terminated at the earliest possible date. Retention of the provision could make the conference report subject to parliamentary objection and might risk delay of enactment of any law for several weeks. The conferees took notice of the fact that a similar provision having substantially the same effect was reported by the House Interstate and Foreign Commerce Committee as section 115 of the Energy Emergency Act (H.R. 11450). The conferees agreed that the Energy Emergency Act is the proper context for such provision, especially since the Congress will take final action thereon before adjourning.

GOVERNMENT CONTRACTS

House Bill

No provision.

Senate Amendment

Section 6 of the Senate amendment required the head of any Federal agency to negotiate modifications of any contract between such agency and any contractor if the head of such agency determined that the ability of the contractor to perform in a timely manner would be materially impaired by a shortage of petroleum, petroleum products, or other energy-producing material beyond the control of the contractor and that such modification is not inconsistent with the national interest.

Conference Substitute

This provision of the Senate amendment is omitted from the conference substitute.

EFFECTIVE DATES

House Bill

Section 6 of the House bill provided that it would take effect on the first Sunday occurring more than 15 days after its enactment and would terminate on the last Sunday in April of 1975. During this period the provisions of the Uniform Time Act of 1966 would be superseded.

Senate Amendment

As noted earlier in this joint statement, section 3(c) of the Senate amendment added a new subsection (b) to section 3 of the Uniform Time Act of 1966 under which the one-hour time advancement required by the Senate amendment would be effective from the fourth Sunday after enactment to the last Sunday in April of 1974, and again from the last Sunday in October of 1974 to the last Sunday in April of 1975. During the two periods from the last Sunday in April to the last Sunday in October of 1974 and 1975 section 3(a) of the Uniform Time Act of 1966 would continue in effect.

Conference Substitute

The conference substitute follows the House bill in providing for a continuous period of required advanced time until the last Sunday in April of 1975, but it follows the Senate amendment in providing that such period will begin on the fourth Sunday after enactment of this legislation.

In order to avoid any possible misunderstanding, the conferees wish to emphasize that during the operative period of this legislation, except as expressly provided, the several States will not be able to exercise the available option under section 3(a) of the Uniform Time Act of 1966 to exempt a State by law from the observance of advanced time. However, after the termination date of this legislation on the last Sunday in April 1975, the Uniform Time Act of 1966 will resume in full force and effect.

Thus, when section 3(a) of the Uniform Time Act of 1966 does become effective again, State laws enacted under the exemption authority contained therein will again become effective and States which have not enacted such laws will again be permitted to exercise all of the exemption authority granted by such section, i.e., any State may exempt the entire State, whether or not it lies in

more than one time zone, or may exempt that part of the State which lies in one time zone, in the same manner as before this legislation was enacted.

HARLEY O. STAGGERS,
JOHN E. MOSS,
BOB ECKHARDT,
JAMES T. BROYHILL,
JOHN H. WARE,
Managers on the Part of the House.

WARREN G. MAGNUSON,
JOHN O. PASTORE,
ADLAI E. STEVENSON III,
NORRIS COTTON,
J. GLENN BEALL, Jr.,
Managers on the Part of the Senate.

HOUR OF MEETING ON TUESDAY, DECEMBER 11, 1973

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 a.m. tomorrow, Tuesday, December 11, 1973.

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

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. DANIELSON. Mr. Speaker, on Tuesday, December 4, 1973 on rollcall vote No. 619 on House Resolution 725, to make it an order to consider the conference report on S. 1443, the Foreign Assistance Act of 1973, I was shown as not voting. I was present and voted "aye."

THE ADMINISTRATION'S TRADE BILL IS WORSE THAN NO BILL AT ALL

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

Mr. BURKE of Massachusetts. Mr. Speaker, in a short time we will be taking up the Nixon administration's trade bill (H.R. 10710). This is neither the time nor is it the right climate to be discussing this legislation. The Middle East situation is of such a serious nature that a reasonable postponement is in order. This bill does not contain safeguards against the rise in unemployment that will result if this bill passes. The energy crisis will be worsened if this bill passes because there are no provisions in the bill to provide for an equitable and fair allocation of imported oil. As every Member of this House knows I am strongly opposed to this bill because it places in the Executive more power than any President ever had. It violates section 8 of article 1 of the U.S. Constitution and transfers the power and authority of regulating trade from the Congress to the President. Congress has already abdicated too much power to the White House. We are witnessing throughout the Nation high inflation, devaluation of the dollar, and loss of jobs, and one might say we are being reminded of the "days of Herbert Hoover" all over again.

I include a letter opposing the bill signed by George Meany, president of the American Federation of Labor and Congress of Industrial Organizations, and also to include a pamphlet put out by the AFL–CIO, entitled "The Administration's Trade Bill Is Worse Than No Bill at All:"

AMERICAN FEDERATION OF LABOR
AND CONGRESS OF INDUSTRIAL
ORGANIZATIONS,
Washington, D.C., December 5, 1973.

Hon. JAMES A. BURKE,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BURKE: Next week, the House will be voting on the Nixon Administration's trade bill (H.R. 10710).

The AFL–CIO finds this bill worse than no bill at all. We urge that you vote to defeat it.

As it now stands, the bill has been written almost completely to White House specifications. Its key feature is the grant to the President of unprecedented and sweeping new executive powers which he may use—unhindered by the normal restraints of Presidential powers—to permanently alter the structure of foreign trade and the structure of the U.S. economy.

The one feature of the measure not written to White House specifications, however, concerns the granting of most-favored-nation status to the Soviet Union. Title IV denies the extension of MFN to nations unless they permit free emigration. Further, under procedures allowed in the rule, an amendment will be offered to this provision by Rep. Charles Vanik (D. Ohio), which would deny the extension of credits by the United States to the Soviet Union.

The AFL–CIO supports these restrictions on the extension of MFN to the Soviet Union, and urges you to support Title IV and vote for the Vanik amendment. We would then urge you to vote to defeat the entire bill.

We believe that the far more logical approach to the pressing problems created by this nation's trade policies and by the growing world-wide energy crisis is for the House to reject the bill now before it and turn to writing a new trade bill in 1974 when the present turmoil of events does not cloud the scene. A strong, assertive trade bill in 1974 should, of course, contain strong restraints on MFN and credits to the Soviet Union.

Consider these facts:

The present trade bill has been withdrawn from floor action three times because of "unfavorable" events;

The bill's strongest backers admit publicly that support for the bill is eroding;

The N.Y. Times reported on December 4 that "higher unemployment next year" would reinforce strong opposition to the bill;

The Common Market nations and Japan quickly capitulated in the face of the Arab oil embargo, demonstrating their overriding concern with putting their own economic self-interests ahead of any American considerations.

In view of the fact that world-wide rapid change are occuring which will deeply affect not only the American economy but America's position with respect to trade with the rest of the world, approval of an Administration trade bill tailored to a set of circumstances which are becoming obsolete with each passing hour would be the height of folly.

Sincerely,

GEORGE MEANY,
President.

Enclosure.

THE ADMINISTRATION'S TRADE BILL IS WORSE THAN NO BILL AT ALL

The United States is suffering major problems of trade deficits, devaluations, inflation and an eroding industrial base. Each passing month brings more distortions in trade, more manufactured goods imported, more scarce raw materials and agricultural products exported, more twists and turns that wrack our economy and cry out for rational solution.

Instead of facing up to these problems of the Seventies, the Administration's Trade bill (H.R. 10710) is a re-run of the past trade policies that are now outdated and unrealistic. It is also a dangerous abdication of congressional authority that can cause far-flung harm to U.S. industry, business, consumers and workers.

I. THE BILL FAILS TO MEET AMERICA'S PROBLEMS

It fails to provide even a minimum program to regulate the flood of imports which are wiping out jobs and whole industries at a devastating rate. In the first half of 1973, imports rose by 23.6 percent over the like period of last year, and U.S. prices of imports rose by 25 percent in the same period.

It contains no provisions for the regulation of U.S.-based multinationals which export capital, jobs, production and technology abroad, then ship goods back to the U.S. as imports and/or displace U.S.-made goods in export markets.

It does nothing to close the present lucrative tax loopholes for American-based multinationals which make it more profitable for them to locate and produce abroad. These tax loopholes cost the U.S. some $3 billion a year in badly-needed revenue.

It takes no recognition of the loss of more than a million jobs and job opportunities in the U.S. since 1966 under present foreign trade and investment policies. It provides no assurance to either workers or industries that the future strength of America's industrial base will be protected.

II. THE BILL MAKES AMERICA'S PROBLEMS WORSE

The thrust of the bill's authority toward tariff cuts will accelerate imports. This will encourage still more U.S. industries to relocate abroad as their "defense" against imports.

The bill's authority for negotiating away non-tariff safeguards as "impediments" to trade endangers present laws on product safety, consumer protections, environmental standards and other domestic safeguards. International trade agreements altering or eliminating these laws at the federal, state and local level will be packaged for presentation in such a way as to make rational evaluation by Congress impossible.

The bill would permit special "zero tariffs" on imports from so-called emerging nations such as Taiwan, South Korea, Singapore, Haiti and other low-wage enclaves which already have taken over huge segments of production of U.S. electronics, textiles, apparel, and shoes. This will encourage more U.S. industries to abandon U.S. workers and move production to these preferential areas.

The bill relinquishes important trade powers of the Congress to the President. It gives him unprecedented authority. Congress would have only veto power over agreements on an up or down basis that would preclude effective assertions of congressional will.

The bill re-runs the illusion of help for import-injured workers through the federal dole of "adjustment assistance." This concept is a proven failure at meeting the real problems of import damage for both workers and industry. Under the present adjustment assistance program, only some 50,000 workers have received assistance in more than 10 years.

The bill gives the President sweeping power, in the name of fighting inflation, to negate the present weak laws concerning countervailing duty, escape clause, and antidumping. The President can, immediately upon enactment, arbitrarily increase the imports of goods from any country, eliminate voluntary agreements, end import restraints and suspend laws now in effect.

An extension of credits and most-favored-nation status to countries that deny their citizens basic liberties would be a direct slap at our democratic trading partners and should be denied.

STRONG LEGISLATION IS NEEDED

Strong trade legislation is needed, but it is far more preferable to start anew in January on a meaningful trade bill that will meet the nation's problems than to proceed with legislation that will extract a disastrous toll of jobs, industries and national well-being. A vote against the bill is a first step towards the consideration of new and effective trade legislation.

American workers in aircraft, chemical and allied products, steel, steel products, apparel, rubber, shoes, electronics, stone, clay and glass, textiles, transportation, construction, services, education, food processing and scores of other occupations urge you to defeat the Administration's trade bill.

Defeat H.R. 10710, the Administration's Trade Bill.

NATIONAL PROTECTION ACT

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

Mr. BLACKBURN. Mr. Speaker, I have come to the conclusion that the present trade policies of this administration relative to trade with the Soviet Union and the Iron Curtain bloc countries are endangering the United States. I have concluded that present trade policies are resulting in the transfer to the Soviet Union of technology which will have an immediate use in increasing the military strength of the Soviet Union. I have also concluded that the transfer of technology and American capital goods will allow the Soviet Union and the Iron Curtain bloc countries to compete on an unfair basis with American industries and American workingmen by using the benefit of Communist slave and nonfree labor.

Mr. Speaker, I bring these remarks to the attention of the House because we should have this in mind when we are considering the trade bill that will be considered today and tomorrow.

I am inserting some prepared remarks in the RECORD at this point, to which I invite the attention of my colleagues so that they too can be aware of the danger being presented to America's security as well as her economic interest by reason of the administration's trade policies.

NATIONAL PROTECTION ACT

The purpose of my act will be to prevent the exportation of American products, including agricultural commodities, technology, scientific accomplishments, and capital equipment, or reexporting of the same, to any country which takes actions to harm the U.S. economy or endanger the security of the United States.

A. PROTECTION OF THE AMERICAN ECONOMY

The present policies of this administration of allowing the indiscriminate exportation of American capital goods and technology to countries possessing both abundant natural resources and utilizing slave labor pose a serious threat to the competitive position of America's economy in world markets. The threat is twofold: First, a threat to the employment of skilled American labor which should not be expected to compete with slave labor; second, a threat to American industry which has developed a high degree of technology and sophistication in production under the stimulus of a competitive and market-oriented economy.

Today, it is recognized by any serious student of international economics that the Soviet Union and her Communist allies are suffering from a lagging economy in spite of an abundance of raw materials, space, and skilled labor. Their lagging economies can be traced in large measure to the stultifying effects of a heavy-handed bureaucracy dominated by political considerations and the lack of stimulus of competitive enterprises in which the innovation of man's imagination can be brought into full play. The stultifying influence of these factors is best reflected in the lack of notable advancement in new technology and imaginative management for the development of a healthy domestic economy. The leadership of the Soviet Union, as the leader of the Communist-dominated Eastern bloc countries, itself now recognizes their inability to meet the challenge of American technology. They are incapable of developing even the natural resources within the confines of their own boundaries.

The backward nature of Soviet technology should be an embarrassment to the Soviet leadership, but they have fouund a way to avoid the economic effects of such embarrassment. They have found that the American Government is now willing to make available to them technology which their economy has proven incapable of developing. Thus, present trade policies of the United States are making available to the Soviet Union, and her allies, the fruits of America's industries, her scientists, and her workers.

If we could feel that the Soviet leadership would accept such bounties in the spirit of fair competition for world markets and for the primary purpose of development of her domestic economy, with the benefits to flow primarily to the Soviet workers and the Soviet citizen, then we would have no need to view the receipt by her of such technology with serious misgivings. From all visible signs, however, it appears that the Soviet Government's intention is to use America's finest scientific and technological developments to further the expansion of her military capability while, at the same time, exploiting the citizens of her country for slave labor purposes in order to disrupt the Western economy, including that of the United States.

Last February, the Subcommittee on Internal Security of the Committee of the Judiciary of the U.S. Senate held public hearings on the Soviet labor camps—see publication "U.S.S.R. Labor Camps" by the Judiciary Committee. The hearings confirmed previous estimates that about 25 percent of the Soviet labor force consists of slave laborers. These Soviet subjects are placed in prison camps behind barbed wire under the guise that they are either politically unreliable or socially parasitic, and that they need the benefits of political and social reeducation. They are primarily utilized in Soviet basic industries in the Asiatic part of the Soviet Union—beyond the Ural Mountains and in Siberia. The rest of the Soviet labor force is in only a slightly better situation. They do not live in forced labor camps and under brutal control of sadistic guards, but they lack all basic freedoms common to their counterparts in the free world. Soviet workers are not free to bargain for the sale of their services to the only employer in the U.S.S.R., namely, the Communist state apparatus. Soviet nonslave workers are assigned to their jobs by the Communist aparatchicks of the Soviet government. Their meager wages are determined by the bureaucrats of the Soviet State Planning Commission. In other words, Soviet workers are not permitted to organize into free and independent labor unions in order to be able to obtain sufficient strength to negotiate on an equal footing with their employer—the Soviet government. Consequently, we have a phenomenon of a desperately underpaid and exploited labor force.

It is a common practice for the Soviet Union to dump products in the markets outside of its borders. There are numerous examples of semifinished products and products dumped in the world markets. To mention just a few: petroleum, natural gas, automobiles, various agricultural products, coal, chrome, motorcycles, steel, copper, vodka, and so forth.

On November 26 of this year, the Wall Street Journal presented an article dealing with the increasing degree of dumping on the Western markets of automobiles now manufactured in the Soviet Union and other Communist bloc countries. The base for manufacture of these cars was Western technological know-how and Western capital equipment provided to the Soviet Union on credit. Officials in the automotive industry have observed that the automobiles being exported by the Soviet Union into Western Europe are being sold at an unrealistically low price.

Such dumping makes little sense to a business- and profit-oriented Western observer, but to a Soviet Government, whose first consideration is political advantage, the disruption of a Western market is more important than any potential profit which they might be currently foregoing. For us, however, to improve their ability to carry out their economic warfare upon any of the Western markets is a form of economic insanity for which we have no one to blame but ourselves. The purpose of my legislation is to insist that our Government officials take into account the potential market disruptions with resulting high unemployment and economic distress in our country before we continue to allow the transfer of sophisticated technology and capital goods.

If the Communist governments were paying in hard cash or gold for the capital goods and technology, one could argue that the sales are improving America's balance of payments as well as our balance of trade. Such is not the case. We are transferring at a staggering pace benefits to the Soviet Union and her satellites and receiving in turn I O U's of questionable value, I O U's which, at best, can only be repaid out of the proceeds of exploitation of slave labor and at the cost of unemployment and economic disruptions in our realm.

B. PROTECTION OF NATIONAL SECURITY

The other area of national concern adversely effected by the transfer of American technological know-how, cap-

ital equipment and scientific achievement to the Soviet Union and Warsaw Pact nations is that of national defense. A 10-year study by the prestigious Hoover Institute at Stanford University establishes that the Soviets have been unable to develop a technology worthy of the description "advanced." Most of Soviet technology, probably as high as 90 percent, is imported from the West, copied from the West, or obtained via military and industrial espionage. The primary beneficiary of the transfer of Western technology has been the Soviet military-industrial complex, and ultimately Soviet military power.

For example, the sale of an American scientific computer to the Soviet Union has enabled the Soviet military to shorten by about 2 years the time required to create and perfect their first MIRV—multiple independent reentry vehicle—the only area of sophisticated military technology in which the United States had enjoyed a definite lead. The American strategic advantage due to existence of our MIRV's has been erased by a successful test of a Soviet MIRV SS–18.

We have received disturbing reports regarding a continuing and increasing flow of sophisticated American technology to the Soviet Union and to some of the Warsaw Pact governments. Most of the technology being transferred has a direct military application.

Transfer of American capital goods and technological know-how having an immediate military utility to the Soviet Union and Warsaw Pact governments is, to me, a direct contribution to the Soviet's ability to ultimately destroy our country and our allies.

What is more probable than a military conflict involving nuclear destruction of both the United States and the Soviet Union is the successful intimidation by a militarily superior Soviet Union of the United States. Such intimidations, made possible by a clear military superiority, would be manifested by a series of confrontations resulting in a succession of concessions by this country. Each concession being a surrender of something of economic—and concomitant military—value to the United States, thus further tilting the balance of military superiority in favor of the Soviet Union with a reduction in military capability of the United States. The final result of such concessions would, of course, be a United States incapable of defending itself against the Soviet threat with the leadership of America being finally forced to surrender the very liberties, as well as the possessions, of the American people to an ambitious and aggressive Soviet menace.

If my conviction about the aims of the Soviet Government were the result of my own personal speculations, I would not expect the President, the Congress, or the people of the United States to give attention. In fact, I wish that my conclusions were peculiar to me alone. It would give me some reassurance to suppose that my imagination was being dominated by fears peculiar to me, and to me alone. Such source of comfort does not now present itself.

Many writers, serious students of communism and of the Soviet affairs such as Prof. William Van Cleave from the University of Southern California, Prof. Anthony Bouscaren, Prof. Gerhart Niemeyer of Notre Dame, Dr. Slobodan Draskovich, Dr. Charles Baroch, Prof. Anthony C. Sutton of Hoover Institute at Stanford University, and many others have reached the same dreadful conclusion. I would invite your attention to Prof. Bouscaren's work "Is the Cold War Over?", Dr. Draskovich's excellent study "Will America Surrender," and Prof. Sutton's penetrating analysis "National Suicide"—subtitled "Military Aid to the Soviet Union."

But it is not enough that I should call to your attention the writings of scholars of international stature on the subject of Soviet goals and purposes. We need not speculate on the basis of inferences drawn from past actions. We can find from the mouths of the Soviet leadership itself statements of intentions which bode only ill for the Western world.

One no less than Leonid Brezhnev, the Soviet Communist Party leader, the unquestioned spokesman for the Soviet Government in both domestic as well as international matters, has made clear the Soviets' intentions for the foreseeable future. When questioned by other leaders in the Communist government of Soviet Russia as well as other Communist leaders in the Iron Curtain countries about the true meaning of accommodation with the West, Mr. Brezhnev's response was clear and, to date, unchallenged. In effect, Mr. Brezhnev reassured the leadership of the Communist world that détente was merely a period for strengthening the Soviet economy through the utilization of Western technology while continuing the pursuit of clear Soviet nuclear and other military superiority over the West. A Western intelligence summary of Mr. Brezhnev's reassurances to his Communist allies is worthy to be repeated:

> To the Soviet Union, the policy of accommodation does represent a tactical policy shift. Over the next 15 or so years, the Soviet Union intends to pursue accords with the West and at the same time build up its own economic and military strength.
>
> At the end of this period, in about the middle nineteen-eighties, the strength of the Soviet bloc will have increased to the point at which the Soviet Union, instead of relying on accords, could establish an independent superior position in its dealings with the West.

