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Congressional Record

PROCEEDINGS AND DEBATES OF THE 93d CONGRESS, SECOND SESSION

SENATE—*Monday, January 21, 1974*

The 21st day of January being the day prescribed by Senate Joint Resolution 180 for the meeting of the 2d session of the 93d Congress, the Senate assembled in its Chamber at the Capitol.

The VICE PRESIDENT called the Senate to order at 12 o'clock noon.

PRAYER

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

God of our fathers and our God, who has made and preserved us a nation, make us mindful this day that Thy sovereignty transcends all men and nations, that in Thee we live and move and have our being.

At the opening of this legislative term we offer to Thee our souls, minds, and bodies in the service of the Nation. Grant us, therefore, clean hands and pure hearts. For new times grant us new wisdom.

May Thy spirit move upon this land to chasten, redeem, and regenerate us. Lead us beyond all that is transient and temporal to a deeper commitment to that which is transcendent and eternal.

By Thy grace, move this Nation to a new unity of purpose, to great achievements for justice and peace, and to a reawakening of true religion and an elevated patriotism.

Guide by Thy higher wisdom—we beseech Thee—the President, the Vice President, the Members of the Senate and House of Representatives in Congress assembled that they may ever seek to know and to do Thy will.

When the last action is taken and this Congress recedes into history may each Member hear Thee say, "Well done, good and faithful servant" and rest in the peace of those whose minds are stayed on Thee.

We pray in the Redeemer's name. Amen.

APPROVAL OF BILLS AND JOINT RESOLUTIONS

The President of the United States subsequent to the sine die adjournment of the 1st session of the 93d Congress, notified the Secretary of the Senate that he had approved and signed the following acts and joint resolutions:

On December 19, 1973:

S. 1747. An act to amend the International Travel Act of 1961 to authorize appropriations for fiscal years 1974, 1975, and 1976, and for other purposes.

On December 20, 1973:

S.J. Res. 180. Joint resolution relative to the convening of the 2d session of the 93d Congress.

On December 24, 1973:

S. 1435. An act to reorganize the governmental structure of the District of Columbia, to provide a charter for local government in the District of Columbia subject to acceptance by a majority of the registered qualified electors in the District of Columbia, to delegate certain legislative powers to the local government, to implement certain recommendations of the Commission on the Organization of the Government of the District of Columbia, and for other purposes.

On December 27, 1973:

S. 2267. An act to amend section 303(b) of the Interstate Commerce Act to remove certain restrictions upon the application and scope of the exemption provided therein, and for other purposes.

On December 28, 1973:

S. 513. An act to amend section 232 of the National Housing Act to authorize insured loans to provide fire safety equipment for nursing homes and intermediate care facilities;

S. 1038. An act to amend title 37, United States Code, to authorize travel and transportation allowances to certain members of the uniformed services in connection with leave;

S. 1529. An act to authorize the Secretary of the Interior to enter into agreements with non-Federal agencies for the replacement of the existing American Falls Dam, Minidoka project, Idaho, and for other purposes;

S. 1559. An act to assure opportunities for employment and training to unemployed and underemployed persons;

S. 1776. An act to amend the Federal Water Pollution Control Act, as amended;

S. 1983. An act to provide for the conservation of endangered and threatened species of fish, and wildlife, and plants, and for other purposes;

S. 2166. An act to authorize the disposal of opium from the national stockpile;

S. 2178. An act to name the U.S. courthouse and Federal office building under construction in New Orleans, La., as the "Hale Boggs Federal Building", and for other purposes;

S. 2316. An act to authorize the disposal of copper from the national stockpile and the supplemental stockpile;

S. 2413. An act to authorize the disposal of aluminum from the national stockpile, and for other purposes;

S. 2493. An act to authorize the disposal of molybdenum from the national stockpile, and the supplemental stockpile;

S. 2498. An act to authorize the disposal of zinc from the national stockpile and the supplemental stockpile;

S. 2551. An act to authorize the disposal of molybdenum from the national stockpile, and for other purposes;

S. 2714. An act to amend section 291(b) of the Central Intelligence Agency Retirement Act of 1964 for certain employees, relating to cost-of-living increases, and to increase the pay and allowances of certain officers of the Armed Forces whose pay and allowances are not subject to adjustment to reflect changes in the Consumer Price Index; and

S. 2794. An act to amend chapter 36 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to continue making educational assistance and subsistence allowance payments to eligible veterans and eligible persons during periods that the educational institutions in which they are enrolled are temporarily closed pursuant to a policy proclaimed by the President or because of emergency conditions.

On December 29, 1973:

S. 14. An act to amend the Public Health Service Act to provide assistance and encouragement for the establishment and expansion of health maintenance organizations, and for other purposes;

S. 1945. An act to amend the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, so as to authorize certain grapefruit marketing orders which provide for an assessment against handlers for the purpose of financing a marketing promotion program to also provide for a credit against such assessment in the case of handlers who expend directly for marketing promotion; and

S. 2491. An act to repeal the provisions of the Agriculture and Consumer Protection Act of 1973 which provide for payments to farmers in the event of crop failures with respect to crops planted in lieu of wheat or feed grains.

On January 2, 1974:

S. 2482. An act to amend the Small Business Act;

S. 2812. An act to amend the Federal Water Pollution Control Act to establish the ratio for allocation of treatment works construction grant funds, to insure that grants may be given for other than operable units, and to clarify the requirements for development of priorities; and

S.J. Res. 182. Joint resolution extending the dates for the transmission of the 1974 Economic Report and the report of the Joint Economic Committee.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk called the roll, and the following Senators answered to their names:

[No. 1 Leg.]

Abourezk	Clark	Hughes
Allen	Cook	Inouye
Baker	Cranston	Jackson
Beall	Curtis	Javits
Bellmon	Domenici	Johnston
Bennett	Dominick	Kennedy
Bentsen	Eastland	Long
Bible	Ervin	Magnuson
Brock	Goldwater	Mansfield
Brooke	Gravel	McClellan
Buckley	Griffin	McClure
Burdick	Gurney	McGee
Byrd, Harry F., Jr.	Hart	McGovern
	Haskell	Metcalf
Byrd, Robert C.	Hatfield	Mondale
Case	Hathaway	Montoya
Chiles	Hruska	Moss
Church	Huddleston	Muskie

Nelson	Randolph	Stevenson
Nunn	Ribicoff	Symington
Packwood	Roth	Taft
Pastore	Schweiker	Talmadge
Pearson	Scott, Hugh	Thurmond
Pell	Scott,	Tower
Percy	William L.	Weicker
Proxmire	Stennis	Young

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator rom Arkansas (Mr. FULBRIGHT), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Alabama (Mr. SPARKMAN), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Arizona (Mr. FANNIN), and the Senator from Wyoming (Mr. HANSEN) are absent on official business.

I also announce that the Senator from Vermont (Mr. AIKEN), the Senator from New Hampshire (Mr. COTTON), the Senator from Kansas (Mr. DOLE), the Senator from Hawaii (Mr. FONG), the Senator from North Carolina (Mr. HELMS), the Senator from Maryland (Mr. MATHIAS), and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that the Senator from Alaska (Mr. STEVENS) is absent to attend the funeral of former Senator Fred A. Seaton.

SENATOR FROM OHIO—CREDENTIALS—RESIGNATION AND APPOINTMENT

The VICE PRESIDENT. The Chair lays before the Senate the letter of resignation of Senator WILLIAM B. SAXBE, of Ohio, together with a certificate of appointment of Senator HOWARD M. METZENBAUM, of Ohio, which the clerk will read:

The assistant legislative clerk read as follows:

U.S. SENATE,
Washington, D.C., December 31, 1973.

Hon. GERALD R. FORD,
President of the Senate, U.S. Senate, Senate Office Building, Washington, D.C.

DEAR MR. PRESIDENT: I herewith tender my resignation as a Member of the United States Senate from Ohio to become effective as of the close of business on Thursday, January 3, 1974.

Sincerely yours,

WILLIAM B. SAXBE.

To the President of the Senate of the United States:

This is to certify that, pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Ohio, I, John J. Gilligan, the Governor of said State, do hereby appoint Howard M. Metzenbaum a Senator from said State to represent said State in the Senate of the United States until the vacancy therein, caused by the resignation of William B. Saxbe, is filled by election, as provided by law.

In testimony whereof, I have hereunto subscribed my name and caused the Great Seal of Ohio to be affixed, at Columbus, this 3rd day of January, in the Year of Our Lord, One Thousand Nine Hundred and Seventy-four.

JOHN J. GILLIGAN,
Governor.

TED W. BROWN,
Secretary of State.

The VICE PRESIDENT. The credentials will be recorded and placed on file.

If there is no objection, the Senator-designate will present himself at the desk and the Chair will administer the oath of office.

Mr. CURTIS. Mr. President, I desire to be heard at this point in the proceedings.

The VICE PRESIDENT. The Chair recognizes the Senator from Nebraska.

Mr. CURTIS. Mr. President, following the anouncement that the Governor of Ohio had designated Mr. METZENBAUM to become one of the U.S. Senators from Ohio, certain matters were called to our attention. One of them appeared in the newspapers. It raises some questions that I believe should be determined at this point. I am not in a position to nor do I pronounce guilt upon any man prior to a hearing.

I can best give to the Senate an account of this situation by reading a letter that I wrote to the Honorable MIKE MANSFIELD, majority leader, U.S. Senate, on January 14, 1974. The letter is as follows:

DEAR SENATOR MANSFIELD: This letter relates to the seating of Howard Metzenbaum as a Senator from the State of Ohio.

On December 27, 1973, the Washington Star-News carried an Associated Press article stating:

"Cleveland industrialist Howard Metzenbaum paid $118,102 in taxes the government claims he owed, Dec. 17, two days before he was appointed U.S. Senator from Ohio, U.S. Tax Court records here showed."

I have examined the documents on file in the U.S. Tax Court in reference to this matter. The government alleges that the Internal Revenue Service (IRS) found the following:

"It is determined that the transactions * * *

Mr. President, the gravamen of my complaint is not that somebody owed taxes, that this gentleman owed taxes, that he paid them, or that he exercised his right to litigate. That is all conceded. The point involved is the determination by the Internal Revenue Service that transactions set up in his tax return were not bona fide.

Were they? The only way we can find out is through an investigation and hearing.

Reading on from the letter:

I do not know Mr. Metzenbaum. Certainly, there is nothing personal in my presentation, neither are there any partisan considerations because everyone understands that the appointment will go to a member of the majority party. I make the presentation because the integrity of the Senate is at stake. Section V, Article I, of the Constitution provides that each house shall be the judge of the qualifications of its own members.

During the time of your leadership, relevant precedents applicable to this situation have been clearly established. I refer specifically to three precedents. The Senator from Connecticut was censured. The so-called Watergate Committee has applied far reaching standards of conduct for the Chief Executive. The third precedent to which I refer were the hearings on the confirmation of our present Vice President.

The Vice President was subjected to one of the most intense investigations ever conducted. Judicial notice was not taken of the fact that the voters of his Congressional District had for a quarter of a century approved his conduct. The Vice President was required to prove his innocence in the most minute detail including his finances and tax matters. In determining the qualifications of the Vice President, the Senate went far beyond the requirements enumerated in the Constitution for someone to be eligible for the Office of the President. A similar procedure should be followed when the Senate is asked to pass on the qualifications of someone seeking to be seated as a member of the Senate. To do otherwise would reflect upon the U.S. Senate.

Mr. Howard Metzenbaum should not be seated as a member of the Senate when the Senate reconvenes on January 21, 1974. He should be asked to stand aside until an appropriate committee makes a thorough and complete investigation of his income tax situation.

If it had developed that our Vice President, two days before his appointment, had settled a tax claim of $118,102, relating to a transaction which the IRS determined was "not bona fide", I believe it is safe to say that the Senate would not have confirmed him.

The purpose of this letter is to specifically request that you, as the Majority Leader, assume the responsibility of seeing to it that Mr. Metzenbaum is not seated as a member of the U.S. Senate and that an appropriate investigation be conducted.

Respectfully yours,

CARL T. CURTIS,
U.S. Senator.

Mr. President, I repeat: The issue here is not whether someone should ever be seated in this body owing taxes or having recently paid taxes or having asserted his right to contest a tax claim. The issue here is a determination by the Internal Revenue Service that the individual had entered into transactions that were not bona fide.

And it goes on to name them—

Were not bona fide. * * * Accordingly, the claimed rental losses are determined to be unallowable * * *."

Webster's New International Dictionary, Second Edition, defines bona fide as "in or with good faith; without fraud or deceit; genuine; as a bona fide transaction." The determination of the IRS was that the transactions in question were "not bona fide."

Were they? I do not know. I cannot pass on that. All I can say is that the facts warrant an investigation.

First, Mr. President, let me state that my letter was addressed to Mr. MANSFIELD, majority leader. I think I am quoting him accurately when I state that I have received information from him this morning that he expects to take no action.

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

Mr. CURTIS. I yield.

Mr. MANSFIELD. The Senator is absolutely correct, because it is not the responsibility of the majority leader or minority leader; it is the responsibility of any Senator who desires to take such action.

Mr. CURTIS. Very well. I am happy to have the record clarified so we know exactly what the position of our very beloved leader is.

Therefore, Mr. President, I make the following unanimous-consent request:

I ask unanimous consent that the oath

of office be administered to Mr. METZENBAUM without prejudice, and that the certificate of appointment be referred to the Committee on Rules and Administration for consideration of all matters pertaining to said appointment, with instructions to report to the Senate not later than March 4, 1974.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska?

Mr. MANSFIELD. I object.

The VICE PRESIDENT. Objection is heard.

Mr. CURTIS. Mr. President, I so move.

Mr. MANSFIELD. Mr. President——

The VICE PRESIDENT. The Chair recognizes the Senator from Montana.

Mr. MANSFIELD. Mr. President, the distinguished Senator from Nebraska——

The VICE PRESIDENT. Will the Senator withhold to let the clerk read the motion?

Mr. MANSFIELD. Yes.

The VICE PRESIDENT. Will the Senator from Nebraska send his motion to the desk, please?

The clerk will read the motion.

The assistant legislative clerk read as follows:

I move that the oath of office be administered to Mr. Metzenbaum without prejudice, and that the certificate of appointment be referred to the Committee on Rules and Administration for the consideration of all matters pertaining to said appointment, with instructions to report to the Senate not later than March 4, 1974.

Mr. MANSFIELD. Mr. President, first I will express my thanks to the distinguished Senator from Nebraska for reading in full the letter which he wrote to me under date of January 14, 1974.

I notice that in his next-to-the-last paragraph, he states:

If it had developed that our Vice President, 2 days before his settlement, had settled a tax claim of $118,102 relating to a transaction which the IRS had determined was "not bona fide," I believe it would be safe to say that the Senate would not have confirmed him.

Mr. President, may I say that the case of the tax matter as it relates to the Senator from Ohio (Mr. METZENBAUM) has not as yet been settled, and I emphasize the word "settled." Also, I may say that I was surprised when a Member of this body in which we are all coequal asked me to "assume the responsibility of seeing to it that Mr. METZENBAUM is not seated as a Member of the U.S. Senate."

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

Mr. MANSFIELD. I yield.

Mr. CURTIS. It is true that any Senator can raise the point which I have raised. However, I am sure that my distinguished leader is aware that what is ultimately done is subject to a majority vote of this body, and the distinguished majority leader has the votes.

I felt it was of such importance that he would take action on the matter, and that is why I made the request.

Mr. MANSFIELD. I appreciate what the distinguished Senator from Nebraska has said and his statement that I have the votes. I have not any votes in this Chamber except my own. And as far as the majority leader is concerned, he is not superior, nor is he inferior, to any other Senator in this body of 100 equals.

I think that the distinguished Senator from Nebraska should have had the courtesy to have taken this matter up personally with the Senator from Ohio (Mr. METZENBAUM). He might have gotten facts which would have changed his views.

On January 16, 1974, on his own initiative, the Senator from Ohio (Mr. METZENBAUM) wrote to me a letter which he did not release to the press, and which I want to read for the benefit of the RECORD.

The letter reads as follows:

JANUARY 16, 1974.

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

DEAR SENATOR MANSFIELD: In response to the letter which you received from Senator Curtis questioning my right to be sworn in to the Senate, I would like to provide you with the following information:

In 1967, I made a business investment by purchasing 50% ownership interest in a Louisiana manufacturing facility. In February of 1968, this plant was leased for a long term to a large U.S. corporation.

At an early point, prior to my filing my tax return in connection with this investment, I consulted with outside tax counsel as well as one of the big eight accounting firms relative to the tax treatment to be accorded this matter. The returns were filed in accordance with their advice.

When the Internal Revenue Service conducted its regular annual audit of my returns for 1967 and 1968, interest and depreciation losses on that investment were questioned. IRS differed with me and my tax counsel on the legal interpretation of the Internal Revenue Code relative to the manner of handling the investment. The government position is that the transaction was not in fact a "bona fide" or actual business purchase agreement but was rather a financing arrangement.

The legal dispute was not resolved, and on April 19, 1973, the Internal Revenue Service advised me that it had determined a deficiency amounting to $10,313.00 for 1967 and $108,045.26 for 1968. On July 10, 1973, I filed a petition in the U.S. Tax Court challenging the IRS determination. That case is still pending.

Sometime in mid-November, after I had announced my candidacy for the U.S. Senate, the news media in Ohio reported the pending tax case in a manner to suggest that I had not paid my taxes to the IRS. Because I felt that there was a possible misunderstanding in the public mind with respect to this matter as pertains to a candidate for the U.S. Senate—or a U.S. Senator—I asked my tax counsel to advise me with respect to the possibility of my depositing the entire amount claimed by the government with the IRS, subject to final determination of the case. On the very day that he advised me that it would be possible for me to deposit the amount claimed without losing any of my rights in the tax court case, I forwarded my check in the sum of $118,102.42 to the IRS at Covington, Kentucky, to remain on deposit until such time as the case has been resolved. (Due to a mathematical error, $255.84 should have been deposited at the same time and that amount was forwarded on January 7, 1974.)

It is the view of my tax counsel, as well as my own, that we will prevail in the tax court case. In such event, the entire amount deposited with the IRS will be refunded. Should the tax court ruling be adverse, then I will have deposited with the government the entire amount of its claim and there will be no further funds due it from me.

There is not now, nor has there ever been a question of my willingness or ability to pay all income tax due the Internal Revenue Service. I fully disclosed the transaction on my returns, and the only question at issue with the Internal Revenue Service is a single complex legal issue.

Kindest personal regards,

HOWARD M. METZENBAUM,
U.S. Senator.

Mr. President, I send to the desk a substitute motion and ask for its consideration.

The VICE PRESIDENT. The clerk will read the substitute motion.

The assistant legislative clerk read as follows:

I move that the oath of office be administered and that the credentials be referred to the Committee on Rules and Administration with instructions to report back to the Senate not later than February 4, 1974, and that the oath be administered without prejudice.

Several Senators addressed the Chair.

The VICE PRESIDENT. The Senator from North Carolina is recognized.

Mr. ERVIN. Mr. President, the constitutional difference between an appointment made by a Governor to fill a vacancy in the U.S. Senate and the nomination of a person to be Vice President of the United States to fill a vacancy in that office is as wide as the gulf which yawns between Lazarus in Abraham's bosom, and Dives in hell.

The Supreme Court of the United States held in a case where the House denied Adam Clayton Powell the seat in the House of Representatives to which he had been elected for allegedly bad conduct that a Representative is entitled to his seat if he possesses the three qualifications prescribed for membership in the House of Representatives by clause 2 of section 2 of article I, of the Constitution.

That provision reads as follows:

No Person shall be a Representative who shall not have attained to the Age of twenty-five Years, and been seven Years a Citizen of the United States, and who shall not, when elected, be an Inhabitant of that State in which he shall be chosen.

In that case, when Representative Powell was denied his seat by a majority vote of the House of Representatives, the matter was carried into the courts, and the Supreme Court quite correctly held that the only qualifications of a Representative are the three prescribed in clause 2 of section 2 of article I of the Constitution—namely, that he shall have attained the age of 25 years, second, that he shall have been a citizen of the United States for 7 years, and third, that he shall be an inhabitant of the State in which he shall be chosen.

Similar qualifications, varying somewhat in detail, are prescribed for U.S. Senators. They are set forth in clause 3 of section 3 of article I of the Constitution of the United States, which is as follows:

No person shall be a Senator who shall not have attained to the Age of thiry Years, and been nine Years a Citizen of the United States, and who shall not, when elected be an Inhabitant of that State for which he shall be chosen.

There is no allegation that the appointee designated by the Governor of Ohio has not attained the age of 30 years. There is no allegation that he has not been for 9 years a citizen of the United States. There is no allegation to the effect that he is not an inhabitant of the State of Ohio. These things being true, under the decision of the Supreme Court in the Powell case, the appointee of the Governor of Ohio has an absolute right to take his seat as a Senator of the United States, and he cannot be barred from that seat because of something he may have done, or failed to do, might be displeasing to Members of the Senate. It is clearly otherwise in respect to a person nominated by the President to fill a vacancy in the office of Vice President because under the Constitution, Congress has discretionary power to veto the President's nominee for any reason satisfactory to itself.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. ERVIN. Yes.

Mr. CURTIS. Is it true that Adam Clayton Powell was elected to office?

Mr. ERVIN. Yes, but there is no difference between an election and an appointment under the Constitution.

Mr. CURTIS. Is it not true that there is a line of decisions holding that the electorate is sovereign, and when a matter is laid before them and they pass on it and make an election, it has a higher standing so far as being disturbed is concerned than an appointment?

Mr. ERVIN. Not under the Constitution of the United States. The Constitution of the United States and the laws of Ohio say that the Governor of Ohio has the right to appoint to a vacancy in the U.S. Senate any person who meets the three qualifications prescribed by clause 3 of section 3 of article I of the Constitution.

The Governor of Ohio has the same right to fill this vacancy that the voters of Ohio will have to elect someone to fill this unexpired term at the next general election.

Mr. CURTIS. Will the distinguished Senator yield further?

Mr. ERVIN. I yield.

Mr. CURTIS. The distinguished Senator is totally in error. He is totally unacquainted with the precedents. A contest arose in Pennsylvania involving Senator Vare. He was of the requisite age; there was no question as to his residence.

Mr. ERVIN. Yes, but at that time there was no Supreme Court decision to the contrary. The Senator's precedents are outmoded by the decision.

Mr. CURTIS. There was a contest as to Senator Langer of North Dakota. That involved a number of things. It is not true that we are confined——

Mr. ROBERT C. BYRD. Mr. President, may we have order?

Mr. CURTIS. That we are confined to the enumerated——

The VICE PRESIDENT. If the Senator will withhold——

Mr. ERVIN. Mr. President, I yielded to the Senator for a question and not for a speech.

The VICE PRESIDENT. The Chair states to the gallery that those in the gallery are guests of the Senate, and are not to be heard.

Mr. ERVIN. Mr. President, I yielded to the Senator from Nebraska for a question, not for a speech, and while I may be, in the opinion of the Senator from Nebraska, totally ignorant, I do have sufficient information to recall the provisions of the Constitution of the United States and the last decision of the Supreme Court of the United States on this point.

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Nebraska?

Mr. ERVIN. I yield for a question.

Mr. CURTIS. Is it true that the Senator from Nebraska said that you were totally ignorant?

Mr. ERVIN. Yes, the Senator from Nebraska said I was totally ignorant.

Mr. CURTIS. No, I did not. You are about as accurate on that as you have been for the last few months.

Mr. ERVIN. I thank the Senator. I did not yield for that observation.

Mr. PASTORE. May we have order, Mr. President?

Mr. CURTIS. Mr. President, I seek the floor in my own right.

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Nebraska?

Mr. ERVIN. I yield to the Senator from Nebraska for a question, not for an observation.

Mr. CURTIS. Mr. President, I seek the floor in my own right.

Mr. ERVIN. I still have the floor.

Mr. CURTIS. All right.

The VICE PRESIDENT. The Senator from North Carolina may proceed.

Mr. ERVIN. Mr. President, the Vare case occurred long before the Supreme Court of the United States had made any decision on this subject, and when the Supreme Court had occasion to make a decision in respect to the qualifications of Members of Congress, it obliterated all previous actions inconsistent with the determination of the Supreme Court that the qualifications for a Member of Congress are prescribed by the Constitution and cannot be altered by a majority vote of either House or by a unanimous vote of either House, because the Constitution controls.

So I say, while maybe the Senator from Nebraska did not say the Senator from North Carolina was totally ignorant in all matters, he said the Senator from North Carolina was totally ignorant in respect to the matter the Senator from North Carolina is now discussing. But I have the Constitution; and the Supreme Court on my side. [Laughter.]

Mr. President, I yield the floor.

The VICE PRESIDENT. The Chair recognizes the Senator from Nebraska.

Mr. CURTIS. Mr. President, although I am not experienced as a television actor, I shall do my very best to make my point so that Senators can understand it.

The facts are that the Senate has the right, under the Constitution, to determine the qualifications of its Members. That the Supreme Court cannot take away. I mentioned the Langer case. It is true he was seated, but the Senate had a right to go into the matter, and they did go into it, for months.

We could cite the case of Smith of Illinois. Objectives were made to seating him. Hearings went on over a long time. He was denied his seat, and one of the issues there was not the age, residence, and so on, that our distinguished friend from North Carolina talks about. The issue there was excessive campaign contributions.

Mr. President, there was another case involving Mr. Vare of Pennsylvania. Objections were made that the Senate had no jurisdiction. It asserted jurisdiction. Hearings dragged out a long time, and he was denied his seat. One of the principal points in that contest was excessive campaign contributions.

I do not think the Supreme Court has made any ruling that takes away from the Senate the right to pass on the qualifications of its own Members.

I do not believe that the decision in the Adam Clayton Powell case would override the precedents of the Senate with reference to such cases as the Smith and Vare cases.

I want the record straight that I did say—and I apologize—the Senator from North Carolina was misinformed and was wrong on this issue of the law. Mr. President, I at no time said he was ignorant, or totally ignorant, or anything of that sort. I would not do it. He is a learned man. He is articulate. He is persuasive.

The issue before the Senate is this: Should this matter be investigated?

Now, we have the motion that the junior Senator from Nebraska has made on a substitute by the majority leader. I very much appreciate the fact that the majority leader views this matter of such a nature that he was willing to make the substitute motion.

I do point out that if we have an investigation, it should be fair to Mr. Metzenbaum. It should be fair to all parties concerned. The only way it can be fair is to get all the facts.

Now, this is unlike some questions that are raised, in that it would call for determination of facts.

Are transactions bona fide?

We have to look at the transactions. We have to investigate them. We have to look at the surrounding facts and at the representations of the parties.

Therefore, I wonder—and I direct this as a question to our distinguished leader—would the distinguished leader amend his substitute motion to make it a full 30 days?

Mr. MANSFIELD. No. I think that the issue has been drawn. It was not raised on this side. It is not a critical issue so far as the Democrats in the Senate are concerned. The Senator has indicated that he would like the date of February 1 or March 1. I have indicated that I would like, in the form of the substitute, that the date be February 4. I think that is a reasonable compromise because basically the distinguished Senator from Nebraska is getting what he seeks in the matter which is being referred to the Committte on Rules and Administration with a mandate that it report back within a certain time.

Mr. CURTIS. Mr. President, I respect the distinguished leader's position and decision on the matter. I do hope, how-

ever, that we can work out something where the time would be a little longer. I say this not for the purpose of having someone's situation in limbo but merely so that if it is going to be investigated, it will be investigated thoroughly.