The famous words that Vladimir Lenin—the founder of the Soviet Communist State—once used to describe a capitalist as "a man who will sell you the rope that will be used to hang him," are the best illustration of the mentality of those persons in the United States who are involved in transfer of sophisticated technology, scientific achievements and capital equipment on credit to the U.S.S.R.

Recent reports about agreement signed by General Dynamics Corp., which, we would like to stress, is one of the Nation's largest defense contractors, and the Soviet Union's State Committee for Science and Technology is extremely disturbing. The 5-year agreement for scientific and technological cooperation covers such defense related fields as ships and shipbuilding, telecommunications equipment, asbestos mining and processing, commercial and special purpose aircraft, computer-operated microfilm equipment, and navigation and waterbuoys.

Control Data Corp. has also recently signed a broad agreement for scientific and technological cooperation with the State Committee of the Soviet Union's Council of Ministers for Science and Technology. That accord calls for cooperation in the joint development of advance computer technology and related services. This agreement will transfer to the Soviet Union a knowledge of computer techniques that it does not now possess. But, will that be in this country's interest? The most recent and most disturbing news is about a deal between the Fairchild Corp. and the Communist government of Poland for the sale of U.S. integrated circuit technology, which is extensively used in modern weapons systems as well as in advanced computers.

All these have been made possible by the policy of the drastically pared list of commodities embargoed for export to the Soviet Union for strategic reasons and by the practically dismantling of the Office of Export Control in the U.S. Department of Commerce.

What is so incredible to me is the willingness of our Government's officials to believe that we will receive one whit of technological improvement from these so-called scientific discussions. If we have received any improvement in either domestic or military technology as a result of a discussion with a Soviet scientist the fact has never been made public and I would challenge our Government officials to make known such benefits if such have ever been received. To term scientific discussions with Soviet scientists and technicians as "mutual exchanges" is a thin facade which can be best described as an absolute fraud on the American public. There is only one beneficiary of such "scientific exchanges" and that beneficiary is the Soviet government and the Soviet military machine.

The military technical virtuosity of some of the Soviet weapons which have been in the spotlight during and after the most recent Middle East conflict has forced upon me and my colleagues in Congress disquieting thoughts which require not only the reevaluation of the entire concept of détente but also reevaluation of the premises of our trade with the Soviet Union. The SAM–6 surface-to-air missile, for example, changed Western preconceptions about how the struggle in the Middle East would go by its extraordinary effectiveness—an effectiveness which, for a time, denied Israel air supremacy in the Suez Canal zone.

This country has no comparable weapon, nor does the United States Air Force now have any reliable means to counter this missile should American planes have to fight in a war with a country having the SAM–6 mobile missile launchers. Impressive too, is the new Soviet antitank missile, a weapon directed by infrared rays, and the 3-ton Frog-7, the Soviet missile that sent 1,100-pound warheads crashing down on villages in the Central Galilee.

The impression is inevitable that the Soviet Union has concentrated its re-

sources of scientific and technological talent overwhelmingly on military needs—including the military related space programs—while totally neglecting civilian technology. Moscow is asking now that the United States play a major role in repairing the backwardness of the Soviet civilian technology on the one hand and military technological shortcomings due to the lag in the computer field.

The Middle Eastern war has demonstrated the Soviet understanding of détente. They have armed Arabs and pushed them into the war against Israel and by doing so they have violated the obligations undertaken under the Basic Principles of Relations which were signed in Moscow in 1972 and reaffirmed in Washington last June.

In these circumstances, is it now wise to take another hard look whether this country should provide the Soviet Union with any kind of technological assistance? And, in taking that second look, account ought to be taken, too, of the recent reports about the spectacular rise in the Soviet tank strength in Central Europe as well as the 50-percent increase in Soviet tactical airpower in that area.

Similar consideration is due the gigantic Siberian natural gas deals that Moscow is seeking to conclude with some American companies. The energy crisis is real enough, but is dependence upon Soviet oil or gas the way out of the Nation's problems?

A negative answer is unavoidable. This is particularly true at this time when the Arab nations have put an oil and natural gas embargo on the United States. I personally harbor a deep suspicion that the use of oil as a weapon for political purposes was the brain-child of the Soviet Government. If the Soviets would encourage others to use energy as a political weapon, can any rational man doubt that they would use the same weapon when possessed by her and when it suits her own political purposes? The Arab move ought to teach the United States that political use of economic levers is likely to be a major and increasing feature of the world scene from now on. The Arabs are now punishing this country, Western Europe and Japan for their support of Israel.

The motives for a possible future Soviet cutoff of energy shipments to this country could arise from any of the numerous areas of potential confrontation between Washington and Moscow. More than ever, therefore, the question now arises why the United States should put this potential energy weapon in Moscow's hands and pay billions of dollars in capital investments for the privilege of doing so. President Nixon's recent suggestion that this country become self-sufficient in energy seems to point toward a much wiser geographic focus of future American energy investment.

The Middle East crisis and then the frightening Soviet-American confrontation of October 24–25, should help put sober calculation in place of euphoria.

The experience of the recent Middle East war and concerted Soviet effort to promote instability around the world point up the lack of any substance in any claims by those that détente has meant a de facto improvement in American-Soviet relations. The experience is to the effect that the Soviet global intentions did not change. Dr. Kissinger recognizes it; however, he is unwilling to act. The President recognizes it and, therefore, his decision that we should be self-sufficient in the area of energy needs. Our Western European allies realize it, too. Recently, at the Moscow talks, Sir Alec Douglas-Home renewed the Western position on relaxation of barriers to East-West contract: In reply to the Soviet Foreign Minister Gromyko's position he stated, "We do look for practical ways of bringing people together, in other words, for a true détente in practice, rather than just in words." And the French Foreign Minister Michel Jobert called for strengthening of Western Eupean defenses in face of de facto Soviet foreign policy.

I would like to point out that the Soviet strategy in the Middle East by encouraging the oil embargo had as objective creation of dissension in the NATO and ultimately to weaken the capability and will of the Western World to defend itself.

INTRODUCTION OF PATENT MODERNIZATION BILL

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

Mr. SMITH of New York. Mr. Speaker, there are currently pending in the House of Representatives two bills proposing revision of the patent laws of the United States. One is H.R. 7111 which is the counterpart of S. 1321, the so-called Hart bill. The other is H.R. 10975, the admintration bill. Each of these pending bills, while possessed of worthy objectives, has been criticized for various aspects in their rigorous and meticulous detail as to procedure, which would threaten to deny access to patenting to all but larger and adequately capitalized entities. It seems, therefore, important that this House also have before it for consideration a bill providing improved quality of patents, public participation in the patenting process and promotion of early disclosure of patentable advances without stifling, hobbling, and impeding the incentives to invent and to disclose, develop and invest risk capital in inventions.

For this and other purposes I am today introducing the patent law modernization bill. It is presented by the American Patent Law Association and is the product of long and intensive labors by that association and by members of the Patent, Trademark, and Copyright Section of the American Bar Association. No patent modernization bill should be insensitive to promotion of incentive to patent as respects individual inventors and small technically oriented companies. It should not place an unreasonable financial burden on the public, on inventors or on industry in general. The patent system can lose much, if not all, of its attractiveness to individuals and small companies by increasing costs of patenting to such an extent that those categories are priced out of the market.

We must be especially sensitive to the maintenance of the patent system as a viable vehicle by which the individual inventor and the small company can retain the incentive for research and development which the patent system has traditionally provided and must continue to provide. The patent law modernization bill, which I am introducing today, is reasonably designed to accomplish these purposes.

There has for some time been concern by inventors, industries and the patent bar over the considerable number of litigated patents which have been invalidated by the U.S. courts. It is thus desirable to improve, within *reasonable* bounds, the patent examining process in order to improve the quality of patents.

The prime factor in patent invalidity is the belated discovery in the course of litigation of patents and publications which constitute prior art against the patent, but were not found or cited during prosecution of the application on which the patent issued. This to a considerable degree is explainable by the technology explosion of the last 10 to 15 years. The result is an accompanying information explosion. The Assistant Secretary of Commerce for Science and Technology has recently stated that the Patent Office files contain over 11 million documents and that approximately 250,000 new ones are added each year. The increasing multitude of technical publications adds to the magnitude of the problem. Clearly, better ways of finding prior art and applying it in the Patent Office to prevent the maintenance of invalid patents are needed.

This bill addresses itself squarely to the prior art problem but seeks to do so in a way that does not inordinately burden the applicant for a patent with needless expense that would be counterproductive to the overall operation of the patent system. It provides, for example, that the inventor make oath to his belief that he knows of no prior public use or of other information which would bar issuance of a patent under the law; he is also called upon, under oath, to state that he has made a full disclosure to the Patent Office of all facts which he reasonably believes are pertinent to the proceedings in the Patent Office.

Moreover, the bill provides that the applicant may be required to submit copies of or to cite patents and publications that were considered in the course of preparing the application and to state why the invention is believed to be patentable over such prior art. This is calculated to give the Patent Office examiner at least the best prior art of which the applicant was aware and to facilitate his searching of Patent Office files for additional prior art that might be relevant. It should also speed the examining process by helping the examiner and the applicant, early in the proceedings, to reach an understanding of each other's position.

Provisions are included for the publication of pending applications at the request of applicants. The bill does not make such publication mandatory.

Instead, it strikes an appropriate bal-

ance between the public's interest in early disclosure and the applicant's right to exercise his option of accepting a patent or taking his chances at maintaining his invention secret. This is important if the utilization of the patent system is to attract the widest possible interest among inventors and those who invest in inventive efforts.

In addition, the bill is designed to accelerate the public availability of disclosures of new technology by reason of its provision that the life of a patent is limited to 20 years from the filing of the application rather than the 17 years from the issue of the patent, as at present. This offers incentive to applicants for patents to accelerate issue of a patent with attendant publication and it penalizes delay.

Also, the bill provides for objection by the public to issuance within 1 year after issue of any patent. Any member of the public may within this period notify the Commissioner of Patents of publications or patents that may have a bearing on the patentability of any claim of the patent and explain the pertinency of such publication of the patent. Thereupon the Commissioner may cause the claims of the patent to be reexamined. Thus by this provision the interested public has the opportunity to bring to the attention of the Patent Office pertinent art not previously discovered by the Patent Office or the applicant, thus meeting the prime problem encountered in the patenting process.

In addition, for the same period members of the public having evidence of earlier public use or sale of the patented invention or of prior invention may submit such evidence. One claiming derivation from himself may similarly submit evidence. In these instances the party submitting the evidence is entitled to participate as a party in the reexamination proceedings in the Patent Office.

One should have special concern for costs. To limit access to the patent system to the rich would be to destroy the system in its proper objectives. It is most important that the selectivity of the patent system operate with respect to the degree of distinction an invention possesses over what has gone before, and not with respect to the economic status of the applicant. Changes in procedure in the Patent Office should be regarded in relation to the balance between benefits and cost. Higher costs of Patent Office operation will traditionally be passed on to applicants for patents in the form of fees. Of vital consideration to applicants are procedural changes which will substantially increase the charges which their attorneys must make. The provisions of this bill have been carefully designed to maximize the benefits of increased responsibility on the part of the applicant and public participation in the examining process while holding to a reasonable extent the concomitant increased costs to applicants.

This bill, aside from those aspects which are properly directed to legislative modernization and revitalization of the patent laws of the United States, leaves the implementation as to details to the Commissioner of Patents to prescribe by applicable revision of the rules of practice in the Patent Office, where they are subject to change to meet the exigencies of the situation. This is far more appropriate to meeting the needs of the system on a month-to-month and year-to-year basis than is legislative prescription of meticulous details with resultant rigidity which militates against seasonable change.

Another change of significance is directed to the practice of importing materials made abroad by a process which, if carried out in the United States, would infringe a patent here. Such a practice is made an infringement in this bill, as it is in many other industrialized countries.

The bill also provides clarification as to acceptable licensing practices, thus eliminating some of the uncertainties which now exist. The President's Commission on the Patent System in 1966 urged that the licensable nature of patent rights be clarified. This bill strikes a desirable balance between specific proscription against certain practices and specific approval of certain practices, while safeguarding all parties from inequities by calling for a rule of reason to be applied in determining whether other licensing provisions are acceptable.

While these remarks have been devoted to the most important of the concerns and provisions, the bill also includes numerous other changes, both technical and substantive, which contribute to the general modernization of the patent system. The bill deserves careful consideration as a soundly conceived and proper response to the need for change in a vital institution.

AMENDMENT TO H.R. 11450

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

Mr. MILFORD. Mr. Speaker, when the emergency energy bill, H.R. 11450, reaches the floor, I shall offer an amendment concerning the transportation of schoolchildren and urging the use of schoolbuses to augment city mass transit systems.

The amendment will:

First. Establish a minimum distance that any child may be transported to any school by bus;

Second. Prohibit the transportation of children to any school other than the one nearest their home; except in the cases of special education classes which may be offered at only one school in a system, parochial schools, private schools, or schools for handicapped children;

Third. Require school districts to offer for lease their schoolbuses to authorized area mass transit companies for use during periods when demand exceeds transit company facilities and when the schoolbuses are not required by the school.

Every citizen in this Nation is being asked to cut his energy use by 25 percent. There must be no exception for our schools.

Cross-town transportation of children at this time is absurd and energy-expensive. Families must drive their own cars further to participate in after hours school activities. Schools must maintain longer operating hours and run more buses longer distances. This just does not make sense.

Probably the most important provision of this amendment consists of the use of schoolbuses by mass transit companies. Many Members have not given thought to the fact that the energy crunch is going to place a severe strain on mass transit facilities. One of our greatest problems will be in getting people to and from work. The demand for new buses will far outstrip our ability to manufacture them.

Our school districts now have thousands of buses that sit idle much of the time. These can be pressed into service to fill the need immediately.

Finally, public cooperation will be essential if we are to survive this energy crisis without serious harm. People with school-age children will resent excess busing—particularly when they begin to have difficulty getting to their own jobs.

This amendment will provide a solution for the citizens. I ask for your support when the amendment comes up on the floor.

Amendment to H.R. 11450. Page 6, line 5, insert after the period the following:

Such plan or plans shall contain limitations on the transportation of students enrolled in schools operated by local or State educational agencies, as defined in sections 801(f) and 801(k) of the Elementary and Secondary Education Act of 1965, including prohibition of the transportation of any such student enrolled in elementary school for distances of less than one mile and of any such student enrolled in secondary school for distances of less than two miles, and prohibition of the transportation of any such student to a school other than the school nearest his place of residence (within the school district of the local or State educational agency) which provides the appropriate grade level and type of education for such student, taking into account school capacities. Such plan or plans shall also contain provisions for requiring local and State educational agencies which own school buses to enter into agreements with appropriate authorities in order to lease such school buses, during the hours in which they are not needed for the transportation of students, for purposes of augmenting mass transit service.

FOREIGN DEBTS ARE NOT FORGOTTEN

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 30 minutes.

Mr. ALEXANDER. Mr. Speaker, the Committee on Government Operations, of which I am a member, released a report which I feel is of particular significance at this time to the Nation's taxpayers, to members of Congress, and to the Federal Government as a whole. The report to which I refer is titled "Delinquent Foreign Debts and Claims Owed to the United States (Selected Countries)."

At a time when Congress is considering what is probably one of the most significant budget and spending control bills ever to be debated in this forum, the information and recommendations in this report deserve special attention. This

bill and the matter of delinquent debts and claims owed to the United States by foreign countries have commonality because the manner in which we as representatives of the people handle these matters will, in large degree, determine the kick they give to the pocketbooks of the Nation's taxpayers.

The committee report on foreign debts and claims grew out of on-going studies of this matter which have been conducted by the Subcommittee on Foreign Relations and Government Information, of which I am a member.

We have been zeroing in on delinquent international debts because they hurt the American taxpayer in three ways. First, since the Federal Government does not have this money available to apply to costs in the national budget the taxpayer has to cough up higher levies. Second, the taxpayers are penalized when the Federal Government, because of the vacuum caused by the failure of countries to pay debts they justly owe us, is forced to borrow money at high interest rates. And, finally, the taxpayers suffer long-term injury when the United States gives the impression to other countries that the men making decisions at the top are such poor economic managers they do not insist on timely payment of debts.

As members of the subcommittee, we feel we have made some progress, since more than $125 million in delinquent debts were either collected or rescheduled under formal repayment agreements during the 92d Congress as a result of the improved reporting and collection procedures sought by the subcommittee. The subcommittee also played an instrumental role in initiating negotiations and achieving the agreement which led to the $722 million settlement of the Soviet Union's World War II lend-lease debt owed to the United States.

While some 100 countries are currently delinquent in paying their debts to the United States, two large debts deserve special attention because of the obstinance of the debtors to quickly settle them. The first of these is a classified claim resulting from the withdrawal of America's North Atlantic Treaty Organization—NATO—forces from France in 1968, at the demand of former French President Charles de Gaulle. The amount of this claim has never been revealed to the American people on the ground that such action might jeopardize its settlement. Since the U.S. Department of State has advised our subcommittee that France can afford to pay the claim with no economic difficulty, I feel it is high time that France be reminded that friendship is not a one-way avenue. When I served as acting chairman during hearings in Paris last year (1972), I had this to say to the French:

> Twice in this century, our American brothers have crossed the Atlantic to fight and die side-by-side with the French. We have indeed climbed the same hill together, fighting for freedom against tyranny.
>
> Americans remain vigilant against the forces of tyranny. The United States is a full partner in the North Atlantic Treaty Organization that is committed to the defense of Western Europe. And this is at a great expense to the citizens of our great Nation.
>
> Americans believe in principle and we keep our commitments. Likewise, France has a great tradition for honor, and I cannot believe that the people of France would permit their government to breach its solemn agreements with the people of the United States.

Now we have been told that there have been many "conversations" between United States and French officials regarding this claim, but the U.S. Embassy in Paris is reluctant to describe these talks as "formal negotiations." Perhaps we are just quibbling about words, but one thing is clear: a satisfactory settlement has been pending too long.

The other debt of major concern is a $35.6 million delinquent debt owed to us by Iran. Negotiation over this debt, stemming from lend-lease agreements and American suplus property provided to Iran following World War II, broke down when United States officials refused to go along with Iran's insistence that we cancel the interest due on the debts.

On the subcommittee we are opposed to a concession because it could easily come back to haunt us in negotiations with other countries who owe us money, and also because we found, during a subcommittee visit, that Iran is experiencing a healthy, new prosperity from petroleum development and can easily afford to pay this debt.

We on the subcommittee feel that foreign countries now enjoying prosperity cannot be permitted to remain on the delinquent debt list or owe us large unpaid claims. One of the reasons the U.S. dollar has been under attack is that there are too many dollars floating around the world. So it is imperative that we get these dollars back home.

With this background, here are the subcommittee's recommendations, as adopted today by the Committee on Government Operations:

First. The United States Department of State should intensify its efforts to reach satisfactory settlement of the French claim and the Iranian surplus property debt before the end of this year, relaying to those governments the growing congressional concern over these matters.

Second. The State Department should give high priority to efforts seeking debt repayment acceleration by those countries now in an economic position to make repayments, especially when they possess excess U.S. dollars not already invested in the United States.

Third. The Defense Department should coordinate the military services' systems of reporting and collecting delinquent military sales and credits debts, with a high priority on reducing delinquencies, and, where appropriate, U.S. military advisory groups in these countries should participate in such efforts.

Fourth. The Treasury Department should devise a reporting system on unpaid claims and include at least a worldwide total in its periodic reports to Congress.

During the course of the work of the subcommittee some of these recommendations have, to a degree, been implemented.

Hopefully, diligent efforts to collect these overdue bills from abroad will give the average American taxpayer a little more breathing room.

I commend this report of the Committee on Government Operations to my colleagues.