So again I would hope, although I do not believe we have the votes to override in the situation—but I certainly would not be surprised if the Committee on Rules and Administration had to come back and ask for an extension of time in this situation. It seems to me that the first mandate should be to do a thorough job as rapidly as possible. I have no desire to delay it a long time. I am very grateful that the distinguished majority leader is willing to have this matter considered.

Mr. HASKELL. Mr. President, I want to make a few remarks that may not be particularly germane to the constitutional situation described by the Senator from North Carolina, but I think it is germane since this discussion will be reported in the press.

Prior to coming to the Senate, I spent a good deal of my time practicing law, and specifically law in the income tax field.

I would like the record to show, Mr. President, that the allegation of "not being bona fide" is a word of art. It has absolutely nothing to do with fraud. It is just a question of whether the particular transaction fits under the particular section of the Internal Revenue Code. It is used in civil litigation time and time again. I think the record therefore must show that the allegation that was made in this particular litigation has nothing to do with the person's reputation and should not be used in any way to damage his reputation.

Having had some experience in this field, I thought it proper that the record should show this.

Mr. CHILES. Mr. President, may I ask the Senator, are not the words "not being bona fide" used completely through the tax law? Is it not used, as I recall, where someone gives a gift and that someone were to die within 2 or 3 years from the giving of the gift, and if he does, there is the presumption that the gift was not bona fide? It is used in that regard, is it not?

Mr. HASKELL. Yes. The Senator is correct. For instance, if I should give the Senator a gift and I should retain the use of it for my life of 10 years, say, the Internal Revenue might say it is not a bona fide gift. What they really mean is, it is not a gift.

Mr. CHILES. Under the code, even if they do give you that, and you die within 1 year afterward, there is the presumption that it was not bona fide; is that not correct?

Mr. HASKELL. The Senator is correct.

Mr. CHILES. That is not going to be fraud, is it, because you certainly did not elect to die. [Laughter.]

Mr. HASKELL. The Senator is again correct.

Mr. CHILES. So Webster's definition would not exactly apply; is that not correct?

Mr. HASKELL. It does not apply to the Internal Revenue——

Mr. CHILES. I wonder whether the Senator would enlighten me, as well as the Senate, more about the Tax Court. Are any criminal cases tried in the tax courts of the United States?

Mr. HASKELL. I would not be able, from my recollection now, to answer that but——

Mr. CHILES. Do not criminal cases——

Mr. HASKELL. It could go to the district court. I suppose a fraud penalty could be assessed in the Tax Court.

Mr. CHILES. Is not the Tax Court where the citizen can go to litigate a claim with the Government?

Mr. HASKELL. The Senator is correct. The citizen has the choice of going to the Tax Court or to the Federal district court where he resides, or to the Court of Claims.

Mr. CHILES. I thank the Senator very much.

Mr. CURTIS and Mr. PASTORE addressed the Chair.

The VICE PRESIDENT. The Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President, the point raised by the colloquy in the Chamber just now was anticipated by the junior Senator from Nebraska before he ever wrote the letter to the distinguished majority leader or proceeded with this matter further. I contacted two of the best tax experts that I know of. I did not want to rely on my own judgment. I asked them what was meant when it was alleged that the transactions were not bona fide by such a finding of the Internal Revenue Service.

I got an interesting answer back. They said, "We never heard of it." They said, "Those words are not words of art." So it can only mean what the dictionary says it means.

Mr. President, I shall support the substitute motion of the Senator from Montana (Mr. MANSFIELD) and I commend him for making it. I am sorry that the time is not more, but I shall support it.

Mr. PASTORE addressed the Chair.

The VICE PRESIDENT. The Chair recognizes the Senator from Rhode Island.

Mr. MANSFIELD. Mr. President, will the Senator yield, without losing his right to the floor?

Mr. PASTORE. I yield.

Mr. MANSFIELD. Mr. President, insofar as the substitute motion is concerned, it is not envisioned by the pending motion that the Rules Committee replace the Tax Court in deciding the merits of Senator METZENBAUM's claim before that court, but only whether the issue raised by Senator CURTIS, the distinguished Senator from Nebraska, has any validity in disqualifying Senator METZENBAUM to take his oath under the Constitution.

The VICE PRESIDENT. The Senator from Rhode Island.

Mr. PASTORE. Mr. President, I think we are indulging in a tempest in a teapot. The cases that were cited by the distinguished Senator from Nebraska touched upon criminal offenses. Here we are met with a civil action. Whether or not Senator METZENBAUM is right or wrong, the court will decide. If he is wrong, he will have to pay. But if any element of fraud was involved, it was incumbent upon the Internal Revenue Service to have filed a criminal complaint. It has not done that.

Time and time again, distinguished people have challenged the decisions of the Internal Revenue Service. But where fraud is involved, a criminal action is brought. Here, today, we are arguing to and fro on an element of judgment, which was brought before a civil court, and has nothing to do with the commission of a crime; and we are saying to this distinguished gentleman that we have to investigate it. The investigation should be carried on by the court. If the court decides that he should pay the money, he should pay it. Whether or not he has put the money in escrow is immaterial, because if the court decided that the money was due, he would have to pay it at any rate, and if he did not pay it, they would place a lien on his property.

Mr. President, the Internal Revenue Service had the authority to make a decision. If any fraud were involved the Internal Revenue Service would have brought a criminal action. But here is a man who spelled out the entire transaction on his tax return; and when they audited his tax return, there was a question of an interpretation of the law. The Internal Revenue Service took the position that he should not have made the deduction, that he had to pay it. His contention is, "I was entitled to make the deduction, and for this reason I made the deduction"; and accordingly he brought the matter to the courts.

Mr. President, this is a serious matter. The Governor of a State has appointed a nominee to take his position in the Senate of the United States, and we are being asked to investigate a civil action involving the nominee. I think we are going a little too far afield and, therefore, at the proper time I am going to move that both motions be placed on the table and that we proceed to allow the man to take his oath of office.

Mr. ERVIN. Mr. President, the distinguished Senator from Nebraska said that every House is the judge of the qualifications of its Members. That was precisely the provision of the Constitution which the House of Representatives invoked to deny Representative Adam Clayton Powell his seat. The provision—clause 1, section 5, of article I—reads as follows:

> Each House shall be the judge of the Elections, Returns, and Qualifications of its own Members.

That was the precise point on which the House relied in denying Representative Powell his seat. The Supreme Court said that under that clause of the Constitution, the House has only two powers. One is to determine whether a person was actually elected or appointed and the other is whether he possesses the qualifications prescribed by the Constitution.

I have attempted to read the Federal tax laws. Many people in high places misconstrue them, even when they have the assistance of very learned counsel. My experience in attempting to interpret the

tax laws is that if a person can interpret those laws aright and not make any mistake about it, he has the capacity to unscrew the inscrutable. [Laughter.]

The VICE PRESIDENT. The Chair reminds the gallery that they are guests of the Senate and that they must be quiet.

Mr. ERVIN. In view of the fact that the majority leader has stated that the question involved is to determine whether the appointee of the Governor of Ohio is of the requisite age, has been a citizen of the United States for the requisite period of time, and is a resident of the State of Ohio, and since there is no allegation to the contrary, I move that the motion of the distinguished Senator from Nebraska do lie upon the table.

Mr. CURTIS. Mr. President, on that motion, I ask for the yeas and nays.

The VICE PRESIDENT. There is a sufficient second. The yeas and nays are ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. TAFT (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Alabama (Mr. SPARKMAN), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Indiana (Mr. BAYH), and the Senator from Minnesota (Mr. HUMPHREY) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Arizona (Mr. FANNIN), and the Senator from Wyoming (Mr. HANSEN) are absent on official business.

I also announce that the Senator from Vermont (Mr. AIKEN), the Senator from New Hampshire (Mr. COTTON), the Senator from Kansas (Mr. DOLE), the Senator from Hawaii (Mr. FONG), the Senator from North Carolina (Mr. HELMS), the Senator from Maryland (Mr. MATHIAS), and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that the Senator from Alaska (Mr. STEVENS) is absent to attend the funeral of former Senator Fred A. Seaton.

The yeas and nays resulted—yeas 53, nays 22, as follows:

[No. 2 Leg.]

YEAS—53

Abourezk	Cook	Javits
Allen	Cranston	Johnston
Bentsen	Eastland	Kennedy
Bible	Ervin	Long
Brooke	Gravel	Magnuson
Burdick	Hart	Mansfield
Byrd, Harry F., Jr.	Haskell	McClellan
	Hatfield	McGee
Byrd, Robert C.	Hathaway	McGovern
Case	Huddleston	Metcalf
Chiles	Hughes	Mondale
Church	Inouye	Montoya
Clark	Jackson	Moss
Muskie	Percy	Stennis
Nelson	Proxmire	Stevenson
Nunn	Randolph	Symington
Pastore	Ribicoff	Talmadge
Pell	Schweiker	Weicker

NAYS—22

Baker	Dominick	Roth
Beall	Goldwater	Scott, Hugh
Bellmon	Griffin	Scott, William L.
Bennett	Gurney	
Brock	Hruska	Thurmond
Buckley	McClure	Tower
Curtis	Packwood	Young
Domenici	Pearson	

ANSWERED "PRESENT"—1

Taft

NOT VOTING—23

Aiken	Fannin	Mathias
Bartlett	Fong	McIntyre
Bayh	Fulbright	Sparkman
Biden	Hansen	Stafford
Cannon	Hartke	Stevens
Cotton	Helms	Tunney
Dole	Hollings	Williams
Eagleton	Humphrey	

The VICE PRESIDENT. The Chair, before announcing the vote, wishes to state that individuals in the galleries are guests of the Senate, and that there will be no demonstrations.

The vote on the motion to table is 53 yeas and 22 nays. The motion to table is agreed to.

ADMINISTRATION OF OATH

The VICE PRESIDENT. The Senator-designate will now present himself at the desk, and the Chair will administer the oath.

Mr. METZENBAUM, escorted by Mr. TAFT, advanced to the desk, the oath of office prescribed by law was administered to him by the Vice President, and he subscribed to the oath in the official oath book.

[Applause on the floor and in the galleries.]

RECESS FOR 3 MINUTES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a recess of not to exceed 3 minutes for the purpose of extending our greetings to our newest Member.

There being no objection, at 1:34 p.m. the Senate took a recess until 1:37 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HATHAWAY).

NOTIFICATION TO THE PRESIDENT

Mr. MANSFIELD. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read the resolution (S. Res. 229) as follows:

Resolved, That a committee consisting of two Senators be appointed by the Vice President to join such committee as may be appointed by the House of Representatives to wait upon the President of the United States and inform him that a quorum of each House is assembled and that the Congress is ready to receive any communication he may be pleased to make.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

NOTIFICATION TO THE HOUSE

Mr. HUGH SCOTT. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read the resolution (S. Res. 230) as follows:

Resolved, That the Secretary inform the House of Representatives that a quorum of the Senate is assembled and that the Senate is ready to proceed to business.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

HOUR OF DAILY MEETING

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read the resolution (S. Res. 231) as follows:

Resolved, That the hour of daily meeting of the Senate be 12 noon unless otherwise ordered.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a period for the conduct of morning business, not to go beyond the hour of 2 o'clock, and that there be a time limitation of 3 minutes attached thereto.

The PRESIDING OFFICER. Without objection, it is ordered.

ORDER TO CONSIDER S. 2798, PUBLIC WORKS ON RIVERS AND HARBORS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the morning business is completed, the Senate turn to the consideration of Calendar No. 591, S. 2798, the public works flood control bill; that it be laid before the Senate and made the pending business.

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

INDEFINITE POSTPONEMENT OF H.R. 8547, TO AMEND THE EXPORT ADMINISTRATION ACT OF 1969

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 582, H.R. 8547, be indefinitely postponed.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its

reading clerks, informed the Senate that a quorum of the House is present and that the House is ready to proceed with business.

The message also announced that the House had agreed that a committee of three Members be appointed by the Speaker on the part of the House to join with a committee on the part of the Senate to notify the President of the United States that a quorum of each House has assembled and Congress is ready to receive any communication that he may be pleased to make.

PRIVILEGE OF THE FLOOR

Mr. JAVITS. Mr. President, I ask unanimous consent that during the consideration of the water resources bill Kelley Costley, of my staff, may be permitted on the floor.

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

COMMITTEE MEETINGS DURING SESSION OF SENATE TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees be authorized to meet during the session of the Senate today.

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

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

REPORT OF COMMITTEE TO INFORM THE PRESIDENT THAT A QUORUM OF CONGRESS IS ASSEMBLED—STATE OF THE UNION MESSAGE

Mr. MANSFIELD. Mr. President, I report from the committee appointed to join a similar committee from the House of Representatives to wait upon the President of the United States and inform him that a quorum of each House is assembled and is ready to proceed to business, and that the President has notified us that he proposes to report to the Congress on the State of the Union on Jan. 30, 1974 at 9:30 p.m.

Mr. HUGH SCOTT. Mr. President, I have nothing to add to that except to state that the President has indicated that a number of items will be transmitted to Congress in the near future, many of them having to do with matters pertaining to the energy situation.

STANDING ORDER FOR RECOGNITION OF MAJORITY AND MINORITY LEADERS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that throughout the remainder of the 2d session of the 93d Congress, the distinguished majority leader and the distinguished minority leader or their respective designees be recognized, in that order, daily for not to exceed 10 minutes each immediately following the approval of or the disposition of the reading of the Journal each day.

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

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

THE HISTORY OF THE MAJORITY WHIP'S SUITE

Mr. ROBERT C. BYRD. Mr. President, on December 19, 1973, Mr. James R. Ketchum, Curator, Commission on Art and Antiquities, supplied to me a detailed account of the majority whip's suite in the U.S. Capitol Building. This detailed account constitutes part of the Commission's study of the most historic areas of the Capitol Building.

I ask unanimous consent that the history of rooms S–148, S–149, and S–150, U.S. Capitol Building, be inserted in the RECORD, together with Mr. Ketchum's letter to which I have referred.

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

U.S. SENATE,
Washington, D.C., December 19, 1973.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: As part of the Commission's study of the most historic areas of the United States Capitol Building, we recently compiled a detailed account of the Majority Whip's suite.

I trust that you will find the report of interest, and extend the warmest greetings for a happy holiday season.

Sincerely,

JAMES R. KETCHUM,
Curator.

HISTORY OF ROOMS S–148, S149, AND S150, U.S. CAPITOL BUILDING

Rooms S-148, 149, and 150 are located in the northwest area of the central section of the U.S. Capitol, one of the oldest portions of the building. The central section, situated between the original House and Senate wings, was constructed under the direction of architect Charles Bulfinch, and completed in time for General Lafayette's triumphal tour of the United States in 1824.

Much of the central section was set aside for the rotunda, and considerable space in the upper two floors of the west projection was assigned to the Library of Congress. A special Joint Committee on Distribution of Rooms in the Centre Building of the Capitol, in a report of 1824, divided the remaining rooms on the first three floors between the Senate and House of Representatives, with the central west stairway forming the dividing line. The fourth or attic floor was reserved for the House in total.

The Senate, unlike the House, did not publish its committee room assignments in the Congressional Directories. However, guidebooks published privately by Robert Mills, Commissioner of Public Buildings, for the years, 1834, 1842, 1848, and 1854, show that rooms which today are numbered S–148 and S–150 were committee chambers separated by a hallway.

The desirability of the location is apparent because of the importance of the committees which met in these two rooms. The Mills guides record that for a quarter of a century, S-148 housed the Senate Foreign Relations Committee, while the Naval Affairs Committee met in S-150.

The Foreign Relations Committee has often been described unofficially as the "ranking" Senate committee because it was listed first in a resolution of 1816 which named the earliest standing committees. Its meetingplace, with a panoramic view of northwest Washington, housed many distinguished committee members during this period. Henry Clay served as chairman from 1833–36, and was replaced by James Buchanan, the committee's chairman or ranking member until 1845. Other notable members included Nathaniel Macon, Lewis Cass, Thomas Hart Benton, Daniel Webster, Stephen Douglas, and Edward Everett.

According to George H. Hayne's *The Senate of the United States*, from the viewpoint of Washington society of the day, the most prestigious Senate committee after Foreign Relations was Naval Affairs, which was located across the then existing hall (today S-149), in the northwest corner of the room of the central section (S-150).

During most of the first half of the 19th century, Senate committees were composed of five members, but as the country and consequently the Congress grew, the need for additional space to house larger committees became apparent. Erection of the new North and South wings in the 1850's provided additional committee rooms, as well as larger Senate and House Chambers. The Foreign Relations and Naval Affairs committees vacated their rooms in 1859 and relocated in elaborately decorated quarters on the ground floor of the Senate extension. Foreign Relations move to what is now S–118, while the Naval Affairs Committee met in one of the chambers currently assigned to the Appropriations Committee in the Capitol.

Senate proceedings of March 2, 1859, as reported in the *Congressional Globe*, indicate that with the departure of the Naval Affairs Committee, its former room was assigned to the Court of Claims, whose quarters also included the two adjoining rooms on the west front of the Capitol presently occupied by the Joint Committee on Printing. From its establishment in 1855, the Court of Claims had been holding sessions at the old Willard Hotel.

By 1873, the room formerly occupied by the Foreign Relations Committee also had been assigned to the Court, which continued to meet in the Capitol until 1879, when it was moved to the Justice Department, and subsequently to the old Corcoran Gallery of Art building, presently the Smithsonian Institution's Renwick Gallery.

After 1879, S–148 and S–150 were assigned briefly to various Senate committees. (See listing in appendix.) One of the most unusual assignments was from 1887–97, when S–148 housed the Committee on Revolutionary Claims. Although the war had ended over a century earlier, this committee was maintained and traditionally assigned to the minority party, which used the committee room as a meetingplace.

The Senate Committee on the Census met in S–150 for more than thirty years beginning in 1879. In 1905, what had been a hall-

way was converted into a room (presently S–149) for the Census Committee Chairman, Senator Chester Long of Kansas. When he left the Senate, the room was assigned to the Census Committee, and since that time has been delegated to the Commitee or Member located in one of the two adjoining rooms.

In 1930, the three rooms became a suite assigned to the powerful Chairman of the Commerce Committee Senator Hiram Johnson of California. Johnson retained the rooms until his death in 1945. They were subsequently occupied by Senator Brian McMahon of Connecticut (1946–52) and Senator Charles Potter of Michigan (1953–58), until 1959 when they were assigned to the Secretary to the Majority. In 1970, this historic suite was assigned to the Majority Whip.

HISTORY OF ROOM S–148, U.S. CAPITOL BUILDING, CHRONOLOGY OF ASSIGNMENTS

1824–1859: Senate Committee on Foreign Relations.
1860's–1879: U.S. Court of Claims.
1879: House of Representatives Committee on Civil Service.
1879: Senate Committee on Education.
1884–1885: Senate Committee on Education and Labor.
1886: Capitol Police.
1887–1897: Senate Committee on Revolutionary War Claims.
1898–1905: Senate Committee on Additional Accomodation for the Library of Congress.
1906: Senate Committee on Corporations Organized in the District of Columbia.
1907–1910: Senate Committee on Transportation and Sale of Meat Products.
1910: Senate Committee on Disposition of Useless Papers in the Departments.
1910–1911: Senate Committee on Revolutionary War Claims.
1912–1918: Senate Committee on Corporations Organized in the District of Columbia.
1919–1928: Senator George P. McLean of Connecticut.
1929: Unassigned.
1930–1945: Senator Hiram Johnson of California.
1946–1952: Senator Brian McMahon of Connecticut.
1953–1958: Senator Charles Potter of Michigan.
1959–1969: Secretary to the Majority.
1970: Majority Whip.
The room number designation of S–148 has changed several times:
Circa 1834–1859—49.
Circa 1873—60.
1879–1962—80.
1962—S–148.

HISTORY OF ROOM S–149, U.S. CAPITOL BUILDING, CHRONOLOGY OF ASSIGNMENTS

1824: Hallway between rooms S–149 and S–150.
1906–1908: Senator Chester Long of Kansas.
1910–1917: Senate Committee on the Census.
1918–1921: Senate Committee on Cuban Relations.
1921–1923: Senate Committee on Patents.
1924: Senate Committee on Territories.
1924–1929: Senate Committee on Immigration.
1930–1945: Senator Hiram Johnson of California.
1946–1952: Senator Brian McMahon of Connecticut.
1953–1958: Senator Charles Potter of Michigan.
1959–1969: Secretary to the Majority.
1970: Majority Whip.
The room number designation of S–149 has changed twice:
1906–1962—77.
1962—S–149.

HISTORY OF ROOM S–150, U.S. CAPITOL BUILDING, CHRONOLOGY OF ASSIGNMENTS

1824–1859: Senate Committee on Naval Affairs.
1859–1878: U.S. Court of Claims.
1879–1905: Senate Committee on the Census.
1905–1906: Senate Committee on Pacific Railroads.
1907–1917: Senate Committee on the Census.
1918–1921: Senate Committee on Cuban Relations.
1921–1923: Senate Committee on Patents.
1924: Senate Committee on Territories.
1924–1929: Senate Committee on Immigration.
1930–1945: Senator Hiram Johnson of California.
1946–1952: Senator Brian McMahon of Connecticut.
1953–1958: Senator Charles Potter of Michigan.
1959–1969: Secretary to the Majority.
1970: Majority Whip.
The room designation of S–150 has changed several times:
Circa 1824–1859—48.
Circa 1859–1879—51.
1879–1905—49.
1905–1962—107.
1962—S–150.

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SENATOR ROBERT C. BYRD "GOES HOME"

Mr. ROBERT C. BYRD. Mr. President, on last Thursday, January 17, 1974, I had the privilege and pleasure of an opportunity to address the West Virginia Senate and the West Virginia House of Delegates, having been a member of both those bodies in earlier years. I ask unanimous consent that the address which I gave to both bodies be printed in the RECORD at this point.

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

ADDRESS BY ROBERT C. BYRD

Mr. President and Mr. Speaker: Thomas Wolfe once titled a novel "You Can't Go Home Again." I have considerable admiration for Mr. Wolfe as a writer, but I cannot agree with his sentiment. I am proud and honored to come home again to the legislature in which I once served. I look back with affection and gratitude on the days I spent in this body, on the banks of the Kanawha River.

I suppose that the casual observer would conclude that anyone who goes from a State House of Delegates or a State Senate up to a seat in the Congress of the United States has graduated from the minor to the major leagues. But the serious student of American politics knows that such a conclusion is not necessarily true. As long as State governments are charged, under our system, with the multitude of responsibilities they now carry, individual delegates or State senators can be as important to the people of the State as can a Congressman or Senator of the United States. The legislation on which they vote may not be so all-encompassing as that with which we deal in Washington, but it is still vital to the well-being of the people. It is no secret that the art of politics and those of us who practice it are now going through a period in which we are being subjected to some rather harsh criticism. It is said by many that politics and politicians have lost the trust of the American people. It is said that there is no integrity in public officials, and that the principal aims are self-aggrandizement and personal profit. It is said that there is a lack of sincere and conscientious effort toward promoting the best interests of the people we represent.

These things may be true of a small minority of the men and women who are elected by their constituents, but in my experience of more than a quarter-century in the political arena, it is most certainly not true of the large majority of either Republicans or Democrats. As in every profession, there are a few practitioners whose failings reflect badly on their colleagues. Politics is no exception.

I believe that a major task that confronts all of us, whether we serve in Charleston or Washington, is to so conduct ourselves and our affairs, that we make a visible contribution toward the re-establishment of political credibility in the eyes of the American people. The past decade has been one of trial and tribulation for America, and the fabric of our society has been impaired. But the American fabric is a tough fabric, and one that has been seriously threatened many times in the past, without its being rent beyond repair. At this time in our history, I believe that all Americans, whether they live and work in public or in private life, have a great opportunity, as well as a responsibility, to pick up the torn threads of our national life, and to re-weave them into the solid fabric upon which the greatness of this Republic was based. There is, in this nation, a deep and abiding yearning for a return to the principles by which our forefathers lived—the principles of faith in God and country, personal integrity, honesty, industriousness, respect for justice and law, and compassion for the weak and the poor.

All of us who are in public life are, in varying degrees, in the public eye. We are men and women, not saints, and as such, we are subject to human frailties. But, because we have chosen to subject ourselves to public scrutiny, I believe that it behooves us to remember, at all times, public and private, that the privilege of being a public official carries with it inescapable responsibilities. And these responsibilities lie particularly heavy on those of us who serve in the national Congress, and in the legislatures of the States. The laws we formulate and pass affect every man, woman, and child in our constituencies, and it is vital that we do everything we possibly can to pass only good laws.

It is equally vital that there be the maximum co-operation and understanding between the States and the Federal government, for the purpose of helping to restore faith in government and the economic stability of this great Republic.

We have just come through a troubled ten years, starting with the tragedy in Dallas, the Vietnam war, and ending with the revelations of the Watergate. We are plagued by an energy shortage, astronomical food

prices, and rising unemployment at home. We are involved, whether we like it or not, in a dangerous quarrel in the Middle East. It is a crisis that we can overcome, as we have overcome crises in the past. This will take determination, hard work, intelligent planning, and probably some sacrifices on the part of the American people. It will also require statesmanship on the part of all of us who have been honored by the public trust placed in us by the electorate. While we must continue to be a good neighbor to other nations, we must realize that our first responsibility is to our own country and to our own people. We must stop trying to police the world and seek to exercise a greater respect for law and justice here at home. We must stop using hard-earned tax dollars to build dams and highways and houses and factories in other lands, while the need for dams and roads and houses and factories grows greater day by day in our own land. We must understand that there is indeed a bottom to the cornucopia of American plenty, and discipline ourselves to more wisely conserve and use the resources that are ours. We must maintain a strong and adequate defense, remembering always that to be strong militarily requires, in a free nation, a strong and healthy economy. Finally, we must stop poor-mouthing America, and we must begin again to look about us and see all that is good in our country.

The road ahead is going to be uphill. The sun will not always shine upon our face, nor the wind always be at our back. But the American people are a resilient and resourceful people. The underpinnings of our constitutional system are as enduring as ever. The foundations of the Republic are sound.

I have not the slightest doubt that the hearts and the spirits of our citizens are still basically strong. You and I, as their leaders as well as their servants, have the duty to do all within our power to rekindle the faith of our people in their leaders and in their government. We have a responsibility to renew the dedication of all toward a national destiny, knowing that if we fail, national greatness will perish because every man will be interested only in himself.

Let those of us who are here today concerned with the dark and despairing problems of our times, be found always doing our duty.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 11 o'clock a.m. tomorrow.

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

ENROLLED BILLS SIGNED

The following enrolled bills were signed today by the Vice President:

S. 1191. An act to provide financial assistance for a demonstration program for the prevention, identification, and treatment of child abuse and neglect, to establish a National Center on Child Abuse and Neglect, and for other purposes; and

H.R. 9256. An act to increase the contribution of the Government to the costs of health benefits for Federal employees, and for other purposes.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today he presented to the President of the United States the enrolled bill (S. 1191) to provide financial assistance for a demonstration program for the prevention, identification, and treatment of child abuse and neglect, to establish a National Center on Child Abuse and Neglect, and for other purposes.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The Vice President laid before the Senate the following letters, which were referred as indicated:

REPORT ON NASA AND AEROSPACE-RELATED INDUSTRY EMPLOYMENT

A letter from the Administrator of the National Aeronautics and Space Administration transmitting, pursuant to law, a list of present and former NASA employees who have filed reports with NASA pertaining to their NASA and aerospace-related industry employment for the fiscal year ended June 30, 1973 (with an accompanying list). Referred to the Committee on Aeronautical and Space Sciences.