ENERGY CRISIS: WE HAVE DONE TOO LITTLE TOO LATE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, everyone has suddenly become concerned about the energy crisis. But for those of us from the Midwest it has been a very real problem for a long time.

In October 1972, I wrote Secretary Morton:

> There is now or soon will be a dangerous shortage of fuel oil in several northern Illinois counties. Several thousand homes may be affected and many could be without heat during the coming winter unless action is taken immediately.

Within weeks, there were plants in Illinois which were forced to limit operations because they could not heat their facilities. Crops lay in snow-covered fields because there was no fuel to dry them. And many other agricultural producers as well as individual consumers had serious difficulties in obtaining guaranteed supplies.

In December of 1972, several Congressmen who represent areas most affected by the energy shortage warned of a worsening situation. Our letter to Secretary Morton said in part:

> It is now assumed that the shortages of fuel oil that plague the Midwestern markets, particularly the small business independent marketers, will continue and increase, forcing additional business shutdowns and throwing more men literally out of work and into the cold.
>
> While the Midwest is suffering the most, the nation as a whole is facing a critical shortage of heating oil. This does not consist of merely "spot dislocations or localized product shortages." This shortage is substantial, severe, and widespread.
>
> All possible steps must be taken at once to replenish heating oil and liquid gas supplies. We strongly urge that the Oil Policy Committee take the necessary steps to solve this problem.

Early in 1973, as it became even more clear that firm action was needed to combat the energy crisis, I introduced three pieces of legislation to help ease the growing shortage.

First, a bill to lift all import quotas on oil;

Second, a bill to authorize the President to ration fuel oil to areas in acute distress; and

Third, a bill to deregulate the price of gas at the wellhead by the Federal Power Commission.

At the time these bills were introduced, I pointed out to my colleagues:

> The energy crisis is upon us. Given the seriousness and intensity of the situation, I urge the Congress to act immediately upon my proposals.

Shortly thereafter the President suspended fuel oil import quotas on heating oils and raised the crude oil import

quotas for the rest of the year by 65 percent. In a letter I sent President Nixon, I stated:

For years, the U.S. was not only self-sufficient in oil, it carefully limited its own production through state conservation laws which included as wasteful the selling of oil in excess of the market's demand. However, the supply of domestic oil has been failing to meet demand by increasing margins.

In response to my letter, John Ehrlichman, then Assistant to the President replied:

I believe we have done everything which can be done this season. I am confident that by next winter we will be in an easier position.

Unfortunately, such optimistic thinking has been dashed by this year's harsh reality.

Also, early in the year, I placed in the CONGRESSIONAL RECORD a statement pointing out the need for careful consideration of any action to combat the energy crisis:

Emergency measures, emergency allocations, last minute stop-gap measures, increasingly will fall short, thereby creating chaotic marketing conditions and shortages.

NATURAL GAS

The energy problems faced by the Midwest in recent years were caused, in large part, by the serious shortage of natural gas. For example, a 30-percent reduction to the Marblehead Lime Co. outside Quincy, Ill., has forced management to move workers to other assignments.

Demand for natural gas has been growing steadily. This is due in part to the extension of the pipeline systems, which became available to millions of new consumers. Primarily, however, it is due to the cleanliness of natural gas and its comparatively low price.

Back in 1954, the Supreme Court decided that producers of natural gas were part of the industry intended to be regulated as a natural monopoly for the protection of gas consumers under the Natural Gas Act. Ever since, the Federal Power Commission has kept the price of natural gas at the wellhead artifically low. This control discourages the drillings of new wells.

At the same time that prices have been kept artifically low, demand for natural gas increased with the advent of clean air standards which eliminated many of the dirtier fuels for industrial uses without very expensive emission control devices. The relatively low price of gas per British thermal unit stimulated its use by all classes of consumers, including large industry and utility customers who burned gas lavishly under generator boilers. No estimates of the demand for natural gas were generous enough to predict the requirements of present years. Most unfortunately, several years are required between the decision to drill for gas and actual commercial production.

Although any legislation in this particular area will not have an immediate effect, due to this leadtime, I am convinced we must look to long-range solutions, such as deregulation of natural gas, to deal with the energy shortage.

In October of 1973, 10 months after my bill had been introduced, Gov. John Love affirmed the administration's support of deregulation of natural gas. In his testimony before the Senate Commerce Committee, the President's energy adviser explained:

The natural gas problem demands legislative relief. We are proposing that this relief be in the form of returning the regulation of well head prices on new supplies of natural gas to the private marketplace. This would allow competitve market forces to set the prices at which new supplies of natural gas are bought and sold in the field. It allows the quick and certain adjustments which are now required if the nation is not to continue suffering from chronic shortages. The Admiinstration has decided that this is the most efficient, most effective, and most economical method of solving the natural gas problem.

An article in the Washington Post by Evans and Novak earlier had pointed out:

There is a tendency to assume that whatever is good for the oil and gas lobby must be disastrously bad for the rest of us. Deregulation of gas is an exception to this rule. The consumer will be given the choice of no natural gas at a low rate or an adequate supply that costs more.

The current energy crisis underscores this thinking.

THE FUEL SHORTAGE AND AGRICULTURE

In March 1973, I stated on the floor of the House of Representatives, that spring was upon us, but that this would not solve the many problems created by the past winter's fuel shortage. I also reviewed a report to the Illinois Office of the Governor dealing with the far-reaching effect upon the agricultural community of the diesel and gasoline shortage. That report stated:

The Illinois Agricultural Association states that approximately 45% of the total products used by farmers takes place during a 90-day period starting March 1 through May 31 (the northern part of the state sometimes will extend its planting season into the first ten days of June).

According to facts gathered in 1971, diesel purchases were on a 10% increase. Although all figures are not yet in, it is safe to estimate that approximately 93,000,000 gallons were used in 1972. With the additional tillable acres to comply with the U.S. Department of Agriculture's recent decision to sharply reduce set-aside acreage, this figure for 1973 could easily reach another five to seven million additional gallons. In other words, this is in the neighborhood of 100,000,000 gallons of diesel fuel for 1973 (this takes into consideration very little fall plowing that was accomplished in the fall of 1972 and that will have to be done in the spring of 1973).

The latest fairly accurate figures on gasoline useage on farms for agricultural needs show a total of 332,600,000 gallons purchased in 1971. It is estimated that between 1971 and 1973, approximately a 35% increase in need has taken place. Again taking into consideration the set-aside acreage and the need for additional plowing in the spring of 1973, this would add approximately 1,175,000 gallons to the 1971 figure. The knowledgeable people in the agricultural field say that it takes between 12 and 14 gallons of gasoline or diesel fuel per tillable acre during an entire farming season.

Currently, the Department of Agriculture is operating under three fuel allocation programs. One is the voluntary program on the distribution of gasoline, under which food and agriculture are considered among the priority customers. The second program is a mandatory allocation of propane, effective in early October, which again includes food and agriculture as priority customers. Finally, on November 1, a manadatory program for middle distillate fuel became operative, which includes diesel fuel used by farmers. Although no priority users are identified under this particular program, there are provisions for hardship cases. In addition, under this program, States have the authority to redirect up to 10 percent of the fuel used in their State. Hopefully, States will be particularly responsive to the needs of agriculture.

ON BEHALF OF SMALL GASOLINE STATIONS

Under phase IV gasoline price regulations, independent stations were required to roll back prices they charged to January 10, 1973 levels. However, the major oil companies were permitted to charge the May 15, 1973, prices. This arbitrary discrimination by the Cost of Living Council resulted in many independent stations operating at a loss, while the majors were permitted to sell gasoline at higher prices. Phase 4 was driving many small service stations out of business and increasing monopoly power in the fuel industry. When an amendment was offered on the House floor to prohibit the Cost of Living Council from discriminating against the small independet stations, I strongly supported it. That amendment was approved by the House overwhelmingly—371 to 7.

Only after the Senate approved the amendment by a vote of 90 to 6 did the Cost of Living Council finally agree to change its regulations; thus, ending discrimination against the small independent gasoline stations.

CONSUMER COMPLAINTS

Every congressional office has been flooded with letters and calls from concerned citizens who do not know where to turn with their own energy problems. So serious has the problem become that I felt a Federal hotline should be established to provide quick answers. In testimony I submitted at the September hearings of the Office of Oil and Gas in the Department of the Interior, I explained:

The State of Illinois, through its Department of Agriculture, has already set up such a state "hot line." However, since most of the major suppliers have interstate operations, a national hot line would be far more effective.

In addition, I said:

The fuel shortage in our country has become a critical problem. The situation demands prompt action. I urge the immediate implementation of the mandatory fuel program, and hope that consideration will be given to the recommendations I have made today—the creation of a reserve of fuel oil, and a Federal "hot line."

I am encouraged that the Department of the Interior has now established a special telephone number to handle special consumer problems concerning fuel.

The Washington telephone number is 202–254–8046. By calling this number, in-

formation about shortages and local emergencies can be reported.

THE MIDDLE EAST WAR

The war in the Middle East broke out on October 6. Eleven days after the outbreak of the war, the Arab nations announced a 5-percent—later increased to 10-percent—cutback in oil being shipped to the United States. On October 19, President Nixon requested that Congress provide $2 billion in additional aid to Israel. As a result, the Arabs terminated all oil shipments to our country.

One consequence of this cutoff has been a commitment by this Nation to develop energy self-sufficiency as rapidly as possible. While that goal will take years to realize, our country does have large quantities of coal, oil shale, and Alaskan and offshore oil that eventually will reduce our dependence on foreign sources.

CALL FOR ENERGY CONSERVATION

In October of this year, I stated on the House floor that unless we rethink our everyday practices, waste and unnecessary consumption of what resources are available will squander anywhere from 25 to 40 percent of our basic energy resources.

This fall, before the President's energy messages, I introduced a concurrent resolution with several of my colleagues which stated in part:

It is the sense of Congress that all citizens of the United States are urged to conserve energy by reducing the temperature of their homes and place of work by two degrees for the duration of the coming cold season.

I was hopeful that enactment of such legislation would encourage each American to do his part in averting a nationwide fuel shortage this winter. The President has now urged everyone to lower their thermostats to 68 degrees. I fully endorse this action, except, of course, in the few cases which would involve real hardship—such as the sick and the elderly.

GOVERNMENT MUST DO ITS PART TOO

At the same time that each citizen does his part, I am convinced the Government must make similar efforts. In early August, I pointed out to my colleagues on the House floor that the Government—Federal, State, and local—is the biggest consumer of gasoline. Because of rising gasoline prices, the closing of small gas stations, and limits on purchasable gas, prompt action was required. Therefore, I sent a letter to President Nixon, recommending that all Federal agencies cut back their use of fuel by at least 10 percent. The text of that letter follows:

DEAR MR. PRESIDENT: My colleague, the Honorable Manuel Lujan, has discussed with me the critical gasoline shortage facing our nation. The situation appears to be getting worse, and it is time for some positive action on the part of the government.

The government is the biggest consumer of gasoline. During 1972, about 60 per cent of the gasoline used in this country was used by the government—federal, state, and local.

The American Petroleum Institute estimates that our present rate of gasoline consumption will result in a 10 per cent increase of the 131 billion gallons used in 1972 this year. The Institute projects that 1973's consumption will be between 10 and 12 per cent higher in 1974.

If something is not done to conserve gasoline, vital public services will be hampered. Police and fire protection, farm production, transportation, construction, trash and garbage collection—all would be jeopardized.

I am taking this opportunity to join Mr. Lujan in uring you, in view of the crisis, to consider an executive order calling on all federal government agencies to cut back gasoline use by at least 10 per cent. Such a nationwide cutback could save an estimated eight to ten billion gallons of gasoline a year.

Thank you for your consideration of this matter.

Sincerely,

TOM RAILSBACK,
Member of Congress.

The President has now ordered all Federal installations to cut back.

WHAT CONGRESS HAS DONE

At long last, Congress has passed the Alaskan pipeline bill. In July of 1973, I announced I supported initiatives that called for the completion of this approach:

To meet our growing demands for oil, any further delays in time will become even more critical as this decade progresses. A look at the statistics will confirm this. Within the last three years, the United States has gone from an almost self-sufficiency in oil to an ever-increasing dependence on oil imports. In 1970, we imported 22 percent of our oil . . . By 1980, it is forecast that this might rise to 50 percent.

By increasing our own domestic oil supplies at the earliest date, it would lessen our growing dependence on foreign sources of oil. To me, this is of utmost importance.

The Congress has also enacted legislation which provides for Presidential authority to impose mandatory oil allocations to wholesalers and retailers, and is expected to complete work on a daylight savings proposal in the immediate future. Although there has been some opposition to this approach, the bill will provide for a 2-year trial period—probably beginning in January of 1974—in an effort to save 150,000 to 450,000 barrels of crude oil a day. This savings will occur because most people's working schedules will more closely coincide with the daylight hours of the day.

In addition, Congress is presently considering the following:

First, energy emergency powers bill, providing for peacetime power to the President for the conservation of scarce fuels;

Second, deregulation of natural gas;

Third, project Independence proposal; and

Fourth, electric facilities siting, which is the administration's bill to speed power generating plants while protecting the environment.

FOR THE FUTURE

Solar energy is another possible approach to the energy problem.

Also, for the long run, fusion energy may be one of our best answers. Fusion energy has the value of building new resources rather than expending existing ones. It is also less dangerous than fission energy which is derived from burner or breeder reactors. Although it will take at least another 20 to 30 years to develop this approach fully, I am convinced work and research should go forward immediately.

Further, there must be development and exploration of new oilfields, both onshore and offshore, in a serious attempt to make Project 1980 a reality.

A WORD ABOUT RATIONING

Most of my constituents have informed me that they are reducing their thermostat levels, limiting pleasure driving, reducing automobile speeds, and using less electricity. However, many of them are very worried about the possibility of gasoline rationing. For my part, I believe it would be a shame if we had to ration, and certainly hope that we will use rationing only as a last resort.

A letter I received from a community nursing home in my district points out one very important problem rationing would cause:

Community Nursing Services Meal Service Program brings meals to homebound persons in Rock Island County, thus permitting many to remain in their own home a little longer.

The meals are delivered from the place of preparation to the homes by all volunteer help, using their own transportation. Much concern has been expressed by the volunteers because of the possibility of gas rationing in the near future.

Are there measures that can be taken to assure the volunteers that gasoline for the purpose of delivering meals will be available?

Mr. Speaker, we have known about the energy crisis for years now, but unfortunately we have delayed taking decisive action to correct our problems. With the passage of time, these problems have been compounded and accelerated, and a real crisis now faces the American public.

To dismiss the energy crisis as only another temporary situation is shortsighted and unrealistic. We can no longer just blame one another. All sectors of our economy are being adversely affected, and we must all pitch in from the President on down.

TRIBUTE TO WILLIS JONES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. McDADE) is recognized for 5 minutes.

Mr. McDADE. Mr. Speaker, last Thursday at the Jermyn Motor Inn in the city of Scranton, a huge gathering of people met to pay tribute to a man who had served his community, and indeed this whole Nation, so very well and with outstanding distinction. They paid this tribute to Willis Jones, a man who made an indelible mark on the lives of the people of his home community.

For 45 years Willis had served the Greater Scranton Chamber of Commerce, 26 of them as its executive vice president. He had seen a revolution in the industrial composition of the whole community. Through all that time it was his task to work with the leaders of every sector of the community, with labor, with business, with industry, with industrial development groups, with literally all the people of the whole area in a tireless campaign to bring more jobs to the community and to make the community a finer place in which to live.

He succeeded beyond the dreams of

anyone. He was a leading part of an effort that made the work of the people of Scranton to attract new industry something that became known throughout this whole Nation as the Scranton plan. He was an integral part of the whole effort that caused Scranton to be named as one of the first all-American cities. And he worked endlessly, up to the very moment of his retirement, to attract even more and finer industries to the region he loved and served so well.

I know all of my colleagues here in the House will join me in saying "well done" to this fine man, and to wish him well in retirement. The strength of America lies in the strength of each of her communities; and there is one community in America which will always remember what part was played in its life by Willis Jones.

With your permission, Mr. Speaker, I will append two articles from the Scranton Tribune and the Scranton Times covering that occasion:

[From the Scranton Tribune, Dec. 7, 1973]

SIX HUNDRED APPLAUD WILLIS JONES

(By Tom Phillips)

Willis Jones, small in stature, was too big to cry, but there were tears in the eyes of many of the 600 people who paid him a community tribute Thursday night at Hotel Jermyn.

It was the valedictory of a man who has served the Greater Scranton Chamber of Commerce for 45 years, 26 of them as its executive vice president.

It was nostalgic, of necessity, but it also was an opportunity for many facets of the community to say to him, with warmth, "Thank you!"

Willis Jones was truly overwhelmed and expressed surprise that in the Prophecy of the 1928 Technical High School graduating class it said: "Willis Jones will be the executive vice president of the Chamber of Commerce." He had applied for a job at the Chamber on May 3, 1928, and he got it. The prophecy came to pass.

Former Gov. William W. Scranton long associated with Willis in the C of C, was toastmaster.

He promised to be brief and he was. He read a message from Governor Shapp to Willis in which he described the guest of honor as an "Outstanding Pennsylvanian."

Scranton took off on Willis' French, which the executive secretary frequently used when traveling to French communities with C of C delegations. It was a purported message from Mons. Pompidou, the French premier. Scranton delivered it with gestures and nasal tones.

Mayor Eugene J. Peters, who was in Puerto Rico attending the U.S. Conference of Mayors was unable to attend, but was represented by Director of Public Safety Anthony Batsavage. A recording of the Mayor's greeting to Willis was heard. Scranton commented that "it was on tape," and then added, "it worked."

Willis served under 24 presidents of the C of C; 13 of them are still living, eight attended the affair. Robert J. Nolan Jr., current president, was in Saudi Arabia and could'nt attend. He was represented by Mrs. Nolan.

Delegations attended from nearby C of Cs, including Pocono Mountains and Pittston, United States Chamber of Commerce and from the Economical Development Council.

Dwight B. Havens, president, Detroit C of C, long-time friend of Willis and his wife, Louise, was principal speaker. He related with eloquence of Willis' work and the "rebirth of a community that would not die." He commented: "Willis Jones was here and Willis Jones cared."

Havens said a city is not measured by its census, nor its size, but rather by its leadership. He asserted: "I am proud to salute Willis Jones. We all benefit by our friendship with him and his leadership.

Willis said when he joined the Chamber he found himself just a little boy working with great men. "I was overwhelmed. I realized the community was great."

It was the days when coal was king. "But then we lost the anthracite industry and had to diversify, he recalled. He recited the formation of the Scranton Foundation, Scranton Plan, SLIBCO and LIFE. Great industries start coming here and then "we turned the corner."

In concluding he cited the farewell of "The Prophet" in the book of that title: "Farewell to you and to the life I have spent with you.

"It was but yesterday we met and together we have built a tower in the sky, but now the noontime is upon us and our half-waking has turned to a fuller day, and we must part.

"If in the twilight of memory we should meet once more, we shall speak again together and you shall sing me a deeper song—and we shall build another tower in the sky."

Presentations and resolutions were presented to the retiring executive vice president by: Scranton Kiwanis, Scranton Lions, Scranton Rotary, Scranton UNICO, Scranton Jaycees, Lackawanna Junior College, Keystone Junior College, Johnson School of Technology, Marywood College, University of Scranton, Worthington Scranton Campus, Penn State University; Diocese of Scranton, office of the Bishop; Scranton School District, Scranton YMCA, Lackawanna County Commissioners, House of Representatives, Commonwealth of Pennsylvania; Department of the Army, Tobyhanna Army Depot, Junior Advancement, City of Scranton and Scranton Commercial Association.

[From the Scranton Times, Dec. 7, 1973]

HUNDREDS JOIN IN TRIBUTE TO RETIRING CHAMBER OF COMMERCE OFFICIAL

(By Robert Burke)

Willis Jones has been giving the Greater Scranton Area the business for more than 45 years.

And it was because of his untiring efforts during those years to rebuild the local economy by luring new industries into the region that a grateful community paid tribute to the retiring executive vice president of the Greater Scranton Chamber of Commerce at a testimonial dinner Thursday night.

Several hundred of his friends and business associates were on hand at the Jermyn Motor Inn to witness the salute and scores of others who were unable to attend sent congratulatory telegrams.

Speaker after speaker praised his accomplishments from the podium before Mr. Jones was given an opportunity to speak and, when he finally got his chance, the C of C executive admitted he didn't know how to express his appreciation.

"What a night . . . what a night," he said. "I embrace you . . . I love you . . . I can't say enough about how I think tonight."

He then took his audience on a trip back through time to the day in May of 1928 when, as a senior at Scranton Technical High School, he began what was to become a lifelong love affair with the C of C.

He said he began as little more than a glorified office boy, but came into close personal contact with the leading citizens of the community at that time.

It was shortly after he began his C of C career that the nation was hit by the economic disaster of depression but, he said, Northeastern Pennsylvania wasn't hit too hard by the country's monetary woes because its coal mines were still working near peak levels.

But during the 40s and 50s, he recalled, the adversities of economic depression began catching up with this area because the coal industry began to fade.

It was during that time that Mr. Jones and the late Raymond B. Gibbs, his predecessor, and other community leaders created the industrial development organizations which have keyed the region's economic rebirth.

The retiring guest of honor read a litany of industries and businesses which have been attracted to this area in the intervening years—Daystrom, RCA, American Can, Owens-Illinois and many more.

"We turned the corner," he said with a justifiable amount of pride. "No longer is Scranton, Pennsylvania, dependent on coal for its economy."

Among the speakers who credited Mr. Jones with playing a major role in developing the diversified economy which now exists in the Scranton area was Dwight B. Havens, a close friend of the honored guest who serves as president of the Greater Detroit Chamber of Commerce.

Throughout its history, Mr. Havens told his audience, America has managed to produce the type of leaders it needed to respond effectively to any given crisis.

That same thesis, the Michigan visitor added, holds true on the local level and, when the Scranton area needed an individual to help reshape its faltering coal economy, Mr. Jones was willing and more than able to accomplish the job.

Mr. Havens recalled attending the play "1776" and said he was moved emotionally by one episode which saw George Washington send a dispatch to the argument-torn Continental Congress asking whether anyone was interested in fighting for independence.

"Is anyone there . . . does anybody care?," he quoted the terse message.

Mr. Havens said that a study of this area's economic development will show that, at a time when this area needed help, Mr. Jones was here and he cared enough to reshape the entire economy.

Also paying tribute to Mr. Jones were former Gov. William W. Scranton, who served as toastmaster, and Mayor Eugene J. Peters, whose attendance at the National League of Cities convention in Puerto Rico made it impossible for him to attend but managed to have a tape recorded message of congratulations played from the podium.

Also joining in the verbal tribute were Peter J. Kaldes and William J. O'Hora, past presidents of the C of C who served as co-chairmen of the testimonial.

Immediately prior to offering his remarks, Mr. Jones was presented with a color television set by William F. Forbes, immediate past president of the chamber who was substituting for Robert E. Nolan Jr., the current C of C president who was forced to miss the dinner due to a business commitment in Saudi Arabia.

Sharing the limelight with Mr. Jones was his wife, the former Miss Louise Eynon.

While scores of congratulatory telegrams arrived at the hotel shortly before the dinner, the only such message read was sent by Gov. Milton J. Shapp who said he was unable to attend due to a conference in Hershey.

The Rev. Vernon F. Searfoss, rector of the church of the Good Shepherd, offered the invocation, while the Very Rev. Dexter L. Hanley, S.J., president of the University of Scranton, gave the benediction.

In addition to the television set which was presented during the course of the program, Mr. Jones also received a variety of gifts from the area's various service clubs, schools and governmental figures.

Sylvester J. Kazmerski served as coordinator of the testimonial.

SUPPORT CONTINUES TO GROW FOR CUYAHOGA VALLEY NATIONAL HISTORICAL PARK AND RECREATION AREA LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, the increased awareness of the energy crisis has also increased our awareness of the need to develop parklands near our major urban centers. Today, more than ever before, it is vital that we bring "parks to where the people are."

One of the best possibilities for an urban area park is in the Cuyahoga River Valley, between Cleveland and Akron, Ohio. This area is a miracle of greenness between two of the largest and most industrialized cities in the Nation. It is within approximately 1 hour's driving time of 4 million people.

Legislation to create this recreation area has been introduced in both Chambers and is sponsored in the House by nearly 50 Members. We in Ohio are especially hopeful that this legislation can be enacted in the near future.

I would like to point out, Mr. Speaker, that the support for this legislation has continued to grow, year after year.

I would like to enter in the RECORD at this time a copy of the recent endorsement of the park passed by the Junior League of Cleveland. Also, I would like to enter in the RECORD a copy of the resolution of support adopted by the Northeast Ohio Areawide Coordinating Agency. This is the 701 planning agency for the entire northeast Ohio area. As their letter indicates, without the passage of this legislation by the Congress, the future of this invaluable parkland is in serious jeopardy:

RESOLUTION OF ENDORSEMENT

Be it hereby resolved, That The Junior League of Cleveland, Inc., endorses legislation, SB 1862 and HR 7167, to create a Cuyahoga Valley National Historical Park and Recreation Area.

Adopted by the membership of The Junior League of Cleveland, Inc., at its meeting on October 25, 1973.

Mrs. KENNETH I. FELDERMAN,
President.

THE PROPOSED CUYAHOGA VALLEY NATIONAL HISTORICAL PARK AND RECREATION AREA

John Seiberling, Address to House of Representatives, April 16, 1973: "The magnificent thing about the Cuyahoga Valley is that it has all the scenic, historic, and recreational potential to qualify as a park in its own right—and it is located right in the center of one of the Nation's most populous and industrialized regions. Over 4 million people already live within a half-hour's drive of the proposed park."

FACTS ABOUT THE PROPOSED PARK AREA

1. The bill would create a 15,000 acre park between Akron and Cleveland. This park would include land owned by the Cleveland and Akron Metropolitan Park Systems, Hale Homestead, and Blossom Music Center.

2. The park as envisioned would stretch along the Cuyahoga River Valley south from Rockside Road in Independence to Bath Road just north of Akron.

3. This land is mainly rural and undeveloped, the only remaining large undeveloped and unurbanized land in the Cleveland-Akron area. It has remained undeveloped because it is a flood plain, has a lack of suitable drinking water, and its slopes are too steep for low-cost development.

4. The valley is rich in Indian history, from the Mound Builders in 600 B.C. to the Indians who used the Cuyahoga on their route from the Great Lakes to the Mississippi. Over 300 sites of archaeological interest have been identified in the valley.

Also located in the proposed park land are parts of the old Ohio Canal, which was largely responsible for Cleveland's growth and prosperity. Between 1825 and 1832, this 40 ft. wide, 4 ft. deep channel was dug between Cleveland and Portsmouth on the Ohio River. Presently, one may see aqueducts, locks, mills, the original towpath, as well as intact sections of the Canal.

5. Steps Leading Up To The Present Bill: A study completed in 1968 by the Ohio State Department of Natural Resources reached the "indisputable conclusion that the valley must be preserved as open space land." Several million dollars have been spent in land acquisition by the State of Ohio, the federal government, private individuals, and the Cleveland and Akron Metropolitan Park Boards.

The U.S. Department of the Interior has made an in-depth feasibility study of the park and has determined that it is worthy of being included in the National Park System.

6. The Park Bill, HR 7167, sponsored by Reps. John F. Seiberling (D–14, Akron), Charles Vanik (D–22, Cleveland), and Ralph S. Regula (R–16, Akron), has the unanimous support of the northeast Ohio delegation, and broad support from the rest of the State. (The same bill has also been introduced in the Senate by Saxbe.)

The intent of the bill is "to preserve and interpret the historic and scenic features of the Cuyahoga Valley, and to enhance the potential of the area for recreation development." (Sec. 3)

The bill is presently awaiting review by the Director of the National Park Service and the Secretary of the Department of the Interior. Meanwhile, the bill is residing in both the House and Senate Interior and Insular Affairs Committees.

NORTHEAST OHIO
AREAWIDE COORDINATING AGENCY,
Cleveland, Ohio, October 12, 1973.

Hon. CHARLES A. VANIK,
Congressman, the State of Ohio, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN VANIK: At its regular monthly meeting on 3 October, 1973, the full Policy Board of the Northeast Ohio Areawide Coordinating Agency (NOACA) unanimously adopted Resolution 73–69.

This Resolution, a copy of which is attached, urges passage of Senate Bill S–1862 and House Bills 7077 and 7167, all of which would crete a Cuyahoga Valley National Park.

As you know, the Cuyahoga Valley is probably the last major open space area between the already urbanized centers of Cleveland and Akron. You are also aware of the NOACA Board approval, in 1972, of an application for State and Federal funding to purchase land and/or scenic easements in the proposed park area to ensure continued open space for the residents of our highly industrialized seven-county Northeast Ohio complex. A subsequent Environmental Impact Statement was also approved for the aforesaid application. Enclosed for your edification is a NOACA staff background paper of the events leading up to the present situation.

Without designation by Congress to make the Cuyahoga Valley a Federal Park, however, it is doubtful that the State of Ohio and our local jurisdictions can achieve the most appropriate results concerning the establishment and continued maintenance of the Park area.

The Federal Government's cooperation thus far has been encouraging. Failure of Congressional designation of the Park as a national endeavor, however, would seriously impede the outstanding progress made to date. Therefore, we most earnestly encourage your continued efforts toward passage of the aforementioned bills.

Very truly yours,

DEAN J. HITCHENS,
President.

RESOLUTION OF THE BOARD OF THE NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

Whereas, the NOACA Board recognizes that it is of the utmost importance to preserve the few remaining open space areas in our heavily metropolitanized environment; and

Whereas, the Cuyahoga Valley is the last major open space area left between industrialized Akron and Cleveland; and

Whereas, it is recognized further that there is a great need among our area's residents for park and open space lands for leisure time enjoyment, health and well-being; and

Whereas, the Cuyahoga Valley is an area enriched with scenic beauty and recreational opportunities and also high in historical and cultural values; and

Whereas, there is proposed legislation in the United States Congress for the establishment of a Cuyahoga Valley National Park; and

Whereas, the NOACA Board, upon review of the proposed legislation has found it to be consistent with the above-stated goals of preservation of the Cuyahoga Valley as an open space and recreation area for the public benefit; and

Whereas, review of the legislation leads the NOACA Board to concur that not only would establishment of the park be of great social value but also that the impact of the park would be beneficial in the long-term for the local economy.

Now, therefore, be it resolved that the Board of the Northeast Ohio Areawide Coordinating Agency unanimously urges passage of Senate Bill S1862 and House Bills 7077 and 7167 that would create the Cuyahoga Valley National Park.

Certified to be a true copy of a Resolution of the Board of the Northeast Ohio Areawide Coordinating Agency dated the 3rd day of October, 1973.

DONALD SIMMONS,
Secretary.

A RATIONALE FOR ACCOUNTABILITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS), is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, on March 23, 1973, I had the pleasure of participating in a symposium on accountability in education sponsored by the Department of Foundations of Education of Memphis State University's College of Education.

At that symposium, Mr. Speaker, I tried to outline some of my own thoughts on the nature of accountability.

Those remarks have recently been printed in the proceedings of the symposium, and I insert them at this point in the RECORD.

ACCOUNTABILITY: A RATIONALE

(By JOHN BRADEMAS)

When Leon Lessinger began to use the word "accountability" some three years ago, he was proposing a method of trying to insure what he called three basic rights in education. The first right was the child's; the second, the taxpayer's; and the third, the school's. The child's right, said Dr. Lessinger, was "to be taught what he needs to know" in order to be a productive and satisfied member of our society; the taxpayer's right, to be informed of the educational results produced by specific expenditures; and the right of the school, finally, was to draw on all the resources of the society instead of being restricted to what he called "educators' overburdened resources."

EDUCATIONAL ENGINEERING

As we all know, the method he championed for achieving the goal of *"guaranteed* acquisition of basic skills by *all* our children" (the emphasis is his) was "an independent educational audit of educational results."

For Dr. Lessinger, that meant the process of what he called "educational engineering." Discussion of accountability turned quickly, therefore into discussions of performance contracting, external audits, program planning and budget systems, and voucher plans. So what these methods were supposed to *achieve,* accountability, got shunted to one side and educators focussed attention on the methods themselves.

I do not intend to try to compare these methods and tell you of which I approve and which I don't; I cite them chiefly because the proponents of accountability as well as those who have apprehensions about it center their concern on methods. I want instead to suggest to you that it may be possible to approve of the purposes of accountability without necessarily approving—or disapproving—of particular methods for achieving them. Yet the idea of accountability has by now been interpreted in ways which are different enough from one another to have permitted a certain unclarity to creep into the notion in its present use within the educational community. My principal purpose here will therefore be to try to set forth some clearer statement of what the idea of accountability means. For we shall surely not be able to agree on methods for implementing and measuring.

ACCOUNTABILITY—A "RELATIONAL" TERM

Let me begin by saying something about the logical characteristics of the term "accountability" itself. First, accountability is what logicians call a "relational" term, not a simple "property" term. The distinction can best be brought out by example. "Female" is a property term. "Sister" is a relational term. A person can be called female simply by possessing certain physiological characteristics, independently of whether anyone else possesses them. But a person cannot be called "sister" except in relation to other persons. To say that a person is a sister is to say, first that she is female, but second that she has one or more brothers or sisters and also that those persons all share the same parents. In other words, "sister" is shorthand for "sister-of and daughter-to" certain other persons. Just so, to be accountable is not a simple property only certain persons have independently of whether other persons possess it. To be accountable is to be accountable-to someone or some others. It is also to be accountable-to some task or purpose.

ACCOUNTABLE TO WHOM, FOR WHAT?

But we have only begun. None of this analysis yet tells us who is to be accountable, or who has the right to hold those persons accountable. All we can say so far is that the mere analysis of the idea does not let us conclude definitively that only teachers, say, can be considered accountable. Of course, I have in mind here the objections which teachers and teachers' unions have quite properly made to the concept of accountability in some of its versions. For if the concept of accountability is to be made part of the everyday workings of public education, we shall need the teachers on our side and we will also need many other kinds of people as well.

So far, we have a formula, with three blanks in it: X is accountable to Y for doing Z. Now, of course, as you know, the blanks in that formula have been filled in certain ways for a very long time. Here is one familiar way:

Pupils are *accountable* to *teachers* for dong *homework* (passing test, etc.) Here is another: *Teachers* are accountable to *principals* for (and here we spell out whatever obligations are detailed in signed contract). And, to continue: *Principals* are accountable to *superintendents* for (and here we spell out whatever is involved in managing a given public school.) We might go on a level or two higher: *Superintendents* are accountable to boards of education for (and here we spell out the obligations involved in keeping a given school district functioning.) Perhaps we might go so far as to say: *Boards of education* are accountable to *taxpayers* for (perhaps: for making wise use of funds allocated for the education budget of a given community.) In larger communities, there are, of course, levels interspersed between the levels I have mentioned. And yet in general the pattern is familiar enough to enable us to agree that this is how things have been up till now.

A TWO-WAY RELATIONSHIP

Let me then point out one important assumption about this way of filling in the blanks. At each level, the pattern assumes that accountability is a one-way relation. The pattern says that a pupil is accountable to the teacher, but it does not say that the teacher is accountable to the pupil. It says that the teacher is accountable to the principal, but it does not say that the principal is accountable to the teacher. And so on. In other words, the assumption is that it is perfectly proper for there to be a hierarchy of accountability, with persons at lower levels being accountable to persons at next higher levels. But I want to suggest to you that this is not a democratic way of doing things. If we want to say that teachers are accountable-to-someone, it seems only fair to have someone accountable-to-teachers. But that is all part of the idea that accountability can be traced throughout a one-way hierarchy. For in this view, no one is accountable to pupils.

So let us explore the idea of accountability as a two-way relationship. If a pupil is accountable to a teacher, it seems only fair that a teacher might also be accountable to his or her pupils. If pupils submit to being examined on what they are taught, perhaps they have a right to say something about what want to learn. Everyone knows that when someone wants to learn something, the learning absorbs the person's *full* attention; he learns well and quickly (because he wants to for some purpose of his own). Then why don't we take advantage of his truism by using it in public education? Since we adults insist that children learn how to read, why can't we let children tell us what they want to read about? If the skill itself stands in the way of what it is that interests them, they will deal with the skill as a necessary step on the way to a goal of their own choosing.

We gain willing students by working with, rather than against, the grain of the child. But we gain something else as well. We are teaching the child at a very young age that he or she bears a good part of the responsibility for his or her education. Here again we make use of a truism about learning: if we want someone to learn something—to learn how to do something or be something, as distinguished from learning only some isolated fact—we put the person in a situation in which he can be or do that thing.

So if we want, as an end-product of our educational process, an independent person who is capable of and interested in continuing to learn long after he or she leaves our educational system, then we begin as *early* as we can to teach children how to be independent and responsible. A teacher who seriously discusses with a pupil what that pupil's interests are is really telling the pupil something very important: the teacher is saying that he or she respects the child's individuality, takes the child seriously, and, finally, is interested in the child.

All of us in our non-professional moments know these things. We have only to put them to work for us in our public education system. Indeed, we're learning them in our professional moments as well. A study entitled, "Educational Accountability and Evaluation," written last year by Sheila Krystal and Samuel Henrie, points out that although performance contracts have resulted in only very small improvements in reading and mathematics skills, one of the interesting side-effects of this and other approaches to accountability is that students have been found to respond well to the added interest in their learning and welfare.

AUTHORITY AND ACCOUNTABILITY

One consequence of considering accountability as a *two-way* relationship is that old patterns or old lines of authority may well fall away fairly soon. For the two-way relationship between teacher and pupil can be replicated at every stage of what has been up till now believed to be a one-way hierarchy. If a teacher is accountable to her principal for teaching certain things to a certain number of pupils for a certain number of hours per day and days per year, so the principal is accountable to the teacher for the environment in which teaching is to take place. For here, when the authority goes not just in one direction, but makes a round trip, so to speak, what we're really emphasizing is that the teacher has a right to be a partner to settling the terms of those things he is going to be held accountable for.

PARENTS A VITAL LINK

Just so, when the line of authority points back to the superintendent from the principal, as well as going in the other familiar direction, new topics will be laid open for discussion as well as new attitudes in discussing them. So that by the time we reach the line of authority that runs from the school board to the parent, we can expect that there will be equally important line from the parent to the school board. Indeed, parents are the link that can turn this whole series of two-way relationships into a circle, instead of parents' being merely one end of the former series of one-way relationships that was in effect an authoritarian hierarchy, where those at lower levels had no means of questioning those at higher levels.

Parents complete the chain by having the power to vote a school board in or out, on one end, and by watching and assisting the growth of their own children, at the other end. Many parents do both these things now, of course. But the two-way relationship patterns could invite many new participants into the whole educational process, by letting parents see that they have no right to demand certain results from their children's teachers unless they themselves are willing to share part of the responsibility with the teacher. In the two-way view of the relationship, when the parent goes to the teacher to say: "You're being paid to teach, but my Johnny can't read," the teacher will be able

to point out that certain factors beyond her control but perhaps within the parent's control may well be standing in Johnny's way.

This view of accountability—as a two-way relationship between and among all participants at all levels of the educational process—goes to the core of one of the unspoken assumptions about accountability as the weapon we've long been seeking that will let us punish the teachers who can't make our children learn. This punitive interpretation of accountability is, of course, what the teachers' unions are responding to when they resist accountability in many of its forms.

ACCOUNTABILITY AS A SCHOOL IMPROVEMENT PROGRAM

New York City is therefore to be applauded for having required that scapegoating be no part of the accountability plan it bought from the Educational Testing Service. The theme of that plan is to offer a tool for pinpointing schools and school districts that are doing a good job; it does not design techniques for indicating individual principals and teachers who are *not* doing a good job. In a word, the accountability apparatus designed by ETS works for corrective action for schools. It is a school improvement program. What is still not clear is whether the plan tells anyone who is responsible to whom and for what.

The *New York Times* of March 18, 1973, printed the results of part of Stage 1 of the plan: a full page listed student reading achievement scores in Grades 2 and 5 in every school in every district in the city. Stage 2 will be to assess the causes of poor achievement. Stage 3 will be to offer methods of taking corrective action to remove deficiencies in performance.