REPORT OF THE DEPARTMENT OF AGRICULTURE

A letter from the Deputy Assistant Secretary of Agriculture transmitting, pursuant to law, a report on the status of research facilities funds for the fiscal year 1973 (with accompanying papers). Referred to the Committee on Agriculture and Forestry.

PROPOSED LEGISLATION TO AMEND THE NATIONAL SCHOOL LUNCH ACT

A letter from the Assistant Secretary of Agriculture submitting a draft of proposed legislation to provide permanent appropriation authority for the Special Assistance Program of the National School Lunch Act (with accompanying papers). Referred to the Committee on Agriculture and Forestry.

REPORT OF THE RURAL ELECTRIFICATION ADMINISTRATION

A letter from the Acting Secretary of Agriculture transmitting, pursuant to law, a report on the activities of the Rural Electrification Administration for the fiscal year 1973 (with an accompanying report). Referred to the Committee on Agriculture and Forestry.

REPORT OF THE NATIONAL FOREST RESERVATION COMMISSION

A letter from the Secretary of the Army transmitting, pursuant to law, the report of the National Forest Reservation Commission for the fiscal year ended June 30, 1973 (with an accompanying report), which was ordered to be printed as a Senate document and referred to the Committee on Agriculture and Forestry.

PROPOSED LEGISLATION BY THE DEPARTMENT OF AGRICULTURE

A letter from the Under Secretary of Agriculture transmitting a draft of proposed legislation relating to unfair practices in the marketing of perishable agricultural commodities (with accompanying papers). Referred to the Committee on Agriculture and Forestry.

REPORT OF THE SECRETARY OF AGRICULTURE

A letter from the Secretary of Agriculture transmitting, pursuant to law, the first annual report of the Secretary of Agriculture (with an accompanying report). Referred to the Committee on Agriculture and Forestry.

REPORT OF THE DEPARTMENT OF DEFENSE ON THE VALUE OF SUPPORT FURNISHED TO FOREIGN COUNTRIES

A letter from the Assistant Secretary of Defense transmitting, pursuant to law, a report of the estimated value, by country, of support furnished from military functions appropriations (with an accompanying report). Referred to the Committee on Appropriations.

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR FEES AND EXPENSES OF WITNESSES

A letter from the Deputy Director of the Office of Management and Budget reporting, pursuant to law, that the appropriation to the Department of Justice for "Fees and Expenses of Witnesses" has been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation. Referred to the Committee on Appropriations.

APPROVAL OF LOAN BY THE RURAL ELECTRIFICATION ADMINISTRATION

A letter from the Acting Administrator of the Rural Electrification Administration transmitting, pursuant to law, information relating to the approval of a loan to the United Power Association of Elk River, Minn. (with accompanying papers). Referred to the Committee on Appropriations.

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE GENERAL SERVICES ADMINISTRATION

A letter from the Deputy Director of the Office of Management and Budget reporting, pursuant to law, that the appropriations to the General Services Administration for three accounts for the fiscal year 1974 have been apportioned on a basis which indicates the necessity for supplemental estimates of appropriation. Referred to the Committee on Appropriations.

APPROVAL OF LOAN BY THE RURAL ELECTRIFICATION ADMINISTRATION

A letter from the Acting Administrator of the Rural Electrification Administration transmitting pursuant to law, information relating to the approval of a loan to the Central Iowa Power Cooperative of Marion, Iowa (with accompanying papers). Referred to the Committee on Appropriations.

FINAL DETERMINATION BY THE INDIAN CLAIMS COMMISSION IN THE CASE OF PUEBLO DE ZIA, ET AL. V. UNITED STATES OF AMERICA

A letter from the Chairman of the Indian Claims Commission transmitting, pursuant to law, its report of its final determination in respect to the claim in the case of Docket No. 137, Pueblo De Zia, Pueblo De Jemez, and Pueblo De Santa Ana v. the United States of America (with accompanying papers). Referred to the Committee on Appropriations.

REPORT BY THE DEPARTMENT OF DEFENSE ON REDUCTION OF MILITARY STRENGTH

A letter from the Assistant Secretary of Defense transmitting, pursuant to law, a report on the apportionment of the reduction in military strength (with accompanying papers). Referred to the Committee on Armed Services.

PROPOSED CONSTRUCTION PROJECT BY THE ARMY RESERVE

A letter from the Deputy Assistant Secretary of Defense for Installations and Housing notifying the Congress, pursuant to law, of a proposed construction project for the Army Reserve at the U.S. Army Reserve Center, Bell, Calif. Referred to the Committee on Armed Services.

PROPOSED CONSTRUCTION PROJECTS BY THE AIR FORCE RESERVE

A letter from the Deputy Assistant Secretary of Defense for Installations and Housing transmitting, pursuant to law, a list of 25 construction projects proposed to be undertaken for the Air Force Reserve (with accompanying papers). Referred to the Committee on Armed Services.

PROPOSED CONSTRUCTION PROJECTS BY THE AIR NATIONAL GUARD

A letter from the Deputy Assistant Secretary of Defense for Installations and Housing transmitting, pursuant to law, a list of of 32 construction projects proposed to be undertaken for the Air National Guard

(with accompanying papers). Referred to the Committee on Armed Services.

REPORT ON PROPERTY ACQUISITIONS BY THE DEFENSE CIVIL PREPAREDNESS AGENCY

A letter from the Director of the Defense Civil Preparedness Agency reporting, pursuant to law, on property acquisitions of emergency supplies and equipment for the quarter ending December 31, 1973. Referred to the Committee on Armed Services.

REPORT OF THE DEPARTMENT OF THE AIR FORCE RELATING TO OFFICERS ON FLYING STATUS

A letter from the Under Secretary of the Air Force transmitting, pursuant to law, a report showing certain data by grade and age of all officers on flying status above the grade of major (with an accompanying report). Referred to the Committee on Armed Services.

REPORT OF THE DEPARTMENT OF DEFENSE

A letter from the Deputy Assistant Secretary of Defense transmitting, pursuant to law, a report showing the names of persons who have filed reports for fiscal year 1973 as required by section 210(b) of Public Law 91–121 (with an accompanying report). Referred to the Committee on Armed Services.

REPORT ON EXPORT ADMINISTRATION

A letter from the Secretary of Commerce transmitting, pursuant to law, a report on Export Administration covering the third quarter of 1973 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE EXPORT-IMPORT BANK

The letter from the Chairman of the Export-Import Bank of the United States transmitting, pursuant to law, a report on the actions taken by the Export-Import Bank of the United States during the quarter ended September 30, 1973 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT ON DEPARTMENT OF DEFENSE PROCUREMENT

A letter from the Assistant Secretary of Defense for Installations and Logistics transmitting, pursuant to law, a report of Department of Defense procurement from small and other business firms for July 1973–August 1973 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

ANNUAL REPORT OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

A letter from a member of the Board of Governors of the Federal Reserve System transmitting, pursuant to law, the annual report of the Board of Governors on Truth in Lending for the year 1973 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE EXPORT-IMPORT BANK

A letter from the Chairman of the Export-Import Bank of the United States reporting, pursuant to law, on the loan, guarantee, and insurance transactions supported by Eximbank to certain foreign countries prior to December 1, 1973, and not heretofore reported. Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE GENERAL SERVICES ADMINISTRATION

A letter from the Administrator of the General Services Administration transmitting, pursuant to law, a report on borrowing authority for the period ending June 30, 1973 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

EFFECTS OF WAGE AND PRICE CONTROLS

A letter from the Vice President of the National Association of Manufacturers transmitting a survey to determine the effects of price and wage controls on the nation's manufacturing output, capital outlays, business practices, corporate earnings, employment, and shortages of all types of materials (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE COMPTROLLER OF THE CURRENCY

A letter from the Comptroller of the Currency transmitting, pursuant to law, the annual Report of the Comptroller of the Currency for the year 19.2 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

PROPOSED LEGISLATION BY THE DEPARTMENT OF STATE

A letter from the Assistant Secretary of State for Congressional Relations transmitting a draft of proposed legislation to amend the Northwest Atlantic Fisheries Act of 1950, as amended, and for other purposes (with accompanying papers). Referred to the Committee on Commerce.

REPORT OF THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation reporting, pursuant to law, on the number of officers above the grade of lieutenant commander, or equivalent, entitled to receive incentive pay for flight duty. Referred to the Committee on Commerce.

REPORT OF THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation transmitting, pursuant to law, a report on activities relating to title II of the Ports and Waterways Safety Act of 1972 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE SECRETARY OF COMMERCE

A letter from the Secretary of Commerce transmitting, pursuant to law, a report of the National Marine Fisheries Service for the calendar year 1972 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE NATIONAL RAILROAD PASSENGER CORPORATION

A letter from the Vice President of the National Railroad Passenger Corporation transmitting, pursuant to law, a report on the Corporation's activities for the month of November 1973 (with an accompanying report). Referred to the Committee on Commerce.

PROPOSED LEGISLATION BY THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation transmitting a draft of proposed legislation to authorize the Secretary to phase-in motor vehicle safety standards by specified percentages over a period of time, and for other purposes (with accompanying papers). Referred to the Committee on Commerce.

REPORT OF THE BOARD OF VISITORS TO THE COAST GUARD ACADEMY

A letter from the Chairman of the Coast Guard Subcommittee of the Merchant Marine and Fisheries Committee of the House of Representatives transmitting the report of the Board of Visitors to the Coast Guard Academy for the year 1973 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE FEDERAL POWER COMMISSION

A letter from the Chairman of the Federal Power Commission transmitting, pursuant to law, a report on the permits and licenses for hydroelectric projects issued by the Federal Power Commission during the fiscal year ended June 30, 1973 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE NATIONAL RAILROAD PASSENGER CORPORATION

A letter from the Vice President of the National Railroad Passenger Corporation transmitting, pursuant to law, a report on the activities of the Corporation for the month of September 1973 (with an accompanying report). Referred to the Committee on Commerce.

ANNUAL REPORT OF THE INTERSTATE COMMERCE COMMISSION

A letter from the Chairman of the Interstate Commerce Commission transmitting, pursuant to law, the annual report of the Commission for the fiscal year 1973 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE INTERSTATE COMMERCE COMMISSION

A letter from the Chairman of the Interstate Commerce Commission transmitting, pursuant to law, copies of final valuations of properties of common carriers subject to the Interstate Commerce Act (with accompanying reports). Referred to the Committee on Commerce.

REPORT OF THE DISTRICT OF COLUMBIA BAIL AGENCY

A letter from the Director of the District of Columbia Bail Agency transmitting, pursuant to law, a report on the activities of the Agency for the period June 1, 1972, through May 31, 1973 (with an accompanying report). Referred to the Committee on the District of Columbia.

PROPOSED LEGISLATION OF THE GOVERNMENT OF THE DISTRICT OF COLUMBIA

A letter from the Mayor-Commissioner of the District of Columbia transmitting a draft of proposed legislation to amend certain laws relating to the District of Columbia public schools (with accompanying papers). Referred to the Committee on the District of Columbia.

PROPOSED LEGISLATION BY THE GOVERNMENT OF THE DISTRICT OF COLUMBIA

A letter from the Mayor-Commissioner of the District of Columbia transmitting a draft of proposed legislation to revise the procedural and administrative provisions of District of Columbia taxing laws, and for other purposes (with accompanying papers). Referred to the Committee on the District of Columbia.

ANNUAL REPORT OF THE DISTRICT OF COLUMBIA COUNCIL

A letter from the Chairman of the City Council of the District of Columbia transmitting, pursuant to law, the annual report of the Council for the fiscal year ending June 30, 1973 (with an accompanying report). Referred to the Committee on the District of Columbia.

REPORT OF THE CHESAPEAKE & POTOMAC TELEPHONE CO.

A letter from the vice president of the Chesapeake and Potomac Telephone Co. transmitting, pursuant to law, a report of the company for the year 1973 (with an accompanying report). Referred to the Committee on the District of Columbia.

REPORT ON THE WORK INCENTIVE PROGRAM

A letter from the Secretary of Health, Education, and Welfare and the Secretary of Labor transmitting, pursuant to law, a report by the Departments of Labor and Health, Education, and Welfare on the Work Incentive Program (with an accompanying report). Referred to the Committee on Finance.

REPORT OF THE SECRETARY OF THE TREASURY

A letter from the Secretary of the Treasury transmitting, pursuant to law, a report on the receipts, expenditures, and balances of the United States Government for the fiscal year ended June 30, 1973 (with an accompanying report). Referred to the Committee on Finance.

INVENTORY OF NONPURCHASED FOREIGN CURRENCIES

A letter from the Assistant Secretary of the Treasury transmitting, pursuant to law, a report on the inventory of nonpurchased foreign currencies as of June 30, 1973 (with an accompanying report). Referred to the Committee on Foreign Relations.

INTERNATIONAL AGREEMENTS OTHER THAN TREATIES

A letter from the Assistant Legal Adviser for Treaty Affairs of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into by the United States during the past 60 days (with accompanying papers). Referred to the Committee on Foreign Relations.

REPORT OF THE U.S. INFORMATION AGENCY

A letter from the Director of the U.S. Information Agency transmitting, pursuant to law, the semiannual report of the U.S. Information Agency (with an accompanying report). Referred to the Committee on Foreign Relations.

PROPOSED LEGISLATION BY THE GENERAL SERVICES ADMINISTRATION

A letter from the Administrator of the General Services Administration transmitting a draft of proposed legislation to extend and clarify the authority of the General Services Administration with respect to the protection of buildings and areas owned or occupied by the United States and under the charge and control of the Administrator of General Services, and for other purposes (with accompanying papers). Referred to the Committee on Government Operations.

REPORT BY THE DEPARTMENT OF TRANSPORTATION ON THE DISPOSAL OF FOREIGN EXCESS PROPERTY

A letter from the Secretary of Transportation, in reporting, pursuant to law, on foreign excess property disposed of during the fiscal year 1973. Referred to the Committee on Government Operations.