The heart of the problem is, of course, assessing the causes of poor achievement. What corrective action is to be taken will, in turn, depend on what the causes turn out to be. One important aspect of the New York scheme is to make the corrective action plans a matter of public record, so that they can be opened to public discussion. The ETS report warns, however, that goals still have to be clarified, standards set, and measurement techniques improved. But these are familiar problems for educators. The point is how does calling them problems of "accountability" help educators solve them?

Here is one way. It was perhaps the impetus of the idea of accountability itself that caused the New York City Board of Education to try to think more carefully about goals it might reasonably try to meet, within the limits of a contemporary situation the pressures of which you all know well. To the extent, then, that accountability serves as a goal to all of us to sharpen our ideas about specific goals we want our public school system to accomplish, it serves a useful purpose, both intellectual and practical.

OTHER CONSIDERATIONS

Now let's go back one more time to the concept of accountability, construed as a two-way relationship. Accountability, so defined, means that I am most fairly accountable to you when I help decide what things I shall be accountable for, as well as how my performance of those things is to be judged. For I find it difficult to understand how anyone can expect me to agree to perform certain tasks which are not within my power. I cannot agree that I will teach Johnny and Susan to read at grade level by the end of the year, in advance of knowing Johnny and Susan. . . . If, on the other hand, I know these children well, and know them to be intelligent enough to do the work, but also know that they are distracted by home situations of poverty or parental bickering or brutality, then again I cannot, absent these distractions, agree to teach them to read at grade level.

The only way I can agree, in a moral sense, to make some attempt to be accountable for the actions of persons who are not fully under my control is if those persons are presented to me with all negative conditions removed. And since there is no way of insuring that children will walk into our public schools only under optimal conditions for learning, it seems I cannot *morally* agree to be accountable, in this narrow legal sense, for the learning of my students.

So is there some means of insuring ourselves of the guarantee which the notion of accountability was originally introduced to provide—the guarantee that children will *in fact* learn something specific? In view of the qualifications I have in logic been constrained to make, I think not. But this conclusion does not at all mean—I hasten to add—that we have to give up on the hope of being able to educate our children more effectively than we've been doing up to now. So let's go back to accountability again, looking at some of the "educational engineering" methods which were supposed to put it into effect.

PERFORMANCE CONTRACTING

Take performance contracting, for example. A good deal of intellectual inquiry about the purposes a school wishes to accomplish is necessary before it is ready to ask for competing bids from contractors. The outcome of that searching is a statement, in as specific terms as possible, of the kinds of performance a contractor will be asked to guarantee. Now, because contractors are profit-making organizations, they will surely not promise to achieve, results for otherwise they would receive no money for their effort. So the schools are in effect called on to specify their goals in the minimal terms (recall Dr. Lessinger's notion of a guarantee of "basic" skills) that a profit-making company would reasonably risk guaranteeing.

In other words, performance contracting, while it demands that schools state their goals carefully, also demands that those goals be stated in the kind of units that can be dealt with by systems analysts. So at the very moment that educators are trying to find ways simply to keep children from dropping out of school, let *alone* to find ways of teaching them a love for learning that will remain with them throughout their adult ways, performance contracting asks this of us although there is no evidence whatever that any accumulation of quantifiably, measurable goals will ever coalesce into the broader goals most of us believe to be essential to what it is to be an educated person.

PERFORMANCE CONTRACTING AND THE WORK WORLD

There is a striking parallel here with what is happening in the lives of factory workers throughout the world. As you know, more and more corporations are reporting higher absentee rates, higher alcoholism rates, and general worker discontent, all of which developments are reflected in shoddy products coming off the assembly lines. Corporations become concerned about such things only at the point, of course, where they begin to eat in to their profits, as when hundreds of thousands of automobiles must be recalled for safety defects. Investigation of worker discontent now reveals that the factory assembly line, formerly believed to be the very model for efficiency, is instead the cause of worker discontent. We have discovered (again learning professionally something we all know in our daily lives) that when people do not know and do not share in the over-all purpose of some action, they often do not care about the action itself.

The headquarters plants of both Volvo and Saab in Sweden have taken seriously the outcome of these investigations. Their newer plants have been designed without assembly lines. Instead, small groups of workers, who choose to work together because they work well together and trust one another's performance, are given the responsibility of assembling entire cars by themselves. No one is placed in authority over them: they select their own foreman; they hire new workers; they decide on their own schedules; they see that parts and tools are available to themselves when needed. In short, the only job they are hired to do is to produce automobiles. Now I am not familiar enough with the details to know whether they also agree to produce a certain number of automobiles within a certain time, but I think not. The point is that under this new system, Volvo and Saab produce more automobiles which are freer of defect than were produced under the old assembly line methods. But better than that: there is less absenteeism, less theft, less waste of materials and a visible spirit of genuine enthusiasm for the job than there ever was before.

The parallel I am suggesting is that performance contracting may well be an intrusion into education of assembly-line methods. It assumes that industry has made its great profits by breaking things down into quantifiable units, and that therefore education should copy its methods to achieve its successes. But in fact industry is now turning away from assembly-lines and restoring the old craft idea of giving persons full responsibility for all decisions related to their work. I am suggesting, in other words, that performance contracting (and other "educational engineering" methods) may be extremely valuable in compelling school personnel to think carefully and hard about their goals. At the same time, such methods may be counterproductive in requiring that those goals be stated in quantifiably measurable terms.

ACCOUNTABILITY AND THE CONGRESSMAN

Now what does this lengthy abstract discussion mean in terms of the day-to-day business of running schools? I want to say that, speaking as a legislator, I sympathize with your problems of dealing with accountability in your school systems. We in Congress are familiar with the demand for accountability. As representatives of our constituents, we are accountable to them in at least two senses. First, they may call us to account for actions we have promised to undertake if they elect us. And second, they may call us to account for actions we do take when we propose bills, vote yes or no on certain bills, hold hearings, and vote to expend money, or not to.

But we in Congress know about accountability from the other side of the fence as well. For one of our essential duties as legislators is to assure that the executive branch is carrying out the intent of Congress in accordance with the terms of specific legislation. Here it is we who are—and should be—calling others to account. And when, in the course of our demands for accountability from the Executive, we encounter resistance (as you may have heard), we as Federal legislators have problems of our own. For example, the President says that we can't solve social problems by throwing great sums of money at them. And one of our difficulties in responding to this unexceptional truism is there are few effective ways of judging the effects of educational expenditures. In fact, we haven't *yet* developed adequate standards of performance for human behavior of most sorts, let alone for the behavior specific to the education setting.

EVALUATION IN ITS INFANCY

In this connection, a column by David Broder in the *Washington Post* of March 20, 1973, is right on target. Broder's purpose in this column is to try to uncover the evidence on which President Nixon bases his assertion that certain Federal programs have failed and that therefore these programs should no longer be Federally funded. The President

made this claim in a recent saying, "We have conducted detailed studies comparing . . . costs and results. On the basis of that experience, I am convinced the cost of many federal programs can no longer be justified." Broder reports that, on the contrary, Administration witnesses at Congressional hearings are unable to describe the standards and techniques by which programs have been judged successful or not.

Broder then calls our attention to a brand-new journal produced in Minneapolis, under a grant from the National Institute of Mental Health. The magazine is called *Evaluation: A Forum for Human Service Decision-Makers*, and of it, Broder says:

"The mere fact that this is Vol. 1 No. 1 of the journal suggests that evaluation, particularly of human service programs, is scarcely a long-established, mature science."

The lead article in *Evaluation* is written by Garth Buchanan and Joseph Wholey of the Urban Institute, and it concerns Federal-level evaluation. These two writers had examined Federal evaluation programs in 1969 and had found that substantial work on evaluation was, in their words, "almost non-existent." Re-examining the field two years later, Buchanan and Wholey found that while more money had been budgeted for evaluation, the support was probably based, not on previous results, but rather on the urgent need. They say:

"We are led to this conclusion because in our judgment the impact of evaluation results on programs development and improvement in the last two years has been disappointing when compared with the amount of money and effort that have gone into evaluation."

An outgoing Assistant Secretary of the Department of Health, Education and Welfare, Laurence Lynn, Jr., also has an article in the same journal. He tells us that HEW has some 125 professional evaluators, with a budget of $40 to $50 million, who have been working for only two or three years, and with mixed results. Most of the studies produced only limited findings; many were almost useless. In other words, the President's claim to have evidence indicating that the results of certain Federal programs do not justify their costs is not supported by these researchers or by his own Administration witnesses. But of course that we do not yet have evaluation criteria does not mean that we should not continue, diligently, to seek them.

ASSESSING EDUCATIONAL RESULTS

Critics of American education are right to tell us how ignorant we are about assessing human behavior, especially with respect to education. The more frequently we keep hearing that conclusion, the more people will realize how much work still needs to be done. Indeed, one of the principal reasons I became the most vigorous champion in Congress of the new National Institute of Education was my conviction that we need far more and better research on the evaluation of human learning.

And a number of us in Congress continue to press for legislation that contains plans for evaluating ongoing programs. To date, our best attempt (and it is very mild) is contained in section 205(a) of Title I of the original Elementary and Secondary Education Act of 1965, redesignated section 141(a)(6) as amended in 1970. There we specify one of the constitutions under which local education agencies receive grants as follows:

That effective procedures, including provision for appropriate objective measurements of educational achievement, will be adopted for evaluating at least annually the effectiveness of the programs in meeting the special educational needs of educationally deprived children.

Because our knowledge is so sadly lacking in this area, we were unable to make more exact demands. The outcome was, as we no doubt expected, that little more than the usual "final report" found its way back to Washington at the end of the grant period.

COLLEGES IN FINANCIAL DISTRESS?

Let me cite from personal experience another example of the problem of evaluating the effectiveness of education. Last year, in writing the Higher Education Act of 1972, my subcommittee colleagues and I sought a formula for providing a new program of general institutional aid to colleges and universities, that is, unspecified aid, aid to be expended as each institution saw fit. One of the great arguments made for such assistance was that colleges and universities were in deep financial distress—you all recall *The New Depression in Higher Education*, Earl Cheit's Carnegie Commission Study. But when our committee attempted to find a definition of "financial distress" or even "financial need" our inquiries fell on stony ground. For there are no commonly accepted standards of the economics of higher education; and those of us who make decisions about financing higher education cannot easily turn to some common cost-benefit measurements to help us make more rational policy judgments than we now do. Indeed the paucity of serious intellectual attention to such questions led to these two results last year. First, the committee—and Congress—finally opted for the cost of education allowance basis for providing direct institutional aid (linking the aid to the number of federally assisted students and the volume of their aid—both measurable factors) rather than, sans any agreed definition of "financial crisis" or "needs," the across-the-board per capita approach; and second, Congress authorized the creation of a National Commission on the Financing of Post Secondary Education, to study the impact of present and possible future ways of supporting post secondary education. And among the charges of this Commission, of which I am one of the four Congressional members, is to consider suggested national uniform standards of determining the annual per student costs of providing postsecondary education for various kinds of students in various kinds of institutions.

So many of us in Congress, faced with the responsibility of acting on legislation that may significantly affect the future shape of higher education, have felt at sea by the thinkers of the country, to whom we feel we should have been able to turn for far more rigorous and constructive contributions on the purposes of postsecondary education, the best policies for achieving those purposes, and the best ways of judging how effectively those policies are indeed helping achieve those purposes. Else how can we as legislators be accountable to the taxpayers, not to speak of the students, teachers, and administrators of the institutions of higher learning?

WASTELANDS OF UNDERSTANDING

That there are similar wastelands of understanding at the elementary and secondary level, you know as well as I. The present controversy over the findings of Christopher Jencks about, in turn, the findings of James Coleman, coupled with the comments of Daniel Patrick Moynihan and Frederick Mosteller—a debate summed up most cogently in Godfrey Hodgson's recent *Atlantic* essay—is perhaps the most widely discussed instance of the difficulty of coming to some common definitions of terminology, not to speak of purposes or of policies to achieve them. Does, for example, Title I of the ESEA "work"—whatever that means—to "improve the education"—whatever that means—of children in school districts with large numbers of low income families?

The suggestion that "we've tried it and it doesn't work" is far too simplistic for me. For one thing, little more than 7% of the total cost of all elementary and secondary public schools comes from federal sources—not very much money. Moreover, we all know that in many instances the funds intended to be targeted on low income districts—and thereby on poor children—have been spent in violation of the Congressional intent, as general aid in middle income schools. So don't complain if orange trees don't bear peaches!

I am therefore not ready to abandon Title I ESEA, not because it has unquestionably been proved effective in improving the educating of children, and not because, as Jencks argues, it is better to have pleasant schools because children spend so much time in them, but rather, that, until refuted. I prefer to proceed on the assumption that compensatory spending on the education of poor children helps them learn. That social scientists are so deficient in their scholarship should not cause legislators to suspend their common law right to make common sense judgments! So here, in the higher education and elementary and secondary education measures, you have just two examples of how Congressmen are struggling, without, to repeat, as much help as I think we should have, to be accountable, in every sense of the word.

BETTER SCHOOLS ACT

I might here say just one other word about evaluation and accountability, in light of President Nixon's recent proposal for special revenue sharing for education. The President's bill, with the revealing title of "Better Schools Act," says only that the schools "shall evaluate," but of course it is no more able to specify the criteria for evaluation than does Title I. So although categorical programs may in some ways be deficient, at least in the statement of the purpose of the act, they provide some general standards for the use of funds. Special revenue sharing, by contrast, puts the money on the stump and runs.

It is time for me to summarize what I have tried to tell you. I have argued, first, that we must begin to construe accountability as a two-way relationship between and among all participants at all levels of the educational process. And I have said that this approach makes unnecessary the tendency to use accountability as a way of pointing a punishing finger at someone, particularly at teachers. This way of understanding accountability can mean a new sense of democratic relationships throughout the entire chain of administer-faculty-pupil-and-parents.

Second, I have suggested that it is essential that we begin to develop scientifically acceptable standards for judging educational performance. That is, as I have earlier remarked, one reason I support the National Institute of Education as well as other serious research on this subject, however financed.

In this connection, I have already told you why I think the President's revenue-sharing program for education means a retreat from the search for effective evaluation of educational achievement. For revenue-sharing gives lip-service to the idea of evaluation but is basically silent about standards for spending the funds it provides.

And, finally, I have given you, from the lives of legislators, some examples of how, for us, the problem of accountability is far more than an abstract idea.

For Congressman and Senators who write legislation that affects the schools and universities of this nation, accountability must be a continuing concern. I know that for all you who shape the process of teaching and learning it will be a continuing concern as well.

CPA AT HUD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FUQUA) is recognized for 5 minutes.

Mr. FUQUA. Mr. Speaker, I wish to

continue in my attempt to clarify the impact of the proposed Consumer Protection Agency on the existing Federal administrative agencies. In order to increase perspective and avoid undue speculation, I have asked selected agencies to list those actual proceedings undertaken last year that would be subject to CPA advocacy under the various bills.

The bills now being considered by a Government Operations Subcommittee on which I serve are H.R. 14 by Congressman ROSENTHAL, H.R. 21 by Congressman HOLIFIELD and HORTON, and H.R. 564 by Congressman BROWN of Ohio and myself.

The major difference among the bills is that H.R. 14 and H.R. 21 would allow the CPA to appeal to the courts the final actions of other agencies. The Fuqua-Brown bill would not grant such an extraordinary power to a non-regulatory CPA.

Today I wish to call attention to the reply of the Department of Housing and Urban Development. The HUD reply reveals that the differences in the three CPA proposals would have had little effect on the degree of CPA participation in HUD administrative proceedings during the calendar year 1972. HUD conducted only three formal hearings in 1972.

The fact that there would be little effect on the ability of the CPA, as authorized by each of the bills, to advocate the consumer interest at the administrative level, emphasizes the major difference in the three CPA bills. Only the Fuqua-Brown bill, H.R. 564, would not authorize the CPA to initiate court review of the decisions of HUD.

Mr. Speaker, in order to give the Members an early appreciation of the scope and importance of these CPA bills, I now include in the RECORD the reply of the General Counsel of the Department of Housing and Urban Development.

GENERAL COUNSEL OF HOUSING
AND URBAN DEVELOPMENT,
Washington, D.C., September 24, 1973.

HON. DON FUQUA,
House of Representatives,
Washington, D.C.

DEAR MR. FUQUA: The Secretary has asked me to reply to your inquiry of September 7, 1973, regarding certain administrative actions taken by the Department during 1972. I am, therefore, responding to your numbered questions in the order in which they were asked.

Question 1. What regulations, rules, rates or policy interpretations subject to 5 USC 553 (the Administrative Procedure Act (APA) notice and comment rulemaking provisions) were proposed by your agency during calendar year 1972?

With respect to the majority of its programs, HUD is exempt from the provisions of 5 USC 553 and is therefore not required to engage in rulemaking since these programs generally involve public grants benefits or contracts. An exception, however is the Interstate Land Sales Full Disclosure Act (15 USC 1701) which confers certain responsibilities of a regulatory nature. During 1972 the Department published a final rule, after opportunity for rulemaking and amendments providing procedures under that Act.

In addition, the Department as a matter of policy (24 CFR Part 10) has voluntarily provided for comment and public procedure throughout its programs except where impracticable, unnecessary, or contrary to the public interest. Pursuant to this policy, HUD has issued numerous notices of proposed rulemaking, and has promulgated a number of final rules after opportunity for public comment, on occasion permitting informal hearing and oral presentation.

Question 2. What regulations, rules, rates, or policy interpretation subject to 5 USC 556 and 557 (that is, APA rulemaking on the record) were proposed or initiated by your agency during calendar year 1972?

HUD does not engage in any formal rulemaking pursuant to 5 USC 556 or 557.

Question 3. Excluding proceedings in which your agency sought primarily to impose directly (without court action) a fine, penalty or forfeiture, what administrative adjudications (including licensing proceedings) subject to 5 USC 556 and 557 were proposed or initiated by your agency during calendar year 1972?

Two functions of the Department, adjudicatory in nature, come within the aegis of 5 USC 556 and 557: administration of the Interstate Land Sales Full Disclosure Act, mentioned above, and Title VI of the Civil Rights Act of 1964 (42 USC 2000a).

15 USC 1715(b) provides that a land sales registration order issued after hearing be based upon the record, and that the hearing be conducted in accordance with the provisions of the Administrative Procedure Act. During calendar 1972, the Department conducted only two land sales registration hearings and issued no final adjudicatory orders. This number of hearings is not representative,, however, inasmuch as the enforcement program did not become fully active until the latter part of the year.

42 USC 2000d–1 provides that grants or assistance be terminated for noncompliance with the Civil Rights Act only in the case of recipients ". . . as to whom there has been an express finding on the record, after opportunity for hearing . . ." During calendar 1972, HUD joined with HEW in one hearing under title VI, but no order has been issued.

Question 4. What adjudications under any provision of 5 USC Chapter 5 seeking primarily to impose directly (without court action) a fine, penalty or forfeiture were proposed or initiated by your agency during calendar year 1972?

HUD imposed no fines, penalties or forfeitures under 5 USC Chapter 5, during 1972.

Question 5. Excluding proceedings subject to 5 USC 554, 556 and 557, what proceedings on the record after an opportunity for hearing did your agency propose or initiate during calendar year 1972?

The Department conducts hearings as to parties debarred or suspended from contracting with the Department under 24 CFR Part 24, but the proceedings are not governed by 5 USC Chapter 5.

Question 6. Will you please furnish me with a list of representative public and nonpublic activities proposed or initiated by your agency during calendar year 1972?

The only industry with respect to which the Department has regulatory type responsibilities is interstate land development, mentioned in answers to 1 and 3 above. Considering the general nature of your question, changes in HUD top and middle management as well as record-keeping limitations make it infeasible to refer now to matters raised at informal policy and budget meetings or to recount the substance of telephonic policy interpretations.

Question 7. Excluding actions designed primarily to impose a fine, penalty or forfeiture, what final actions taken by your agency in calendar 1972 could have been appealed to the courts for review by anyone under a statutory provision or judicial interpretation?

15 USC 1710(a) provides for court review of orders under the land sales registration program. 42 USC 2000d-2 provides for judicial review of the Department's actions under Title VI of the Civil Rights Act of 1964. Appeals from debarment and suspension actions are taken to the United States District Courts.

I hope this information will be of assistance in your evaluation of the impact of H.R. 14, 21, and 564 on administrative agencies.

Sincerely,

ROBERT R. ELLIOTT,
(for James L. Mitchell).

TAX NOTES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 5 minutes.

Mr. DRINAN. Mr. Speaker, I bring to the attention of the Members material taken from the December 10, 1973 issue of Tax Notes. This is a weekly published by Tax Analysts and Advocates, 2369 North Taylor Street, Arlington, Va.

On the inside cover of Tax Notes for December 10 there is reprinted the following memo from John M. Martin, Jr., Chief Counsel to the Committee on Ways and Means to the members of that committee I reproduce this memo:

On page 3 of this issue there is the following information about the Ways and Means Committee and members' bills. I attach these three paragraphs.

An article from this same source by Samuel Hastings-Black is entitled "How to Analyze 'Private-Interest' Tax Bills." This article follows:

MEMORANDUM TO MEMBERS OF THE COMMITTEE ON WAYS AND MEANS

From: John M. Martin, Jr., Chief Counsel.
Subject: Miscellaneous Bills.

The purpose of this memo is to again request those Members who have not already contacted me as to any miscellaneous minor bills which they wish to be added to the list for possible consideration by the Committee when it has a chance to either announce receipt of written statements or to meet on such bills to please advise me not later than noon Tuesday, December 4, of the bills which they desire to be added to this list.

As was indicated in the Committee meeting several days ago, this will not include any bills involving a major revenue impact or major, far-reaching changes.

Please have someone contact me or Mrs. Kendall on Extension 53628 just as soon as possible, since a considerable amount of work is involved in assembling these various lists and in advising the Departments to expedite their reports thereon.

WAYS AND MEANS WILL TRY AGAIN ON MEMBERS' BILLS

The memorandum reprinted on the preceding page indicates that the House Ways and Means Committee will make another try to secure passage of members' bills by either unanimous consent or suspension of the rules, in spite of two consecutive years of failure. Members' bills, which are subject to a variety of definitions and connotations, generally are narrow-interest measures, not necessarily against the public interest but often suspicious nonetheless. (See story on private interest legislation, page 16.) A coalition of House liberals, including Chairman Wright Patman, D-Texas, of the House Banking and Currency Committee, and Reps. Henry S. Reuss and Les Aspin, both Wisconsin Democrats, have successfully blocked action.

Traditionally, the bills were brought up under either suspension of the rules or under unanimous consent, procedures which make

it simple for a few, or even a single, objector to block action. The principal argument of the opponents has been that the legislation received no hearings.

Ways and Means has not decided upon a strategy for this session but among the possibilities is the holding of open hearings on the bills. Most, the members insist, are quite routine and would meet no opposition. Some are clearly of a technical nature that obviously would not make major changes in tax law. Ways and Means staff members declined to say what type of bills were submitted by the deadline. The Committee tentatively plans to meet on them this week.

HOW TO ANALYZE "PRIVATE-INTEREST" TAX BILLS

(By Samuel Hastings-Black)

"Private-interest" tax bills? No cause for alarm—it's not a new kind of bill. This is just Tax Notes' way of ducking the problems created by using the term "member's bill." A "private-interest" bill is one tailored to help individual but purposely unnamed taxpayers.

If the taxpayer is named, then the legislation is more properly characterized as a private bill, a form of relief long recognized as a basically sound problem-solving device. Sometimes the text of a "private" bill will include the name of the taxpayer; this kind of bill is unusually referred to the Judiciary Committees, although some private tax bills are handled by Ways and Means. Alternatively, a bill may not name the beneficiary, but the legislative history may say who the beneficiary is. An example is the Senate's Herndon Foundation amendment to H.R. 8214. (See S. Rept. 93–554, Nov. 27, 1973, and Tax Notes, Dec. 3, 1973, p. 4, H.R. 11484.)

If a bill would help unnamed taxpayers but is not narrowly tailored, then it is simply a piece of general legislation, to be judged on its merits.

"Special interest" bills connote aid to an entire industry or a segment, even a small segment, of an industry—e.g. a bill to abolish excise taxes on tow truck bumpers (H.R. 4021, introduced this year). The beneficiary class may be recognizable, but even this kind of bill is broad enough to require some consideration on general merits before passage. The bumper manufacturers have not been bashful about letting their identity be known.

"Member's bills" can either be "private interest" bills, "special interest" bills, or "private" bills. Since the term "member's bill" is fairly broad, Tax Notes has had to come up with something narrower—hence this article's title. "Member's bill" is also a term of art, indicating bills solicited by the Committee chairman from the committee members, at the end of a session ("ornaments" on a "Christmas tree" bill) or after a long effort at enacting a major bill.

How about "contributor's bills"? Such terminology would be correct at least some of the time, but poses problems: a) it requires more facts before the term can be used; b) it could be libelous unless specifically true; c) it includes general legislation, as when an environment lobby contributes to a campaign and afterward solicits introduction of a pro-environment tax; and d) it would exclude egregious private interest efforts where no contribution was involved.

What more can be said about private interest bills? The definition indicates that a member of Congress is trying to help someone specific, but the member doesn't want the voters to know about it. This means that the member is uneasy about owing the beneficiary something—perhaps in return for a campaign contribution or favors such as free rides in company jets. It means that the beneficiary or the member is uneasy about the relief being proposed—typically, a departure from horizontal equity (similar taxpayers getting similar treatment) toward a special favor—a loophole, or a departure from generally accepted principles of tax accounting or economics.

IDENTIFYING A PRIVATE INTEREST BILL

There are a number of telltale signs of a private interest bill:

1. The title doesn't say what the substance is. Example: To amend section 832(e) of the Internal Revenue Code of 1954. Mar. 13, 1973.—Report requested from Department of the Treasury.

2. The text is short—a few lines, often one page, rarely more than two or three pages.

3. The text is devoid of substance—it's just tax law gobbledygook.

4. The bill may have a retroactive date, bailing out some lawyer's or accountant's blooper.

5. No speech accompanies the introduction of the bill, nor any press release, fact sheet, etc.

6. The sponsor is likely to be on Finance or Ways and Means, or, in the House, a senior member.

7. The office of the sponsor won't tell you anything about the bill.

8. The bill may be introduced at the end of a session or as an amendment to an end-of-session bill. Often the sponsor's hope is to add the language quickly to a veto-proof bill (for example, H.R. 8214, the current Christmas tree bill, which contains language giving tax relief to prisoners of war and families of servicemen missing in action).

9. The committee language reporting the bill is obscure, dwelling on technical details.

10. The estimate may be fudged—"negligible," "a small effect at most." (The cost may be a paltry million, which is small compared to the federal budget; but if the bill benefits one taxpayer, it wouldn't be small to that taxpayer.)

11. The estimate may be fudged by cranking in feedback effects. The first level effect of the bill might be, say, to cut tax on certain securities, resulting in a revenue loss; so the analysis may go on to say that these securities will subsequently be traded more often at the low tax rate, generating more, not less revenue than before. These second level effects are not customarily included in revenue estimates, however. (See Tax Notes, Oct. 15, 1973, pp. 9–10.)

12. The committee or the sponsor may cite Treasury approval for a revenue estimate, but not approval for the bill itself.

13. The committee or sponsor may cite Treasury approval but this turns out to be only oral approval. If Treasury has been unwilling to go on record, or only asked at some secret markup session, there may be a reason.

14. The bills may be put on the House Suspension Calendar (no debate) or made the subject of a unanimous consent resolution limiting debate.

How to Analyze the Bill

Now you've got to get a better feel for what the bill does. At this point you should:

1. Check the current calendar of the Ways and Means or Finance Committees to see if the bill has appeared elsewhere. Using the sponsor index, see if the bill was introduced earlier by the same member. Use the number index to determine who else may have introduced the bill. Use the subject index to see if a different member introduced a simflar bill. If the number index indicates that the bill was reported, then there is legislative history in a published report. The report number and date, and a summary of it, appear at the beginning of the calendar. Current calendars are available free at 225-3625 (Ways and Means) and 225–4515 (Finance).

2. Check the "Final Calendar" of the Finance or Ways and Means Committee for the previous Congress. Private interest bills are the opposite of old soldiers—they often die, but they rarely fade away. Use the same indexes to see who was behind the proposal in previous years. Any time the measure was introduced, there may have been a speech in the Congressional Record on the subject. (Final Calendars are also free.)

3. Check the Congressional Record indexes for a speech by the sponsor within a few days of introduction of the bill. These indexes are published separately from the daily Record.

4. Go to the Commerce Clearing House 6-volume Standard Federal Tax Reports (annotated Revenue Code) and read the material at the relevant code sections to see whether any revenue rulings or cases discussed the issue.

5. Call some sources who might be able to shed some light on the objectives and potential beneficiaries of a bill. These would include:

The revenue committees (Ways and Means and Finance) and the extremely influential Joint Committee on Internal Revenue Taxation (225–3621). The latter handles most of the technical work on tax legislation in both houses of Congress.

The Office of the Assistant Secretary for Tax Policy (964–5561). Within that office there is the Office of Tax Analysis (964–2318), the Office of the Tax Legislative Counsel (964–8248) and the Office of the International Tax Counsel (964–5046). OTA provides economic advice on tax matters and the other two units give legal advice.

*The Internal Revenue Service (964–4037).

*The Tax Division of the Department of Justice (739–2901). This group would know if a bill might overturn some court decisions.

Individuals at local law firms or on the university law facilities who might be familiar with the circumstances that gave rise to the legislation.

6. It is possible that the Treasury Department issued a formal bill report on the proposal. A request for such a report can be made through the Office of the Assistant Secretary for Tax Policy. All reports issued since July 1, 1967, are available under the Freedom of Information Act. Reports issued after June 1, 1973, are available in Room 441, Main Treasury.

IDENTIFYING AN UNNAMED BENEFICIARY

Now that you know what the bill is trying to do, you can begin the most difficult phase, which is finding out who the lucky taxpayer is. The Executive has a statutory duty to disclose the name, or the name of the taxpayer's lawyer, if either appears in writing in connection with communications to or from Treasury. Try these methods:

1. Correspondence from the member of Congress is available through the Office of the Assistant Secretary for Tax Policy. Correspondence received on or after June 1, 1973 would show up in the tax correspondence index in the library on the fifth floor of Main Treasury. Correspondence prior to that but sent after July 1, 1967, must also be made public on request. No index is publicly available. However, it is usually a simple matter to frame a request in a general manner keyed to the legislation in question and thereby obtain the correspondence.

2. Pursuant to written requests Treasury must search files for logs of meetings or telephone conversations with taxpayers, the Hill, or counsel, if there were any such discussions.

3. If a Treasury employee knows the taxpayer's name, he (she) may well tell you just to get you off his (her) back, with no need for a written request.

4. If you know that the bill benefits a certain type of industry or business, or a taxpayer with certain kinds of business interests, you might try to find a reporter or editor from the sponsor's state, who has a

reputation for not liking the sponsor, and who might be able to name some acquaintances of the sponsor who fit into the category of taxpayers benefitting.

5. You can check the sponsor's campaign receipts to see if executives from that industry gave any money (donors must list their place of work). To do this, go to the Public Records Office of the Secretary of the Senate (Capitol Basement, Room ST 2, 225–2124) or the Records and Registration Office of the Clerk of the House (Longworth Building, Room 1036, 225–1300) and examine the campaign contribution records for the member in question. The campaign committees organized to fund the member are listed. If general committees, such as the Republican Congressional Committee, were heavy contributors, it is advisable to check the names of individuals making large donations to it to see if the dates correspond to those on which donations were then transferred by the campaign committee to the member in question. Masking the identity of donors by passing the contributions through the campaign committees is called "laundering."

6. If you have the name of the attorney of the taxpayer who is a beneficiary of the private interest legislation, compare the law firm's clients (listed in Martindale & Hubbell) with the list of campaign donors.

7. If reversal of a court case is involved, the name of the taxpayer and the taxpayer's lawyer will be included in the judge's opinion.

WHY ALL THIS SECRECY?

In the case of a private bill, the taxpayer's name is routinely made public by the sponsor or the committee involved. Since the purpose of the bill is to correct what is widely seen to be an inequity, no one is embarrassed to identify the dollar amount and the beneficiary.

In the case of a special interest bill or a piece of general legislation, the same is true. There is a revenue estimate and the beneficiary class is described. A good example is S. 1696, by Sen. Dole (Tax Notes, Nov. 26, 1973, p. 16). The benefitted group includes those companies or citizens who own private aircraft. Sen. Dole is not embarrassed to let that be known, even though it is recognized that this is an upper income group. Nobody's hiding anything.

CONABLE POSITION

Rep. Barber B. Conable, Jr., the Republican Ways and Means member from Rochester, N.Y., made a number of relevant and thoughtful points in his August 16, 1973 newsletter. He uses the term "Member's bill" in much the way this article uses "private interest bill." Among his statements:

a. ". . . sometimes special situations arise in which a serious and unintended inequity follows for one or two taxpayers even though the general application of the law is fair and intended. A court would be powerless to change the law or to disregard it, but a special bill can be put through Congress as a last resort to correct the problem without affecting the basic policy of the law. For this purpose the Ways and Means Committee is broken down geographically, and a taxpayer seeking such a legislative remedy is expected to go to the Committee member nearest his home to ask him to sponsor a Member's bill."

b. ". . . a day is set aside for consideration of Member's bills by the Committee. At that time the affected department of the executive branch (usually Treasury) presents a report on each considered bill. An unfavorable report automatically kills the bill. Any single member of our 25-person Committee can object to any Member's bill and this automatically kills it, as well.

c. "To require public hearings, normal mark-up sessions, the granting of a formal rule and full-scale debate on these measures would waste enough time so that it would never happen and the remedy would be lost."

d. ". . . if we no longer use Member's bills, the proposals which became Member's bills in the past will be buried in our omnibus tax legislation, complex and many pages long, and most rank and file legislators will never even realize they are voting on them. . . ."

The Conable analysis squares, in part, with the Hill and executive branch experience of TA/A's staff, but recent history provides plenty of exceptions to the Conable view, and these exceptions point up the problems with private interest bills. Our experience with the Conable analysis, point by point:

(a) Conable is describing "private bills," a quasi-judicial vehicle to right a wrong on a one-time basis, without changing the law for all future time. His description doesn't as squarely apply to "private interest bills."

There is a system for private bills, naming the taxpayer and defining the relief. These bills are not codified and apply only to the one beneficiary. But private bills are not private interest bills. Bills in this other category are codified and apply to all future similar transactions. They hide the identity of the beneficiary and, usually, the amount of the revenue loss. As for going to the member nearest your home, there seem to be numerous exceptions to this benign "rule" if it is a rule. Finance Committee member Sen. Hansen R-Wyo., has been pushing a bill for two years which would benefit a few closely-held corporations in Illinois.

(b) Treasury objections to H.R. 8663, recently under consideration by the Finance Committee, seem not to have had any effect. The right of members to kill a proposal by objecting has been more carefully observed in the House than in the Senate. No such objection procedure exists in the Finance Committee. Floor objection is, practically speaking, harder in the Senate because Finance reports private interest bills out as amendments (51 votes to kill) rather than as separate bills under unanimous consent (1 objection to kill). This is not to visit the Finance Committee's "sins" on Rep. Conable.

(c) The question here is, if these bills are one-time relief for inequitably treated taxpayers, then why not hold hearings and debates? These bills wouldn't take up any time because everyone would be for them. There is a formal procedure for private bills, and no one seems to complain that the procedures waste so much time that private bills "never happen." They happen all the time. The remedy is not lost because of the rules—on the contrary, when rules are observed, confidence in the process builds, and the remedy is enhanced.

(d) This is simply a threat of bad faith. "If we have to have floor dabate, we'll put these provision into bigger bills." This seems almost an admission that the private interest bills can't stand on their own feet. If they have to be "buried" maybe they shouldn't pass in the first place. In fact, however, this burying is already done and may be part of the problem. A better solution is represented by the Technical Amendments Act of 1958. The committee published extensive lists of "unintended Hardships and Benefits Resulting from the Revenue Code of 1954." Hearings were held and the provisions of law analyzed extensively. No one tried to hide that the many small provisions added up to a major bill, worthy of extensive public discussion.

A BETTER METHOD

The Conable analysis contains the seeds of an improved procedure for handling private-interest bills. Conable's analysis indicates that the Congress is to be used as a last resort. Perhaps no taxpayer should be the subject of a bill until the taxpayer has lost a court suit or an attempt to get a ruling or a regulation. The suit would be cited, or the negative ruling, refusal to rule, or denial of regulation change included, in the committee hearing record on the bill. The taxpayer would always be identified. If the taxpayer is truly the victim of a "serious and unintended inequity," the taxpayer should not be reluctant to be identified.

If Treasury submits a report on every bill, these reports should be in writing with a dollar revenue estimate, and made a part of the record. Transcripts of the executive sessions should be immediately made public. There should be no need for secret transcripts. This applies to House-Senate conferences also.

Again, if the inequities are clear, allowing floor debate should pose no problem. Floor debate becomes lengthy only when a bill is controversial.

The time pressures cited by Conable at (e) above indicate that perhaps a Ways and Means subcommittee should be appointed to deal with these minor bills. The subcommittee and its own staff could develop the reports, and provide liaison to Treasury. Ralph Nader's Tax Reform Research Group offers a broader response to Conable: how does Ways and Means provide any time for private interest bills when it hasn't achieved House passage of a single major bill in this Congress, much less any tax reform?

Some critics argue that the private interest bill is simply a device whereby Ways and Means can ensure that narrowly written bills are referred to it instead of to the Judiciary Committee. The committee may have been unable to get a single major bill on to the House floor so far in 1973, but it isn't about to give up the power to give private interest relief.

IS THIS ALL WORTH IT?

The fact is this kind of research can yield important stories. Obviously, the basic theme is that a member of Congress is doing a favor for someone in the form of general legislation not naming a taxpayer. Moreover, there is a decision not to name the beneficiary. Journalists, citizens' groups, and opposing candidates would give their eyeteeth for this kind of story, especially if there is a campaign contribution involved. An article by George P. Anthan of the Des Moines Register, about a private interest bill sponsored by ex-Sen. Jack Miller, R-Iowa, is widely regarded as the straw that broke Miller's back and resulted in his upset defeat last year.

DISC LAW CONTRIBUTES TO CRITICAL SHORTAGES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 15 minutes.

Mr. DANIELSON. Mr. Speaker, many of us have been surprised to learn that in this time of critical shortages the United States is exporting many commodities which are desperately needed here at home. What is even more surprising is that the United States, through tax benefits and incentives actually encourages the export of goods which are in short supply here in the United States—supplies of commodities which are insufficient to meet the requirements of the domestic economy.

In enacting Public Law 92–178, the Revenue Act of 1971, the Congress made many changes in our tax laws, among which are provisions designed to improve our balance-of-trade situation. Title V of that law establishes special tax treatment for the income of Domestic International Sales Corporations, DISC's, which are defined as those corporations primary engaged in the export of goods produced, grown, manufactured, or extracted in the United States. These provisions, which appear in sections 991 and following of the Internal Revenue Code

of 1954, title 26, United States Code, have the effect of indefinitely deferring taxation on one-half of the income a DISC derives from the export of domestically produced goods. The DISC law was enacted for the purpose of stimulating and promoting the export of commodities produced in America. It amounts to a Government subsidy for exports.

The Congress realized at the time this bill was passed, that such a favorable tax treatment, an export subsidy, should not be extended to goods which are badly needed here at home. Accordingly, in section 993(c)(3) of the Internal Revenue Code, provision was made for exempting goods from the DISC law whenever the supply is "insufficient to meet the requirements of the domestic economy." The President is given the authority to make that determination.

Despite the fact that our domestic supply of petroleum, and goods derived from petroleum such as chemical fertilizers and plastics, are in critically short supply, the President still has not seen fit to exercise his statutory authority to deny special tax treatment of income realized from the export of those products.

We are most acutely aware of the shortage of petroleum and petroleum derivatives. But there are other critical shortages in other sectors of our economy, such as certain foods, livestock feeds, lumber, paper, newsprint, iron scrap, nonferrous metals, and many others. Even the recycling industry, which many of us here in Congress have encouraged and fought for, is suffering shortages of raw materials due to exports.