REPORT BY THE ATOMIC ENERGY COMMISSION ON DISPOSAL OF FOREIGN PROPERTY

A letter from the General Manager of the Atomic Energy Commission reporting, pursuant to law, on the disposal of foreign excess property during the fiscal year 1973. Referred to the Committee on Government Operations.

REPORTS OF THE GENERAL ACCOUNTING OFFICE

A letter from the Comptroller General of the United States transmitting, pursuant to law, a list of reports of the General Accounting Office for the month of November 1973 (with accompanying papers). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States transmitting, pursuant to law, a list of reports of the General Accounting Office for the month of December 1973 (with accompanying papers). Referred to the Committee on Government Operations.

REPORTS OF THE COMPTROLLER GENERAL

Four letters from the Comptroller General of the United States transmitting pursuant to law, four reports entitled "Difficulties in Immobilizing Major Narcotics Traffickers"; "Protection of the President at Key Biscayne and San Clemente (with information on protection of past Presidents)"; "Audit of the United States Capitol Historical Society for the Year Ended January 31, 1973"; and "Audit of Federal Crop Insurance Corporation for Fiscal Year 1973" (with accompanying reports). Referred to the Committee on Government Operations.

PROPOSED LEGISLATION BY THE COMPTROLLER GENERAL OF THE UNITED STATES

A letter from the Comptroller General of the United States transmitting drafts of proposed legislation entitled the General Accounting Office Act of 1973 and the Accounting and Auditing Act of 1973 (with accompanying papers). Referred to the Committee on Government Operations.

ANNUAL REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

A letter from the Comptroller General of the United States transmitting, pursuant to law, the annual report on the activities of the General Accounting Office during the fiscal year ended June 30, 1973 (with an accompanying report). Referred to the Committee on Government Operations.

PROPOSED CONCESSION CONTRACT AT MOUNT VERNON

A letter from the Acting Assistant Secretary of the Interior transmitting, pursuant to law, a copy of a proposed concession contract under which Almours Securities, Inc., will be authorized to continue to provide and operate visitor facilities and services for the public visiting Mount Vernon (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

PROPOSED CONCESSION CONTRACT WITHIN YOSEMITE NATIONAL PARK

A letter from the Acting Assistant Secretary of the Interior transmitting, pursuant to law, a copy of a proposed concession contract under which the Yosemite Medical Group will provide medical, surgical, hospital, and related facilities and services for the public at the Lewis Memorial Hospital within Yosemite National Park (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

PROPOSED LEGISLATION BY THE DEPARTMENT OF THE INTERIOR

A letter from the Secretary of the Interior transmitting a draft of proposed legislation to provide for the addition of certain lands in the State of Alaska to the National Park, National Wildlife Refuge, National Forest, and the Wild and Scenic Rivers Systems, and for other purposes (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

PROPOSED PROJECTS TENTATIVELY SELECTED FOR FUNDING

A letter from the Assistant Secretary of the Interior transmitting, pursuant to law, descriptions of 10 projects tentatively selected for funding through certain arrangements with educational institutions (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

REPORT ON THE OPERATION OF THE COLORADO RIVER BASIN

A letter from the Acting Deputy Assistant Secretary of the Interior transmitting, pursuant to law, the third annual report on the operation of the Colorado River Basin and projected operations (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

REPORT ON MATTERS CONTAINED IN THE HELIUM ACT

A letter from the Deputy Assistant Secretary of the Interior transmitting, pursuant to law, a report on matters contained in the Helium Act for fiscal year 1973 (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

FINAL REPORT OF THE NATIONAL PARKS CENTENNIAL COMMISSION

A letter from the Chairman of the National Parks Centennial Commission transmitting, pursuant to law, the Commission's final report of its activities (with an accompanying report). Referred to the Committee on the Judiciary.

REPORT OF THE FOUNDATION OF THE FEDERAL BAR ASSOCIATION

A letter from the Secretary of the Foundation of the Federal Bar Association transmitting, pursuant to law, its annual report for the fiscal year ending September 30, 1973 (with an accompanying report). Referred to the Committee on the Judiciary.

REPORT OF THE FUTURE FARMERS OF AMERICA

A letter from the chairman of the board of directors of the Future Farmers of America transmitting, pursuant to law, a report on the audit of the accounts of the Future Farmers of America for the fiscal year ended June 30, 1973 (with an accompanying report). Referred to the Committee on the Judiciary.

PROPOSED LEGISLATION BY THE ATTORNEY GENERAL

A letter from the Acting Attorney General transmitting a draft of proposed legislation to clarify the authority of the Attorney General of the United States to exclude and deport aliens for fraudulent entry (with accompanying papers). Referred to the Committee on the Judiciary.

ORDERS OF THE IMMIGRATION AND NATURALIZATION SERVICE

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, copies of orders entered in the cases of certain aliens who have been found admissible to the United States (with accompanying papers). Referred to the Committee on the Judiciary.

REPORTS OF THE IMMIGRATION AND NATURALIZATION SERVICE

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, reports concerning visal petitions which the Service has approved (with accompanying papers). Referred to the Committee on the Judiciary.

ORDERS OF THE IMMIGRATION AND NATURALIZATION SERVICE

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, copies of orders entered in the cases of certain aliens (with accompanying papers). Referred to the Committee on the Judiciary.

REPORT ON THE PROBLEM OF LEAD-BASED PAINT POISONING

A letter from the Secretary of Housing and Urban Development transmitting, pursuant to law, a report on the demonstration and research program on the problem of lead-based paint poisoning (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

REPORT ON SCIENTIFIC AND PROFESSIONAL POSITIONS IN THE DEPARTMENT OF COMMERCE

A letter from the Director of Personnel of the Department of Commerce transmitting, pursuant to law, a report of scientific and professional positions which are established in the Department of Commerce (with an accompanying report). Referred to the Committee on Post Office and Civil Service.

REPORT OF THE SECRETARY OF THE TREASURY

A letter from the Secretary of the Treasury transmitting, pursuant to law, a report on the experience of Federal agencies under the new program for self-insuring fidelity losses of Federal personnel for the fiscal year ended June 30, 1973 (with an

accompanying report). Referred to the Committee on Post Office and Civil Service.

REPORT OF THE ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

A letter from the Director of the Administrative Office of the United States Courts transmitting, pursuant to law, the annual report of the Administrative Office of the U.S. Courts for the fiscal year 1973 (with an accompanying report). Referred to the Committee on Post Office and Civil Service.

REPORT OF THE U.S. ARMS CONTROL AND DISARMAMENT AGENCY

A letter from the Director of the U.S. Arms Control and Disarmanent Agency transmitting, pursuant to law, its annual report of the calendar year 1973 (with an accompanying report). Referred to the Committee on Post Office and Civil Service.

REPORT ON COST OF LIVING COUNCIL POSITIONS IN CERTAIN GRADES

A letter from the Deputy Associate Director for Operations of the Economic Stabilization Program Cost of Living Council transmitting, pursuant to law, a report on Cost of Living Council positions in grades GS–16, GS–17, and GS–18 (with accompanying papers). Referred to the Committee on Post Office and Civil Service.

PROPOSED LEGISLATION BY THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation transmitting a draft of proposed legislation to amend the Bridge Act of 1906, to provide for civil penalties in certain circumstances, and for other purposes (with accompanying papers). Referred to the Committee on Public Works.

REPORT ON THE TOLL BRIDGE AT CHESTER, ILL.

A letter from the Secretary of Transportation transmitting, pursuant to law, a report on the toll bridge at Chester, Ill. (with accompanying papers). Referred to the Committee on Public Works.

REPORT OF THE ECONOMIC DEVELOPMENT ADMINISTRATION

A letter from the Assistant Secretary of Commerce announcing that the annual report of the Economic Development Administration for the fiscal year 1973 will be delivered by the end of January. Referred to the Committee on Public Works.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Research and Demonstration Programs to Achieve Water Quality Goals: What the Federal Government Needs To Do" (with an accompanying report). Referred to the Committee on Public Works.

NATIONAL WATER QUALITY INVENTORY REPORT

A letter from the Administrator of the U.S. Environmental Protection Agency transmitting, pursuant to law, the 1973 National Water Quality Inventory Report (with an accompanying report). Referred to the Committee on Public Works.

REPORT ON WATER POLLUTION CONTROL MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

A letter from the Administrator of the U.S. Environmental Protection Agency transmitting, pursuant to law, a report on Water Pollution Control Manpower Development and Training Activities (with an accompanying report). Referred to the Committee on Public Works.

REPORT ON THE ECONOMICS OF CLEAN WATER

A letter from the Administrator of the U.S. Environmental Protection Agency transmitting, pursuant to law, the sixth in a series of reports on the economics of clean water (with an accompanying report). Referred to the Committee on Public Works.

RENEWAL OF LEASEHOLD INTEREST IN PROPERTY IN FALLS CHURCH, VA.

A letter from the Administrator of General Services transmitting, pursuant to law, a copy of a prospectus which proposes renewal of the leasehold interest in certain property in Falls Church, Va., presently occupied by the Department of Defense (with accompanying papers). Referred to the Committee on Public Works.

PROPOSED CONSTRUCTION OF NEW BORDER PATROL FACILITIES AT MARFA, TEX.

A letter from the Administrator of General Services transmitting, pursuant to law, a copy of a prospectus proposing construction of new Border Patrol sector headquarters facilities at Marfa, Tex. (with accompanying papers). Referred to the Committee on Public Works.

PROPOSED POST OFFICE, COURTHOUSE, AND FEDERAL OFFICE BUILDING AT ELKINS, W. VA.

A letter from the Administrator of General Services transmitting, pursuant to law, an amendment to the approved prospectus for a post office, courthouse and Federal office building at Elkins, W. Va. (with accompanying papers). Referred to the Committee on Public Works.

ALTERATIONS TO THE COURTHOUSE AND CUSTOMHOUSE IN ST. LOUIS, MO.

A letter from the Acting Administrator of General Services transmitting, pursuant to law, a prospectus which revises the previously approved prospectus for alterations to the Courthouse and Customhouse in St. Louis, Mo. (with accompanying papers). Referred to the Committee on Public Works.

FINAL REPORT OF THE COMMISSION ON HIGHWAY BEAUTIFICATION

A letter from the Chairman of the Commission on Highway Beautification transmitting, pursuant to law, the final report of the Commission (with an accompanying report). Referred to the Committee on Public Works.

ANNUAL REPORT OF THE TENNESSEE VALLEY AUTHORITY

A letter from the Board of Directors of the Tennessee Valley Authority transmitting, pursuant to law, its annual report during the fiscal year ending Jun 30, 1973 (with an accompanying report). Referred to the Committee on Public Works.

REPORT ON THE FEDERAL VOTING ASSISTANCE PROGRAM

A letter from the Secretary of Defense transmitting, pursuant to law, a report on the Federal Voting Assistance Program conducted by the Department of Defense (with an accompanying report). Referred to the Committee on Rules and Administration.

PROPOSED LEGISLATION BY THE VETERANS' ADMINISTRATION

A letter from the Administrator of Veterans' Affairs transmitting a draft of proposed legislation to authorize the Administrator of Veterans' Affairs to continue to make educational assistance payments to veterans and dependents where educational institutions are closed by reason of the energy crisis or for other emergency reasons (with accompanying papers). Referred to the Committee on Veterans' Affairs.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the VICE PRESIDENT:

A joint resolution of the Legislature of the State of Indiana. Referred to the Committee on the Judiciary:

"SENATE ENROLLED JOINT RESOLUTION NO. 8

"A joint resolution directing the United States Congress to call a constitutional convention for the purpose of proposing an amendment to the Constitution of the United States relative to the protection of the right to live

"Whereas, the Declaration of Independence of the United States of America affirms that the right to life is an inalienable right given to all people by their Creator; and

"Whereas, the Federal Constitution and those of the several states, as well as the laws and courts of both the Federal and State Governments have traditionally affirmed and reaffirmed this basic right up to the present time; and

"Whereas, this basic tradition has been broken and was called into question by the unprecedented decision of the United States Supreme Court on January 22, 1973, in Roe v. Wade and Doe v. Bolton which sanctioned the abortion of an unborn child during the first three (3) months of pregnancy upon the decision of the mother and her physician alone, and up to the moment of birth under certain circumstances; and

"Whereas, this erosion of the most basic principle, the right to life, on which this country was founded, portends untold conflicts in our society and endangers the very existence of our nation and the Judeo-Christian culture which supports it; and

"Whereas, the Legislature of this state believes it to be for the best interest of the people of the United States that an amendment to the Constitution of the United States be adopted to protect the right to live; Therefore,

"Be it resolved by the General Assembly of the State of Indiana:

"Section 1. That the Congress of the United States be, and hereby is requested to call a constitutional convention for the purpose of proposing the following amendment to the Constitution of the United States:

"Sec. 1. That each state shall have the right to determine whether to eliminate or regulate abortion.

"Sec. 2. Neither the United States nor any State shall deprive any human being of life on account of age, illness or incapacity.

"Sec. 3. Congress and the several States shall have power to enforce this article by appropriate legislation.

"Section 2. If Congress shall have proposed an amendment to the Constitution of the United States identical with that contained within this resolution prior to June 1, 1975, this application for a convention shall no longer be of any force or effect.

"Section 3. The Secretary of the Senate is directed to transmit immediately copies of this resolution to the Secretary of the Senate of the United States and the Clerk of the House of Representatives of the United States and to each member of Congress from this state."