As an illustration, the price of waste paper, from which new "recycled" paper, cardboard, and corrugated paper boxes are made, has increased, in the Los Angeles area, from $20 per ton to $70 per ton in the last 9 months. Exporters are paying $90 per ton for waste cardboard at dockside in San Pedro, Calif. These prices put waste paper beyond the reach of our domestic recycling industry. Manufacturers who are producing for domestic consumption can no longer compete against these prices, which are inflated by the combination of high foreign demand and DISC tax exemptions.

One manufacturer of recycled products in Los Angeles has told me that unless these conditions are changed the only way he can survive is by turning away from the domestic market, setting up his own DISC, and becoming an exporter.

Mr. Speaker, I have introduced two concurrent resolutions on this subject. The first, House Concurrent Resolution 393, calls upon the President to exercise the authority granted to him by the DISC law to deny tax exemptions to profits derived from the export of petroleum and petroleum products. The second resolution calls upon the President to immediately undertake a review of the commodity requirements of the domestic economy to determine which commodities are in short supply, and to end the favorable DISC tax treatment which is now given to profits derived from the export of those commodities.

The following are the texts of these resolutions:

H. CON. RES. 393

Whereas the Nation is facing a severe and critical shortage of petroleum, natural gas, and products derived therefrom, and such commodities are essential to the common defense, the economy, and the general welfare of the United States: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), It is the sense of the Congress that the President should immediately exercise the authority granted to him by section 993(c)(3) of the Internal Revenue Code of 1954, to determine that the supply of certain commodities to wit: petroleum, natural gas, and products derived therefrom, is insufficient to meet the requirements of the domestic economy, and, by Executive order, designate such commodities as in short supply for purposes of section 993(c)(1) of the Internal Revenue Code of 1954 (relating to taxation of Domestic International Sales Corporations).

H. CON. RES. 395

Whereas provisions of the Internal Revenue Code (26 U.S.C. 991 et seq.) relating to taxation of Domestic International Sales Corporations (DISC's) were enacted for the purpose of stimulating the export of American products and improving the Nation's balance of trade by granting certain tax exemptions to profits derived from the export of goods manufactured, produced, grown, or extracted in the United States; and

Whereas the tax exemption of profits derived from exports serves as an incentive for the export of many essential commodities which are, or may be, in short supply domestically; and

Whereas such provisions were not intended to apply to the export of products the supply of which is insufficient to meet the requirements of the domestic economy; and

Whereas it is apparent from market conditions now existing in the United States that the supply of many essential commodities is insufficient to meet the requirements of the domestic economy; and

Whereas the President is specifically empowered by section 993(c)(3) of the Internal Revenue Code of 1954 to determine and designate certain products as in short supply and thereby deny such favorable tax treatment to profits derived from the export of such products: Now therefore, be it

Resolved by the House of Representatives (the Senate concurring), It is the sense of the Congress that the President should immediately undertake a review, study and evaluation of the supply of all commodities manufactured, produced, grown or extracted in the United States for purposes of determining, pursuant to section 993(c)(3) of the Internal Revenue Code of 1954, whether the supply of any such commodity is insufficient to meet the requirements of the domestic economy, and, by Executive order, designate any such commodity as in short supply for purposes of section 991(c)(3) of the Internal Revenue Code of 1954 (relating to taxation of Domestic International Sales Corporations).

HOUSE OF REPRESENTATIVES,
Washington, D.C., November 28, 1973.

Hon. RICHARD M. NIXON,
President of the United States,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: This letter is to request that you exercise the authority granted to you by Section 993(c)(3) of the Internal Revenue Code of 1954 which permits you, by Executive Order, to end special tax treatment for the export of any goods, the supply of which ". . . is insufficient to meet the requirements of the domestic economy."

I am referring, of course, to the export of various petroleum products by our domestic companies. Much public attention has been given to the export of heating oil, which is estimated to equal 1.2 million barrels in 1973. I am even more concerned, however, about the export of other goods which are in critically short supply, such as petrochemical fertilizers and industrial raw materials and feedstocks derived from petroleum, the export of which is encouraged by the favorable tax treatment accorded to Domestic International Sales Corporations (DISC's) under relevant provisions of the Internal Revenue Code.

Inasmuch as chemical fertilizers are petroleum products, and petroleum is in critically short supply, I am gravely concerned that the farmers of the nation will not be able to obtain the amount of fertilizer necessary to provide the abundant crops we need to feed our own people, to say nothing about having a surplus for export to foreign lands.

At this time, we should be imposing a total embargo on the export of such vital products until we are assured of sufficient reserves to satisfy domestic needs. Short of an embargo, and as an absolute minimum, we should suspend those provisions of our tax laws which provide financial benefits to domestic companies for the export of critical commodities at the expense of the basic needs of the American people. Sections 991 and following, of the Internal Revenue Code, relating to Domestic International Sales Corporations, are precisely such provisions in our tax laws. And, in enacting these laws, the Congress specifically empowered the President, in Section 993(c)(3), to eliminate favorable tax treatment for income derived from the export of goods which are in short supply.

I strongly and respectfully urge you to exercise your authority under Section 993(c)(3), to determine and designate that petroleum products, including but not limited to heating oil, petrochemical fertilizers and industrial raw materials and feedstocks derived from petroleum, are in short supply, and thereby remove the financial incentive companies enjoy because of filling foreign needs before those of our domestic American consumers.

Respectfully yours,

GEORGE E. DANIELSON,
Member of Congress.

WASHINGTON RIP OFF

The SPEAKER pro tempore. Under a previous order of the House the gentleman from California (Mr. VAN DEERLIN) is recognized for 5 minutes.

Mr. VAN DEERLIN. Mr. Speaker, in the general euphoria ever the return of baseball to Washington, some of our colleagues may have missed a few of the details of how the deal to lift the Padres from my home city of San Diego was consummated.

Likewise, some may not be fully aware of the court actions which San Diego is planning to seek redress from those responsible for this latest Washignton rip-off.

San Diego is feeling the pressure today.

It could be your city tomorrow.

The feeling in San Diego is that our city has been had, as the result of a collusion involving not just the owners of the Padres and the grandees of the National League—but prominent Federal officials as well.

San Diegans most emphatically resent the suggestion that Federal revenues may be used to ease any burden on new owners of the Padres for indemnifying San Diego.

This would put San Diegans in the ridiculous position of having to foot part of the bill for pirating away their own ball team.

No one in authority has actually said that Congress might underwrite part of these costs. But I derive little comfort from a telegram sent to the National League last week on behalf of congressional and other Washington leaders.

In this wire, National League owners were assured that the Washington group, including the Congressmen, stood ready to consult them "in an attempt to work out procedures that would minimize the financial risks and limit the financial exposure in such a move."

What inference other than the possibility of Federal subsidies, indirect or otherwise, can one draw from such a statement?

Fortunately, the city of San Diego still may have legal recourse to block the transfer.

On Wednesday, the day after tomorrow, the city will file a breach of contract suit against the Padres in San Diego Superior Court.

The city will seek $12 million in damages from the Padres for breaking a 20-year lease on municipally owned San Diego Stadium with 15 years to go. City property director William MacFarlane estimates the actual net loss to the city at $300,885 a year.

In the Superior Court petition, San Diego will ask the court to attach all the assets of the Padres, including the franchise itself, pending a final judgment on merits of the suit.

If the court agrees, the Padres would be likely to remain in San Diego for at least another season, since attorneys for the city believe the litigation would take at least a year.

Also imminent is an antitrust suit to be filed in U.S. district court, San Diego. The city will attempt to show that a conspiracy existed among the Padre management, other National League owners, and other individuals in unlawful restraint of trade. A related allegation is expected to center around unfair use of the monopoly status enjoyed by professional baseball.

In San Diego, many observers are drawing a parallel between the murky circumstances of the proposed Padre deal and the Watergate case. This may well be an unfair comparison, but in the present moral climate in our National Capital it is perhaps also inevitable.

Mr. Speaker, I submit for the RECORD a sampling of editorial reaction to circumstances surrounding the Padre transfer. First, a column by Dave Hatz in the Chula Vista, Calif., Star-News of Sunday, December 9:

Forget what you've read and heard—the sale of the San Diego Padres to Washington, D.C. is one thing, and one thing only—a political rip off.

They're calling it a lot of things but it all boils down to being nothing more than a Watergate West.

All the yelling and threatening made by the "honorable" senators and representatives on the floors of Congress has finally paid off.

Threats of an anti-trust suit against baseball should the nation's capital not get another team made the National League back into one of the biggest sports injustices of our time.

But maybe D.C. does deserve still another chance. After all, they've only had two teams there that have failed since 1960 and maybe the third will be the charm.

And the Padres, or whatever they'll be called, will probably have a better chance of succeeding back there because now they've got a legitimate major league team.

San Diego was always criticized for the lack of support it gave the Padres, but in reality the attendance was excellent for a minor league club. And that, with the exception of a few players, is exactly what the city has had for the last five years—a minor league team.

Now, after the club at long last has invested some money to get some name players and bring the team up to major league caliber the league has decided to move it.

It was all done very neatly, too.

After C. Arnbolt Smith announced he could no longer hold on to the team the decision went to the league so it could decide who it'd prefer to have the team—the Joseph Danzansky group and the Marge Everett.

The plan worked perfectly. Since Danzansky made his bid way back in May his group had the first shot.

Ironically, the owners voted to approve the sale to Washington—something they rejected last June when there wasn't even another group interested in purchasing the team.

And Mrs. Everett, all along had been chastised because of her role in the Illinois racing scandal which resulted in the conviction of former Governor Otto Kerner.

But to turn her down for that is really calling the kettle black. We're supposed to believe that politicians and baseball team owners have never done anything wrong? They're real close.

So the government and baseball continues to cut its own throat. In a time when the honesty of this Nation's leader is being seriously questioned they go right out and pull a stunt like this to make people further question their credibility.

Fortunately, the city of San Diego has said it's going to fight for everything it deserves and let's hope it gets it.

City attorney John Witt has promised a $12 million damage suit for breach of contract, and will bring an antitrust action against the National League.

And what is ridiculous is the fact of an indemnity for the National League to protect the Washington owners from liability arising out of lawsuits filed in San Diego by the city.

So they expect the taxpayers to foot the bill. Imagine, it coming down to San Diegans paying part of a suit back to themselves. That may sound a little confusing but that's what it comes down to.

To say the least, most of San Diego's leaders were mildly incensed by Thursday's shocking action.

"It's a modern version of the public be damned," Mayor Pete Wilson snarled at a news conference.

"The city will wage war against the league on both the legal and political fronts to keep our baseball team in San Diego," he said. "The U.S. Congress, as watchdog of the public purse, has decided that subsidizing the piracy of the San Diego Padres is an urgent national priority, warranting the expenditure of federal taxpayers' dollars," he continued.

Let us only hope that the decision to fight will not be too little and too late.

San Diego deserves a fair shot and the low blow which was leveled at it in Thursday's decision is more than just a slap in the face. It is, to be sure, a supreme insult.

The city will fight and perhaps we will find out now if justice does indeed still exist in America.

This is supposed to be the land where the little guy still has a chance—now we'll find out for sure.

Sure, it's known that politics has existed in the world of sports long before this incident, but it's hard to believe that it is now so extensive.

Isn't there anything or anyplace left where politicians haven't stuck their dirty hands?

And should this deal be finalized on December 21 and the Padres do indeed go, how's this for an appropriate name—the Washington Rip Offs.

The following editorial from the San Diego Union of Saturday, December 8, reflects the widespread inference that Members of Congress somehow made a commitment of public assistance to protect a privately owned baseball team against financial loss stemming from a move to the Nation's Capital:

FOUL BALL!

There is more at stake in the future of the San Diego Padres than whether there will be major league baseball in San Diego next year. The transfer of the Padres franchise to Washington, D.C., is based on promises by members of Congress that the team can count on subsidies of federal funds. This raises the very serious question of whether taxpayers throughout the country have any obligation whatever to provide funds for a Washington baseball team.

The action by National League owners on this franchise raises issues that are political as well as legal. On the legal front, it is the City of San Diego and its local taxpayers who must seek redress in the courts for the threatened breach of a 20-year contract which made the presence of the Padres a vital element in retirement of the debt on the Stadium.

Politically, we doubt if Americans anywhere—especially in cities supporting major league baseball teams—have any sympathy with the way their tax money is being used to keep fans happy in Washington. The prospective new owners of the San Diego franchise are to obtain use of the RFK Stadium on giveaway terms, and a committee including congressional representation has assured them that the city of Washington, with its pipeline into the federal treasury, will cover any judgment for breaking the San Diego contract.

We applaud the city administration in its determination to fight what is plainly a decision of doubtful legality. The events of the past few days make it inevitable that the future of the Padres will be settled in the courts—including the court of public opinion.

In the San Diego Evening Tribune of Friday, December 7, sports writer Steve Bisheff similarly assessed the resentment of local baseball fans that big Government was conspiring against them:

POLITICIANS TROMP OVER LOCAL FANS

(By Steve Bisheff)

You almost learn to expect it, if you're a sports fan in San Diego.

You know, another day, another rip-off.

Let's see, there were the basketball Rockets who fled to Houston. The basketball Q's who are threatening to bolt to Los Angeles. And of course, the baseball Padres who are now heading for the nation's capital.

It's this latest baseball farce that is most disturbing. The basketball cases concern owners shelling out their own money, seeking to turn their own profit. It would have been nice if either had enough faith in this town to try and stick it out. But it didn't work out that way, and the guy who signs a team's checks has a right to make his own decisions.

The Padre decision seem to have been made by other people. Sure, C. Arnholt Smith originally sold the team to Joseph Danzansky in Washington. But we'd been led to believe all along that Smith would prefer to have someone buy the team and keep it in San Diego.

So, someone shows up, works out all the details, engineers a handful of impressive trades and then gets the door slammed abruptly in her face. Maybe Marge Everett wasn't qualified to own a baseball team. But if that was the case, why didn't the National League speak up sooner? Why wasn't action taken before yesterday?

Let's face it, this is a deal with almost as many political overtones as Watergate. And Bowie (I can't do anything right) Kuhn is right in the middle of the whole mess.

With all the other problems facing our country today, our loyal Congressmen somehow found time to lobby for a baseball team in Washington. Just like they pushed through the National Football League's blackout ban so they could see the Redskins' home games on TV. I mean, what would these guys do if it weren't for football and baseball?

So they'll be there next summer, sitting in their box seats and feeling important. Even if the grandstands around them are conspicuously empty.

The real loser, of course, is San Diego. A beautiful stadium, funded by taxpayers' money, will be rendered useless for most of the year. A town that never really had a chance to support a lively, well-promoted ball club will never find out what it could have done with the opportunity.

And, perhaps most important of all, the future of professional sports in this city is now seriously imperiled.

The National Basketball Assn. and the National Hockey League won't be impressed by the fact that major league baseball couldn't make it here. And those who say big league baseball will be back in the near future are probably kidding themselves.

And so San Diego will continue to get a bum rap.

Pro basketball didn't fail here. The Rockets were drawing surprisingly well when Bob Breitbard packed the team's bags and shipped them to Texas. The Q's? Put them in the Sports Arena, let Wilt Chamberlain play and the people would start showing up.

The Padres were considered flops because they could draw only 600,000. Well, that's not bad when you consider the team was operating on a budget that started low and receded faster than Buzzie Bavasi's hairline.

So, rack up another defeat for the little guy. The average fan got stomped on again. The people who love baseball in San Diego have been preempted by some big, cigar-smoking politicians.

Funny, with a crisis over energy, a fuel shortage, polluted air and an impending recession, our elected officials go out of their way to insure the presence of baseball in a city where the game has already flunked twice.

The rest of the country may not be able to drive, breathe or eat very well. But in Washington, congressmen will be able to watch baseball.

NATIONAL ENERGY DEVELOPMENT BANK

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

Mr. PATMAN. Mr. Speaker, today I am introducing a bill, H.R. 11860, to establish a National Energy Development Bank to provide loans and grants to finance urgently needed research, exploration, development, production, and delivery of energy resources within the United States.

The energy crisis is being attacked on various fronts and I feel strongly that this Congress needs to provide a source of low-interest financing in adequate quantities to encourage the development of new technology and new energy sources. It is also hoped that the low-interest loans will help move small and medium-sized companies into the energy fields and provide new competition.

The bank will be authorized to make loans in all facets of the energy field. The bill would require that the bank give preference to new technology, new sources of energy, research in the development of new technology and sources of energy, revitalization of now dormant sources of energy, small and medium-sized concerns, projects designed to lower the cost of energy to consumers, and projects which provide maximum protection to the environment.

To qualify for loans, the applicant must produce evidence that he is unable to obtain credit on reasonable terms from the private sector.

The bank will be governed by a seven-man board of directors. The board would include the Secretary of the Treasury, the Secretary of the Interior, and the Administrator of the Federal Energy Administration. The President would appoint four additional members. Two of these members would be qualified to serve on the board by virtue of their scientific education, training, or experience. However, they could not be persons who were officers or employees of any corporation engaged in the energy field. Two other members would be appointed by the President to represent the broader public community. The members would serve on the board for 2-year terms.

Under the legislation, the bank would be capitalized with $1 billion and with the power to make loans up to 20 times its capital. Thus, we would have a $20 billion source of capital for these purposes.

In addition to the loans, the bank would also be authorized to make grants primarily for research purposes and they would be limited to universities and nonprofit corporations and organizations.

MIAMI-DADE GENERAL HOSPITAL DEDICATED

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, on October 5, I participated in the dedication of a fine and much needed new hospital in a rapidly growing area of south Dade County, the name of which was the Miami-Dade General Hospital. I paid tribute to all those who had a part in the building of this institution, which in the years ahead would mean so much to the lives, the health, and the happiness of so many people. This hospital is privately owned and operated by a professional hospital management company which has some 48 hospitals to manage, some of which the company owns and some of which are under a management contract. I emphasized on this occasion that the important thing is not who owns or operates a hospital, but who can give competent, quality medical service and care to those who need such care at the lowest cost to the patient. I emphasized that the cost of medical care today is burdensomely high to most of the patients of this country.

I also emphasized that the great problem facing the people of this country who need medical care and attention is how they can pay for the care they need and the necessity of our developing a system for the provision of medical care to the people of this country who need it so that they can properly receive it. I also emphasized the great need for custodial and medical care in institutions after one leaves the hospital or for those who need such attention who are not just emerging from the hospital. To provide these facilities and a way by which people who need such care can get it is one of the most crying needs of the country.

Mr. Speaker, these are grave problems facing Congress and the Nation. I hope what I have said here may suggest to others the consideration of these problems so that we may find a way in the Congress and the country through which these problems can be properly solved. I include my remarks made at the dedication of Miami-Dade General Hospital on October 5, 1973, to appear in the RECORD following these remarks:

REMARKS OF HON. CLAUDE PEPPER AT DEDICATION OF MIAMI-DADE GENERAL HOSPITAL, OCTOBER 5, 1973

Cong. PEPPER. On the dedication of this fine and needed new hospital in this rapidly growing southern area of Dade County, I want to extend congratulations to Doctor Maxwell Dauer, and his lovely wife, who are here for this occasion, and to Dr. David Kenet and Dr. Leonard Freed, who had the vision to see the need and to establish it. I would also like to congratulate my good friends Shepard Broad, and his son, Morris Broad, who provided the financing through their Americans Savings and Loan Association. I also want to congratulate Jack R. Anderson, the president of the Hospital Management Company, which has some 48 hospitals to manage, many of them under contract, such as this one, and others which they own. Hospital affiliates are known for their efficient operation of hospitals, and any time you can save a dime in the operation of a hospital, that helps lower the cost to the patients.

Hospital costs are so high today that we must do everything we can, consistent with high quality medical care, to reduce costs. While there are some who think that all hospital operations should be by non-profit organizations, the important thing is to render high quality medical care at the cheapest possible cost. If private management, with greater efficiency and better organization, can render high quality medical care at a lower cost than other institutions, so much the better for the patients. I understand that hospital affiliates through efficient management has been able to lower the cost of quality medical care below the cost of similar care in other institutions. Our problem in this country is to bring high quality medical care within the reach of all of our people. We are far from having achieved that goal so far. It is unthinkable that in this great and rich country the life or the health of any human being should be jeopardized for the lack of means to pay for the kind of medical

care which would safeguard such life or health.