Two resolutions of the Twelfth Guam Legislature. Referred to the Committee on Interior and Insular Affairs:

"RESOLUTION NO. 95

"Be it resolved by the legislature of the Territory of Guam:

"Whereas, the territory of Guam has been in the forefront of the movement to extend more and more political privileges to the younger citizens of the community, Guam having given the right to eighteen (18) year olds to vote in local elections in 1954, when only one or two other jurisdictions permitted such youngsters to vote, but now with the passage of the recent extension of the Federal Voting Rights Act, Congress itself has adopted this youth program by extending voting rights in all Federal elections to those eighteen (18) years of age and older; and

"Whereas, in addition to voting rights, the territory of Guam permits those eighteen (18) years and older to patronize bars and consume alcoholic beverages, and has lowered the jurisdictional age for Juvenile Court to seventeen (17) and under, all of which

means that for most purposes when one reaches the age of eighteen (18) one is considered a responsible adult, as is further evidenced by the large number of young men of Guam who enter the Armed Forces at that age, many of the disproportionately high Vietnam casualties from Guam being under the age of twenty-one (21); and

"Whereas, it is therefore the consensus of the Legislature that in consequence with this movement to afford more and more responsibility to the younger members of our society, young men and women should be permitted to serve as members of the territory's legislative body at an age younger than twenty-five (25), the current limitation set out in Section 16 of the Organic Act of Guam, since logic dictates that if they can vote at eighteen (18) and be drafted at eighteen (18), they ought to be able to serve in the Legislature; now therefore be it

"Resolved, that the Twelfth Guam Legislature does hereby on behalf of the people of Guam respectfully petition and memorialize the Congress of the United States to amend Section 16 of the Organic Act of Guam to remove the age limit for membership in the Guam Legislature; and be it further

"Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the President of the United States of America, to the President of the Senate, to the Speaker of the House of Representatives, to the Secretary of the Interior, to the Chairman, Senate Committee on Interior and Insular Affairs, to the Chairman, House Committee on Interior and Insular Affairs, to Guam's Delegate to Congress and to the Governor of Guam."

"RESOLUTION No. 143

"Be it resolved by the legislature of the Territory of Guam:

"Whereas, the Guam Environmental Protection Agency is responsible to protect the fine environment of Guam and to maintain the high quality of land, water, and air; and

"Whereas, the Agency is authorized 'to formulate standards of water purity and classification of water according to the most beneficial uses of such water, in formulating such standards and classifications consideration shall be given to the economics of waste treatment and prevention' "; and

"Whereas, the standards of water quality for the waters of the territory of Guam contain an implementation plan duly adopted by the local government and approved by the Federal government; and

"Whereas, the implementation plan did take into account all the factors such as desired water quality, available resources, and the severity of present pollution and the possibility of future pollution; and

"Whereas, the U.S. Congress enacted a new sweeping legislation, the Federal Water Pollution Control Act Amendments of 1972; and

"Whereas, the Guam Environmental Protection Agency feels that P.L. 92-500 is an excellent piece of legislation enacted so as to protect our waters; and

"Whereas, Title III, Section 301 (b) (1) (B) requires secondary treatment, irrespective of the place of discharge, whether it is in a stream, river, bay or through a deep ocean outfall; and

"Whereas, it is our finding that a deep ocean outfall, properly designed, suitably located, following an alternative treatment process, with a savings in resources, could discharge waste to the advantage of the environment without any detrimental effect in the water quality; and

"Whereas, the Marianas Trench adjacent to Guam is the deepest point in the Pacific Ocean and due to the prevailing currents there would be no detrimental effect on a deep ocean outfall; and

"Whereas, at the present time there are insufficient collection facilities on the southern end of the island, and it is the feeling of the members of the Twelfth Guam Legislature that this present situation presents a greater threat to the health, safety and well-being of the people of the territory of Guam that such savings could be used to remedy this situation; now therefore be it

"Resolved, that the Twelfth Guam Legislature respectfully requests and memorializes the U.S. Congress, especially the Senate Subcommittee on Air and Water Pollution Control, to authorize the Federal Environmental Protection Agency Administrator to modify the requirement with respect to treatment works discharging through deep ocean outfalls upon application and satisfactory proof; and be it further

"Resolved, that the Administrator of the Guam Environmental Protection Agency cocordinate his activities in this effort with other Pacific states; and be it further

"Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the President of the Senate, to the Speaker of the House of Representatives, to the Administrator, Guam Environmental Protection Agency, to the Federal Environmental Protection Agency, to Guam's Delegate to Congress, and to the Governor of Guam."

A summons of the United States District Court for the Middle District, Jacksonville, Florida, in Civil Action File No. 73-901-CIV-J-T (with accompanying papers). Referred to the Committee on the Judiciary.

A summons of the United States District Court for the District of Columbia, Washington, D.C., in Case No. S.P. 910-73 (with accompanying papers). Referred to the Committee on the Judiciary.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. BEALL:

S. 2861. A bill to authorize the Administrator of the Federal Energy Office to obtain certain information with respect to current supplies of crude oil and petroleum products. Referred to the Committee on Interior and Insular Affairs.

S. 2862. A bill to authorize the Secretary of the Interior to acquire certain property in the State of Maryland for an international center park, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. BUCKLEY (for himself, Mr. WILLIAM L. SCOTT, and Mr. EASTLAND):

S. 2863. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 in order to provide that certain seatbelt standards shall not be required under such act. Referred to the Committee on Commerce.

By Mr. TALMADGE:

S. 2864. A bill for the relief of Christos Kalogeropoulos. Referred to the Committee on the Judiciary.

By Mr. BENNETT:

S. 2865. A bill for the relief of Edith Gibb. Referred to the Committee on the Judiciary.

By Mr. PROXMIRE:

S. 2866. A bill for the relief of Yesther Maria Bravo. Referred to the Committee on the Judiciary.

By Mr. CHURCH:

S. 2867. A bill to amend the Rail Passenger Service Act of 1970 in order to expand the basic rail passenger transportation system to provide service to certain States. Referred to the Committee on Commerce.

By Mr. CHURCH (for himself, Mr. CHILES, Mr. CLARK, and Mr. WILLIAMS):

S. 2868. A bill to provide for tax counseling to the elderly in the preparation of their Federal income tax returns. Referred to the Committee on Finance.

By Mr. RIBICOFF (for himself and Mr. WEICKER):

S. 2869. A bill to amend section 322 of title 23 of the United States Code, relating to demonstration projects for rail crossings, in order to authorize certain public rail crossings. Referred to the Committee on Commerce.

By Mr. INOUYE:

S. 2870. A bill for the relief of Benjamin N. Mascarenas. Referred to the Committee on the Judiciary.

By Mr. McGOVERN (for himself, Mr. KENNEDY, Mr. ABOUREZK, Mr. BURDICK, Mr. CASE, Mr. CLARK, Mr. HART, Mr. HUMPHREY, Mr. MONDALE, Mr. MANSFIELD, Mr. METCALF, and Mr. SCHWEIKER):

S. 2871. A bill to amend the Food Stamp Act of 1964, as amended, and for other purposes. Referred to the Committee on Agriculture and Forestry.

By Mr. FULBRIGHT (by request):

S. 2872. A bill to amend the Department of State Appropriations Authorization Act of 1973. Referred to the Committee on Foreign Relations.

S. 2873. A bill to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations. Referred to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BEALL:

S. 2861. A bill to authorize the Administrator of the Federal Energy Office to obtain certain information with respect to current supplies of crude oil and petroleum products. Referred to the Committee on Interior and Insular Affairs.

Mr. BEALL. Mr. President, I today introduce legislation designed to require this Nation's oil producers, refiners, distributors, and pipeline entities to report to the Federal Government on a regular and continuing basis their total aggregate inventory of crude oil and petroleum products which they hold, own, or control. At a time when serious questions are being raised by our citizens concerning the extent of our energy shortage, I consider this legislation of urgent importance; and I hope the Senate will give my proposal swift and favorable consideration.

I spent a great deal of time during the recess traveling around Maryland, attempting to gage what is on my constitutents' minds. Overwhelming, the issue that Marylanders are most concerned about is energy. Although this was no surprise, I was concerned to find a growing "credibility gap" regarding the energy crisis. Our citizens are questioning the extent of the shortage, and even if there is a shortage of oil. At a time when confidence in governmental measures to meet the shortage is of critical importance, particularly as it relates to the success or failure of the conservation measures which have been implemented, I believe the Congress must immediately take steps to measure where this Nation actually stands as regards its energy resources.

I am convinced we need a reliable and objective instrumentality to compile relevant information and data on our en-

ergy supply situation, and we need to give it the authority to obtain this information whenever it becomes necessary. In spite of the fact that the Federal Government has been attempting to meet the challenges posed by the energy crisis for many months, it has not had the standby power to demand official statistics from individual companies. Instead, it has been forced to rely on statistics furnished by the industry which, although not necessarily wrong, have given rise to this lack of credibility that many of our people feel today.

My legislation seeks to determine exactly the position of this Nation with respect to our petroleum resources, and establishes a continuing framework to monitor our oil supply. This proposal would direct the Administrator of the Federal Energy Office to issue regulations requiring oil producers, refiners, distributors, and pipeline entities to make available such information necessary to obtain the total aggregate amount of crude oil and other petroleum products held, owned, or controlled by these companies.

Within 20 days of enactment of this measure, the Administrator of the Federal Energy Office would promulgate regulations requiring oil interests to make available inventory information as to the total petroleum on hand as of the 25th day following enactment of this legislation. On or before 45 days after enactment, the Administrator shall report to Congress his findings. Additionally, he must also develop regulations for determining in a regular and continuing basis the total inventory of supplies held by such interests. Any person who willfully fails to comply with these requirements or willfully submits false or misleading information shall upon conviction be imprisoned for not more than 3 months or be fined not more than $10,000, or both.

Mr. President, this legislation must be only a first step to return credibility to our efforts to meet the energy shortage. I also believe that we must enact an "excess profits" tax on oil companies during this session of Congress, so that a few major corporations will not make "windfall" profits at the expense of most Americans. It is intolerable that the major oil interests make record profits at a time when the average American is reaching deep into his pocket to meet the rising costs of fuel, and it is time the Congress took action to eliminate the possibility for any such issues.

Mr. President, I ask unanimous consent that three articles from the Wall Street Journal and the Christian Science Monitor on this matter be printed in the RECORD.

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

CREDIBILITY SHORTAGE: PUBLIC'S DOUBTS THAT THE OIL CRISIS IS REAL MAKES LIFE HARDER FOR U.S. ENERGY OFFICE

(By Burt Schorr and James C. Tanner)

WASHINGTON.—A lot of skeptical Americans, it seems, just can't believe that the much-talked-of oil shortage is real.

There is Ralph Nader, who contends "the world is literally drowning in oil." He feels that apparent shortages in the U.S. and related price increases are nothing less than "unarmed robbery by oil companies in collusion with governmental support."

There is Keith Sebelius, a conservative Republican Representative from Kansas who says he knows for a fact that "one major oil company is delaying delivery of truckloads of fuel in our areas as much as a week to take advantage of higher prices."

And there is the employe of Thomas W. Ferry Inc., a local heating-oil dealer here, who assures a customer that there is plenty of fuel oil around. All that shortage talk, he confides, is "just something the big oil companies are putting out to run up the price."

That men as dissimilar as Ralph Nader and Keith Sebelius can agree on the energy crisis is news in itself. But, more important, it illustrates a fundamental problem for federal energy-policymakers and oil-company executives: A sizable segment of the public, notwithstanding the Arab embargo, suspects the government and the industry of perpetrating a gigantic oil-shortage hoax. As a result, the policymakers fear that public support for voluntary energy conservation could erode away. And oilmen worry that Congress will be moved to take measures against their companies.

RIGHT PLACE, RIGHT TIME

To charges that the oil shortage is a phony, the companies respond that it is all too real. In answer to charges that they are manipulating the supply situation to fatten profits, they concede that profits are fattening but insist that that is due to good fortune, not manipulation. "We are in the right place at the right time," asserts Robert A. Belfer, president of Belco Petroleum Corp. of New York.

In the middle in the controversy are some nationally known energy experts and economists. They think the shortage is real enough, but they also think the petroleum companies may be manipulating it.

"If the energy crisis were a war, oil companies wouldn't be considered war makers, but war profiteers," says S. David Freeman, director of the Energy Policy Project sponsored by the Ford Foundation. The Arabs really did cut the oil back; we did build too few refineries; and you really do have to wait in line for gasoline. But prices have skyrocketed and to the average consumer it looks like a fix."

He adds that the government lacks solid information on the cost of producing oil and that the companies may be exploiting this ignorance to get higher prices than they really need.

Underlying such suspicions, asserts the economist Walter Heller, is the "national scandal" of Washington's total reliance until very recently on unaudited data supplied by peroleum companies about their operations. "The data flow seems as subject to question as the oil flow," says Mr. Heller, who is serving on a committee of outside experts recently formed to advise the Federal Energy Office on the validity of its fuel supply and demand estimates. However, "in fairness to the oil industry, that isn't to say the data are inaccurate, but to question whether they are accurate," he adds.

OIL AND WATERGATE

Surprised by the dimensions of an oil credibility gap they hadn't really foreseen, energy chief William Simon and his colleagues are hoping to bridge it by getting much more complete and detailed information from petroleum companies.

A Simon-directed government task force recently began a special audit or refiners' price schedules and their petroleum-product inventories. Under development by Mr. Simon's energy office is a mandatory reporting system that will cover not only refiners but terminal operators and pipeline companies as well. The agency plans to ask Congress for authority to go still further—by forcing each company to give the government its estimate of its crude-oil reserves, both domestic and foreign. Such estimates now are closely held competitive secrets.

Asserts the energy chief: "We are forging a new role for the U.S. government in relation to the U.S. energy industry in general and the petroleum industry in particular."

Yet Mr. Simon is clearly worried about the possibility that the public's suspicions could collapse fuel-conservation achievements, such as the recent reduction in gasoline consumption to 18% below projected demand.

Convincing the public that the shortage is real has become "one of my more difficult problems," Mr. Simon frets. Furthermore, he says, the backwash of the Watergate scandal has brought government credibility to a "low ebb," making his task all the more difficult.