It is a national problem, therefore, to provide such a program or such programs for the provision of health care that will bring high quality medical care to all who need it. Many plans over the years have been proposed—National Health Insurance—which is really only compulsory insurance—private insurance, medical clinics, and various combinations of programs, public and private. Perhaps we should set our goal of bringing high quality medical care within the reach of all our people and then experiment with the best ways to achieve that goal and finally if a single plan appears to be the only effective one by which we could reach that goal, then put such a plan into operation.

The medicaid program that we have at the present time would reach substantially all the people who are not able to pay for required medical care either through their own means or by insurance if the States would put up their share of the cost of such a program. In the State of Florida, 60% of the cost of the medicaid program is paid by the Federal Government. The Federal funds are available for providing proper care in hospitals and nursing homes to meet the needs of the people, but the States do not put up their share in most instances, including Florida. It may be that we will have to turn to a medicaid program to provide nursing home and medical care which will be totally funded by the Federal Government. The nursing home situation is deplorable today here in Dade County and in most parts of America. We commend hospital affiliates for its pioneering work—the success it has had thus far and upon the expansion of the best quality medical care at the lowest possible cost which it will provide in the years ahead.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ABDNOR (at the request of Mr. ARENDS), for the remainder of this week, on account of the death of his father.

Mr. RONCALLO of New York (at the request of Mr. ARENDS), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. YOUNG of South Carolina) to revise and extend their remarks and include extraneous matter:)

Mr. RAILSBACK, for 5 minutes, today.

Mrs. HECKLER of Massachusetts, for 60 minutes, on December 13.

Mrs. HECKLER of Massachusetts, for 5 minutes, today.

Mr. MCDADE, for 5 minutes, today.

(The following Members (at the request of Mr. DANIELSON) to revise and extend their remarks and include extraneous material:)

Mr. VANIK, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. BRADEMAS, for 5 minutes, today.

Mr. FUQUA, for 5 minutes, today.

Mr. DRINAN, for 20 minutes, today.

Mr. MATHIS of Georgia, for 10 minutes, today.

Mr. DANIELSON, for 15 minutes, today.

Mr. VAN DEERLIN, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. CHAMBERLAIN, prior to the remarks of Mr. DENT, in the Committee of the Whole today.

Mr. THOMSON of Wisconsin, prior to the remarks of Mr. DENT, in the Committee of the Whole today.

Mr. ULLMAN to revise and extend his remarks and include extraneous matter during debate on H.R. 10710.

(The following Members (at the request of Mr. YOUNG of South Carolina) and to include extraneous matter:)

Mr. ESCH.

Mr. DERWINSKI in three instances.

Mr. LATTA.

Mr. RAILSBACK in three instances.

Mr. DON H. CLAUSEN.

Mr. WYMAN in two instances.

Mr. HOSMER in two instances.

Mr. JOHNSON of Colorado.

Mr. COLLINS of Texas in four instances.

Mr. ASHBROOK in two instances.

Mr. PRICE of Texas.

Mr. ZWACH.

Mr. YOUNG of South Carolina.

Mr. SPENCE.

(The following Members (at the request of Mr. DANIELSON) and to include extraneous material:)

Mr. EVINS of Tennessee in two instances.

Mr. HARRINGTON in three instances.

Mr. DANIELSON in five instances.

Mr. ANNUNZIO in six instances.

Mr. BADILLO in four instances.

Mr. RARICK in three instances.

Mr. GONZALEZ in three instances.

Mr. FRASER in five instances.

Mr. MCSPADDEN in two instances.

Mr. JONES of Oklahoma.

Mr. MITCHELL of Maryland.

Mr. LEHMAN in 10 instances.

Mr. FASCELL in five instances.

Mr. HUNGATE.

Mr. BENNETT.

Mr. BURTON.

Mr. MEZVINSKY.

Mr. WALDIE.

Mr. DIGGS.

Mr. FORD.

Mr. WOLFF in four instances.

Miss JORDAN.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 210. An act to authorize the establishment of the Boston National Historical Park in the Commonwealth of Massachusetts; to the Committee on Interior and Insular Affairs.

S. 262. An act to provide for the establishment of the Tuskegee Institute National Historical Site, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 1283. An act to establish a national program for research, development, and demonstration in fuels and energy and for the coordination and financial supplementation of Federal energy research and development; and for other purposes; to the Committee on Interior and Insular Affairs.

ENROLLED BILLS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5089. An act to determine the rights and interests of the Choctaw Nation, the Chickasaw Nation, and the Cherokee Nation in and to the bed of the Arkansas River below the Canadian Fork and to the eastern boundary of Oklahoma.

H.R. 11459. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1974, and for other purposes; and

H.R. 11710. An act to insure that the compensation and other emoluments attached to the Office of Attorney General are those which were in effect on January 1, 1969.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following title:

On December 7, 1973:

H.R. 8877. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1974, and for other purposes.

On December 10, 1973:

H.R. 5089. An act to determine the rights and interests of the Choctaw Nation, the Chickasaw Nation, and the Cherokee Nation in and to the bed of the Arkansas River below the Canadian Fork and to the eastern boundary of Oklahoma;

H.R. 11459. An act making appropriation for military construction for the Department of Defense for the fiscal year ending June 30, 1974, and for other purposes; and

H.R. 11710. An act to insure that the compensation and other emoluments attached to the Office of Attorney General are those which were in effect on January 1, 1969.

ADJOURNMENT

Mr. DANIELSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 49 minutes) under its previous order, the House adjourned until Tuesday, December 11, 1973, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1618. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting a report that the appropriation for the Veterans' Administration for Compensation and Pensions has been apportioned on a basis which indicates the necessity for supplemental estimates of appropriations for fiscal year 1974, pursuant to 31 U.S.C. 665; to the Committee on Appropriations.

1619. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to amend the Foreign Service Buildings Act,

1926, to authorize additional appropriations; to the Committee on Foreign Affairs.

1620. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to amend the Department of State Appropriations Act of 1973; to the Committee on Foreign Affairs.

1621. A letter from the Acting Attorney General, transmitting a report on the administration of the Foreign Agents Registration Act of 1938, as amended, covering calendar year 1972, pursuant to 22 U.S.C. 621; to the Committee on the Judiciary.

1622. A letter from the Acting Attorney General, transmitting a report on identical bidding in advertised public procurement during calendar year 1972, pursuant to section 7 of Executive Order 10936 issued April 24, 1961; to the Committee on the Judiciary.

1623. A letter from the Chairman, Federal Power Commission, transmitting copies of publications entitled "Regulations to Govern the Preservation of Records and Public Utilities and Licensees, January 1, 1972," and "All-Electric Tomes, Annual Bills, 1972"; to the Committee on Interstate and Foreign Commerce.

RECEIVED FROM THE COMPTROLLER GENERAL

1624. A letter from the Comptroller General of the United States, transmitting a report on improving the procurement and supply of drugs in the Federal Government; to the Committee on Government Operations.

1625. A letter from the Comptroller General of the United States, transmitting a report on improving of Defense ammunition logistics with effective central control; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOLIFIELD: Committee on Government Operations. Report on the Regulation of Diethylstilbestrol (DES) and Other Drugs Used In Food-Producing Animals with amendment (Rept. No. 93–708). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee of conference. Conference report on H.R. 11324 (Rept. No. 93–709). Ordered to be printed.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 11450. A bill to direct the President to take action to assure, through energy conservation, rationing, and other means, that the essential energy needs of the United States are met, and for other purposes; with amendment (Rept. No. 93–710). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. UDALL (for himself and Mr. FOLEY):

H.R. 11856. A bill to establish a national program for research, development, and demonstration in fuels and energy and for the coordination and financial supplementation of Federal energy research and development, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. UDALL (for himself, Mr. FOLEY, Mr. RUPPE, and Mr. DELLENBACK):

H.R. 11857. A bill to establish a national program for research, development, and demonstration in nonnuclear energy sources and for the coordination and financial supplementation of Federal energy research and development; and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DANIELSON (for himself, Mr. MAZZOLI, Mr. HARRINGTON, Mr. STARK, Mr. MCKINNEY, Mr. HOLIFIELD, Mr. ROYBAL, Mr. VAN DEERLIN, Mr. HAWKINS, Mr. ANDERSON of California, Mr. HANNA, Mr. JOHNSON of California, Mr. CORMAN, Mr. SISK, Mr. BROWN of California, and Mr. MCFALL):

H.R. 11858. A bill to provide for the conservation of petroleum and other natural resources by imposing an excise tax on the sale of certain gasoline-powered automobiles according to the rate at which such automobiles consume fuel, and for other purposes; to the Committee on Ways and Means.

By Mr. DAVIS of Wisconsin:

H.R. 11859. A bill to amend the act which created the U.S. Olympic Committee to require such committee to hold public proceedings before it may alter its constitution, to require arbitration of certain amateur athletic disputes, and for other purposes; to the Committee on the Judiciary.

By Mr. PATMAN:

H.R. 11860. A bill to establish a National Energy Development Bank to provide loans and grants to finance urgently needed research exploration, development, production, and delivery of energy resources within the United States; to the Committee on Banking and Currency.

By Mr. DENT:

H.R. 11861. A bill to increase the availability of urgently needed mortgage credit for the financing of housing and other purposes; to the Committee on Banking and Currency.

By Mr. HUBER:

H.R. 11862. A bill to amend the Elementary and Secondary Education Act of 1965 to prohibit nonessential educational transportation in recognition of the current energy crisis; to the Committee on Education and Labor.

By Mr. LITTON:

H.R. 11863. A bill to amend section 412 of the Federal Aviation Act of 1958 to require the Civil Aeronautics Board to disapprove certain pooling and other agreements between air carriers unless the Board finds that no party to any such agreement will, by reason of payments received under such agreement, continue to earn a profit during any period of labor dispute between such party and its employees; to the Committee on Interstate and Foreign Commerce.

By Mr. MCCORMACK (for himself, Mr. TEAGUE of Texas, Mr. MOSHER, Mr. FUQUA, Mr. GOLDWATER, Mr. SYMINGTON, Mr. WYDLER, Mr. HANNA, Mr. ESCH, Mr. ROE, Mr. CONLAN, Mr. BERGLAND, Mr. PARRIS, Mr. PICKLE, Mr. CRONIN, Mr. BROWN of California, Mr. MARTIN of North Carolina, Mr. MILFORD, Mr. KETCHUM, Mr. THORNTON, and Mr. GUNTER):

H.R. 11864. A bill to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling; to the Committee on Science and Astronautics.

By Mr. QUILLEN:

H.R. 11865. A bill to amend title 38 of the United States Code to redefine the period of war known as the Mexican border period in order to extend veterans' benefits to persons who served in Mexico on or after June 1, 1914; to the Committee on Veterans' Affairs.

By Mr. RARICK (for himself and Mr. BLATNIK):

H.R. 11866. A bill to provide for the Forest Service, Department of Agriculture, to protect, develop, and enhance the environment of certain of the Nation's lands and resources, and for other purposes; to the Committee on Agriculture.

By Mr. SARASIN (for himself, Mr. BURGENER, Mrs. CHISHOLM, Mr. COLLIER, Mr. CONYERS, Mr. COTTER, Mr. GILMAN, Mr. VIGORITO, and Mr. WOLFF):

H.R. 11867. A bill to impose an embargo on the export of petrochemicals until price controls on petrochemicals are removed; to the Committee on Banking and Currency.

By Mr. SMITH of New York:

H.R. 11868. A bill for the modernization and general revision of the Patent Laws, title 35 of the United States Code, and for other purposes; to the Committee on the Judiciary.

By Mr. WHITE (for himself and Mr. RUNNELS):

H.R. 11869. A bill to amend section 141 of title 13, United States Code, to provide for the transmittal to each of the several States of the tabulation of population of that State obtained in each decennial census and desired for the apportionment or distracting of the legislative body or bodies of that state, in accordance with, and subject to the approval of the Secretary of Commerce, a plan and form suggested by that officer or public body having responsibility for legislative apportionment or districting of the State being tabulated, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BURKE of Florida:

H.R. 11870. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, to provide benefits to survivors of certain public safety officers who die in the performance of duty; to the Committee on the Judiciary.

By Mr. COHEN (for himself, Mr. FRASER, Mr. LEHMAN, and Ms. HOLTZMAN):

H.R. 11871. A bill to amend the Social Security Act to direct the Secretary of Health, Education, and Welfare to develop standards relating to the rights of patients in certain medical facilities; to the Committee on Ways and Means.

By Mr. DRINAN:

H.R. 11872. A bill to extend the maximum period of entitlement for eligible veterans to take advantage of benefits provided by the GI bill; to the Committee on Veterans' Affairs.

By Mr. MELCHER (for himself, Mr. ANDREWS of North Dakota, Mr. DENHOLM, Mr. FINDLEY, Mr. GUNTER, Mr. JOHNSON of Colorado, Mr. LITTON, Mr. MAYNE, Mr. NELSEN, Mr. NICHOLS, Mr. RARICK, Mr. SCHERLE, Mr. SEBELIUS, Mr. SMITH of Iowa, Mr. THONE, Mr. ZWACH, Mr. FOLEY, Mr. PRICE of Texas, Mr. STUBBLEFIELD, Mr. SISK, Mr. SYMMS, and Mr. BERGLAND):

H.R. 11873. A bill to authorize the Secretary of Agriculture to encourage and assist the several States in carrying out a program of animal health research; to the Committee on Agriculture.

By Mr. NEDZI:

H.R. 11874. A bill to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions; to the Committee on Government Operations.

By Mr. PREYER (for himself and Mr. WAMPLER):

H.R. 11875. A bill to suspend for a period of 6 months the duties on certain denim; to the Committee on Ways and Means.

By Mr. ROGERS (for himself, Mr. KYROS, Mr. PREYER, Mr. SYMINGTON, Mr. ROY, Mr. NELSEN, Mr. CARTER, Mr. HASTINGS, Mr. HEINZ, Mr. HUBNUT, Mr. GIBBONS, Mr. GUNTER, Mr. ROBISON of New York, Ms. SCHROEDER, and Mr. WOLFF):

H.R. 11876. A bill to amend the Public Health Service Act to assure an adequate supply of chlorine and certain other chemicals and substances which are necessary for safe drinking water and for waste water treatment; to the Committee on Interstate and Foreign Commerce.

By Mr. TIERNAN:

H.R. 11877. A bill to authorize the disposal of silver from the national stockpile; to the Committee on Armed Services.

H.R. 11878. A bill to protect the environment and conserve natural resources by stimulating the recovery, reuse, and recycling of waste materials and by decreasing the quantity of materials moved in commerce which must be disposed of ultimately as waste; to promote and regulate commerce by identifying and establishing standards and guidelines for the proper management of waste which poses a substantial hazard to human health or the environment, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TIERNAN (for himself, Mr. EDWARDS of California, Mr. FLOOD, Mr. GAYDOS, and Mr. METCALFE):

H.R. 11879. A bill to authorize the Secretary of Transportation to make grants and provide technical assistance to units of general local government to implement programs which are designed to increase the use of carpools by commuters; to the Committee on Interstate and Foreign Commerce.

By Mr. DANIELSON:

H. Con. Res. 395. Concurrent resolution to express the sense of the Congress that the President should evaluate the commodity requirements of the domestic economy to determine which commodities should be designated as in short supply for purposes of taxation of domestic international sales corporations; to the Committee on Ways and Means.

By Mr. SISK (for himself, Mr. PEPPER, Mr. LONG of Louisiana, Mr. LATTA, and Mr. DEL CLAWSON):

H. Res. 743. Resolution to amend the House rules regarding the making of points of no quorum, consideration of certain Senate amendments in conference agreements or reported in conference disagreement, request for recorded votes and expeditious conduct of quorum calls in Committee of the Whole, deferred putting of the question on suspension motions, and elimination of joint sponsorship of bills, memorials, and resolutions, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

328. By the SPEAKER: Memorial of the Legislature of the State of Louisiana, relative to fuel supplies for commercial fishermen; to the Committee on Interstate and Foreign Commerce.

329. Also, memorial of the Legislature of the State of Louisiana, relative to the energy crisis; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. RAILSBACK:

H.R. 11880. A bill for the relief of Georgette Van Akeleyn (nee d'Harcourt); to the Committee on the Judiciary.

By Mr. YOUNG of Alaska:

H.R. 11881. A bill to authorize and direct the Secretary of the Interior to sell interests of the United States in certain lands located in the State of Alaska to the Gospel Missionary Union; to the Committee on Interior and Insular Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII,

372. The SPEAKER presented a petition of the city council, New York, N.Y., relative to daylight saving time; to the Committee on Interstate and Foreign Commerce.

EXTENSIONS OF REMARKS

NUCLEAR WEAPONS—UNITED STATES VERSUS SOVIET UNION

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Monday, December 10, 1973

Mr. HARRY F. BYRD, JR. Mr. President, on November 28, 1973, in the Baltimore Sun, there is published an article written by Joseph Alsop entitled "If This Shocks You, You Are Not in the Real World."

This is a very interesting article on the nuclear weapon situation in the United States vis-a-vis the Soviet Union.

The article points out that in nuclear strategic weapons the Soviet Union is piling up an enormous lead over the United States.

There are some interesting facts in this article that should be brought to the attention of the Senate and I ask unanimous consent that it be printed in the Extensions of Remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

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

IF THIS SHOCKS YOU, YOU ARE NOT IN THE REAL WORLD

(By Joseph Alsop)

WASHINGTON.—Readers who dare to give themselves a fairly ugly reality test are hereby invited to do so. You are not living in the real world of 1973 if you are either shocked or surprised by any of the following propositions.

First, the talk of Soviet strategic "parity" with this country is plain garbage. In nuclear-strategic weapons, the Soviet Union is acquiring an enormous lead over the United States. If drastic measures are not taken soon, they will in fact enjoy potentially decisive nuclear-strategic superiority by the fairly early 1980's.

Second, the Soviet strategic lead mainly results from no less than five brand new intercontinental nuclear missiles, of far greater power and better design that those they had before. Two additional, still better new missiles are further predicted for testing in only two more years.

Third, for the above reasons, there was no foundation for the major American assumptions that made the first Strategic Arms Limitations Talks agreement seem acceptable and safe.

If you are one of those who hold that the U.S. can prudently allow decisive nuclear-strategic superiority to pass to the Russians, this is rather obviously a report to skip.

For those who hold the contrary view, however, the foregoing propositions are easy enough to prove from facts no longer disputed, even within the more error-prone sectors of the U.S. intelligence community.

After the SALT agreement was safely signed and sealed, to begin with, Moscow briskly began a long series of missile tests, which then revealed the new missiles they had been keeping up their sleeves. Each new land-based missile was thoughtfully designed to fit into the existing silos of one or another type of their existing missiles—thus circumventing the SALT rule against digging additional silos.

The SSX-16 will therefore replace the solid-fuel SS-13. Either the SSX-17 or the SSX-19 will replace the Soviet Minuteman-type missile, the SS-11. The SSX-18 will replace the Soviet monster-missile, the SS-9. Finally, there is the SSN-8, built for the new Soviet D-class nuclear submarine.

It is thought by many who think of such matters at all, that the new missiles merely embody minor improvements on the missiles they replace. This again is garbage, but it is garbage with a highly significant origin. The error arises from the existence of permanent, ongoing designs teams, which were responsible for the older missiles, and have now produced the replacements.

The cost to the U.S. of maintaining so many competing design groups, all encouraged to produce prototypes of new missiles as often as they can make major advances, would be in the neighborhood of $7 billion a year. Even in research and development in the strategic field, in sum, Moscow is investing at a rate that shows the grimmest of purpose.

As for the new missiles themselves, the land-based ones are uniformly much more powerful than their predecessors, and all four are provided with MIRV or independent by targetable, warheads. In all but one case—one of the two competing replacements for the SS-11—the great gain in power results from use of a "pop-up" launching system.

This permits the main rocket to ignite outside the silo, after the pop-up, which provides an immense gain in thrust for various technical reasons. With additional power thrust behind them, the new Soviet MIRV's are also radically different from our own MIRV warheads. Ours have power that can be counted in kilotons, whereas the Soviet MIRV warheads are all in the megaton range. Thus, they are effective counterforce weapons—and ours are not.

Overall, deployment of the new missiles with their MIRV warheads will increase the number of individually targetable Soviet warheads five or six times.

The SALT assumptions were: (A) That Moscow would not get a sea-based missile with anything remotely resembling this range; (B) That we had succeeded with MIRV-ing all our missiles, whereas the