TANKS FULL OF HEATING OIL

A particular credibility problem at the moment: Storage tanks are brimming with home-heating oil in Middle Atlantic and New England states at the same time that Washington is calling for thermostat reductions. One energy administrator fears that "people will say, 'See, the oil companies contrived the shortage and so did President Nixon to get Watergate off the front pages.'" Yet officials say the ample supply actually reflects fuel conservation measures, a milder-than-anticipated winter so far, and refiners' emphasis on heating-oil output.

For petroleum-company executives, public skepticism may be even harder to quell. It is obvious that their companies are benefitting mightily from the shortage. Long-sought government approvals of various industry requests have been dropping into their hands like ripe plums—permission for increased offshore drilling, clearance for the Alaska pipeline and a go-ahead for oil-shale leasing. Most important, prices for their products are sharply higher.

So high, in fact, that Mr. Heller, the economist, a liberal Democrat, recently estimated that domestic revenues of petrolum companies may surge by an astounding $20 billion this year. On Wall Street, a more conservative analyst reckons that 1973 profits of 30 major oil companies, 26 of them with headquarters in the U.S. were up 40% to 50% from a year earlier, but probably will slip in 1974 despite the price increases.

Most industry executives like Clifton C. Garvin, Jr., president of Exxon Corp., argue that it is about time petroleum-company return on invested capital stopped lagging behind that of other industries. But Mr. Garvin acknowledges that selling this view to the public and Congress isn't easy these days.

One prime reason this view is hard to sell is the controversy over what the government and the public have—or haven't—been allowed to learn about petroleum-company operations.

WANTED: DEPOSIT SLIPS

Assessing the oil and gas data now available, Sen. Gaylord Nelson likens the government to a bank customer whose bank provides "a monthly statement on his checking account without the canceled checks and deposit slips." To get those "checks and deposit slips," the Wisconsin Democrat is urging creation of a "national energy information system" housed in the Commerce Department. All major companies in the energy field would be required to pump in detailed state-by-state information—much of it to be made available to the public—on their reserves, production, distribution, prices and profits. Coal, uranium and hydroelectric power would be included, as well as oil and gas.

In all likelihood, Congress won't go that far. Yet it seems obvious that the industry will be ordered to report more than it does now—a position that irritates oil executives, who contend their industry already tells

Washington as much as, or more than, other industries and that more information has always been available. "If the government isn't happy with the figures we give them, they should ask," complains the chairman of Mobile Oil Corp., Rawleigh Warner Jr.

Chagrined by charges that they are hoarding and hiding fuel, several of the bigger companies, including Mobile and Exxon, have begun releasing their own figures on stocks on hand. So far, these unprecedented disclosures have been in line with national totals reported weekly by the industry-sponsored American Petroleum Institute; they show generally comfortable levels of heating oil but worrisome levels of gasoline and declining inventories of crude as the Arabs embargo takes its toll.

HEARINGS STARTING

Mobil and Exxon, along with five other major U.S. companies, will have further opportunity to demonstrate their new openness at oil-shortage hearings that a Senate Government Operations subcommittee will begin Monday. For starters, the panel has asked each company to fill out a 10-page questionnaire intended to reveal, among other things, how their levels of stocks have related to the general supply-demand situation historically, as compared with now; and to what extent refined products brought in from Caribbean refineries were produced from Arab oil.

Actually, the government has been getting some confidential petroleum-industry data (which the Nixon administration recently made available to certain congressional committees) for nearly 60 years. The Bureau of Mines currently uses this information, supplied by 350 petroleum and natural-gas companies, in preparing its monthly and annual reports on domestic-crude production and on the output of some 25 refinery products.

As Mr. Simon's analysts have learned, though, results of the bureau surveys are available far too late to guide week-by-week fuel-policy decisions, partly because companies aren't always prompt in returning their forms. (Just coming out next week, for example, are the bureau's preliminary petroleum figures for last October.) Instead, the energy office relies on statistical bulletins put out by the American Petroleum Institute. These are based on a smaller sampling of companies than the bureau's figures are, but have the advantage of appearing weekly.

While the institute's bulletins are more up to date, they provide little more than raw estimates—and thus are precarious bases for conclusions, as a New York economic consultant, Alan Greenspan, learned some weeks back.

Using the latest report by the Institute, Mr. Greenspan advised a luncheon of economic consultants that domestic producers apparently were holding their crude oil back from the market as a form of blackmail for still higher prices. Indeed, the institute had estimated domestic oil production as slightly under 9.1 million barrels a day, down from slightly more than 9.2 million barrels daily a week earlier.

What really happened, according to John Hodges, the institute's director of statistics, is that the institute's analysts saw their calculations drifting apart from the trend indicated by the last monthly Bureau of Mines report. So they cranked in a "correction factor" that led to the lower number and Mr. Greenspan's interpretation.

Aside from such jiggering and the lack of past government audits, it is obvious that the U.S. petroleum data book is missing a lot of key pages. Among the gaps:

Refiners tell the Bureau of Mines what stocks are in their "custody," but they may also control sizable quantities of additional crude or refined products that wouldn't be reported because they are stored at independent terminals.

The government has almost no inkling of fuel supplies in "secondary storage," a term that covers almost every tank in the petroleum distribution system other than the refiner's. Energy officials suspect that some industrial users and middlemen in this category have built up big hoards, but creation of the mandatory reporting system including them is still some six weeks away.

ENERGY'S HOUR OF DECISION

Congress will be returning to Washington next week keenly aware that the political reaction to the energy crisis is just beginning to set in. Demand is building for government action on such issues as disclosure of oil-industry facts and guaranteed supplies for oil-short regions.

The oil companies themselves are not the sole target of the public's mood. The public may not approve of the companies' refusal to give out facts to state energy agencies and other enquiring groups. But ultimately the public holds its elected government officials responsible for any failure to govern the situation.

Voters are starting to feel the pinch of their higher fuel bills. They are annoyed by the paradox of filled-to-capacity oil storage tanks and tanker-clogged ports, set against long lines and short hours at gas stations and appeals to conserve fuel. They hear from respected economists like Walter Heller that oil fuel prices will double in 1974. And they hear from Massachusetts Congressman Michael Harrington that this means a $500 hike in household living costs because of oil, gasoline and electricity price boosts.

Voters want to know what's going on. If they are going to be assessed $500, in effect, as their share of the bill for getting the country through the energy crisis, they want to be assured that their government representatives are making sure the investment is necessary.

It isn't difficult for most voters to grasp that the oil industry needs profits so it can invest in new capacity. But how much profit will do? For the first nine months of last year, the oil industry averaged a 47 percent hike in earnings over 1972. Earnings for the period were $6.4 billion. The industry's cash take in 1974 is expected to leap to $13 billion.

Sen. Henry Jackson, the key congressman in energy matters, is reportedly ready to run hard with the ball that the public demand for accountability on oil gives him. One possibility is legislation calling for the federal chartering of oil companies, as banks are chartered. This would fall short of anything like nationalization, which would be pointless. But it would provide a framework for ending the present uncertainty over oil supplies and oil company intentions. Short of chartering, it is possible that Senator Jackson will push for disclosure requirements that cover research outlays and capital spending plans. An excess profits tax, and an end to the depletion allowance for foreign exploration, also seem likely.

Of course, Senator Jackson is a Democrat and a presidential hopeful. But the practical politics of the energy situation are not partisan. Even Secretary of Labor Peter Brennan within the Nixon administration is reacting to the political facts by preparing the way for higher wage demands in 1974 despite a possible recession the first half of the year. The oil factor is now expected to deprive 600,000 workers of their jobs, putting unemployment over 6 percent for the year. Inflation has been pegged another 2 or 3 percent higher—at 7½ percent for 1974.

Business also is growing impatient with Washington and wary of its oil-industry brethren. Non-oil corporate profits for 1974 are now expected to shrink by 8 to 10 percent—though petroleum industry gains are likely to offset the decline for industry as a whole. Aside from a profits dip, the uncertainty of the fuel situation, the difficulty of planning, is vexing to business.

The downzag of the stock market last week, analysts say, reflects an impression of a lack of control in Washington.

One of the best things the administration has had going for it in recent days has been the energetic performance of energy chief William Simon. Mr. Simon has been accessible and refreshingly open-minded. His appeal for ending the two-tier oil-price system, which is driving independent oil dealers out of business because they have to rely on more costly foreign oil, is a just cause. But his performance has been more one of ideas floated than deeds accomplished.

The net impression remains that the situation is being allowed pretty much to run its course, and that no one except perhaps the oil companies really knows what's going on. The public will want a more convincing and permanent system for monitoring the oil industry than the "audit" proposed by Mr. Simon or the "questionnaire" proposed by Senator Jackson.

Going into next fall's elections will likely be three issues: Watergate, the economy (recession plus inflation), and the handling of the energy crisis. For the energy issue this is the hour of political decision.

SUCCESS STORY: OIL COMPANIES' PROFITS FOR 1973 ARE SO GOOD THEY ARE EMBARRASSING

(By James C. Tanner)

Exxon Corp., which has never before called a press conference to announce its earnings, has called one for Wednesday morning to release its 1973 results. It is known that Exxon, the world's biggest oil company, made more money than ever last year. So is the press conference to give the company a chance to brag about it?

Well, not exactly. J. K. Jamieson, Exxon's chairman, isn't planning just to announce the figures Wednesday He intends to explain them. Exxon, as well as other oil companies, has a sneaking suspicion that big oil-company profits during the energy crisis aren't going to be considered commendable by Americans who have lowered their thermostats and waited for hours at gasoline stations to get their cars' tanks filled.

Exxon isn't saying before Wednesday just how high its profits went in 1973. But analysts predict that they surged more than 40%, to around $10 a share (which is about equal to the cost of a barrel of some domestic crude oil these days).

Several other giants of the oil industry also will be reporting their 1973 profits this week. Their earnings, like Exxon's, are record-shattering. Such prosperity is cheering news for their stockholders; for the companies, it's an embarrassment of riches.

HOSTILITY IN CONGRESS

The start of the reporting period for the oil companies coincides with today's reconvening of a Congress considered increasingly hostile toward the oil industry. Congress is sure to focus on what critics call "windfall" profits of the oil companies.

It is against this backdrop that the bigger oil companies, including the so-called internationals, will be reporting 1973 profit gains averaging somewhere around 45%, according to some calculations. Exxon's profits for last year, for example, may have totaled as much as $2.3 billion, compared with $1.53 billion in 1972.

Here is how two oil-industry analysts, Sterling McKittrick Jr. and Stanley Wojkowski of the New York stock brokerage firm of Ingalls & Snyder, see profits for 16 of the top oil companies, in earnings per share. The 1973 figures are estimated:

	1972	1973	Percentage increase
Exxon	$6.83	$10.00	46.4
Gulf	2.15	4.00	86.0
Mobil	5.65	7.50	32.7
Standard of California	3.22	4.50	39.8
Texaco	3.27	4.25	30.0
Atlantic Richfield	3.40	4.50	32.4
Cities Service	3.84	4.80	25.0
Continental	3.38	4.50	33.1
Getty	3.98	5.85	47.0
Marathon	2.67	3.90	46.1
Phillips	1.98	2.55	28.8
Shell	3.86	5.25	36.0
Standard (Indiana)	5.37	6.90	28.5
Standard (Ohio)	1.63	2.25	38.0
Sun	3.02	4.15	37.4
Union	2.98	4.25	42.6

In addition to estimating large gains in the profits of the companies, analysts McKittrick and Wojkowski have suggested to the top executives of all 16 concerns that they should be doing a better job of explaining their profit performance so as to avoid restrictions on those profits. Mr. Wojkowski says several of the companies are responding to the plea.

The bigger companies in particular are making a special effort to explain the paradox of sharply climbing earnings during a time of petroleum shortages. Some, like Exxon, will be calling press conferences to discuss profits. Others, like Shell Oil Co., are beginning massive advertising campaigns focused on oil profits. Others, like Standard Oil Co. (Indiana), are making their executives available for television and other public appearances—to talk about profits.

ORIGIN OF THE SPECIES

Some companies will be stressing the origin of their earnings. One point the internationals will be emphasizing within the next few days is that most of their big profit gains are coming from outside the U.S.

Most of the internationals sell more oil abroad than in the U.S., and foreign governments, more dependent on imported oil than the U.S. is, have been more receptive to price increases by the companies. "What we are going to have to do is tell Congress and the public what portion of our earnings comes from outside the U.S.," says Rawleigh Warner Jr., chairman of Mobil Oil Corp.

Mobil also will stress the sizable earnings accounted for by its chemical operations, Mr. Warner says. And the company will note that it had "a very substantial one-time profit (in 1973) that the U.S. dollar devaluation brought," he says. That gain resulted from Mobil's holdings of currencies such as the German mark through its foreign subsidiaries. "With the strengthening of the U.S. dollar, we clearly aren't going to have that benefit again in 1974," Mr. Warner says.

Many of the oilmen also are going to be raising this question with the public and with Congress: Why do they have to apologize for their profits? They will say that their 1973 profits weren't all that much despite appearances. Those enormous percentage gains, they will say, resulted in part because they had a depressed year in 1972.

(Indeed, 1972 wasn't a good year for some of the oil companies. The per-share profits of Gulf, Atlantic, Richfield, Getty and Marathon were down substantially. Texaco's were down slightly. But profits of the other oil companies in the list of 16 were up in 1972, though the rise for three of them—Exxon, Cities Service and Ohio Standard—was slight.)

Much is going to be made of rate of return. Phillips Petroleum Co. will report that even though its 1973 profits were up substantially, its return on total assets was only about 7%. Generally, the internationals will be quoting a range of 12% to 14% for their 1973 rates of return, which they will contend is about average for most industries.

"The facts are that oil-company earnings, measured by return on invested capital, have lagged behind all manufacturing industries for most of the last decade," says C. Howard Hardesty Jr., executive vice president of Continental Oil Co.

The oil industry is capital-intensive; it must generate vast sums of money for its energy search. And oilmen say they can't generate those sums unless they not only make good profits but also earn a rate of return sufficient to attract outside investment capital as well.

The companies are planning record capital expenditures this year, which will take large chunks of their higher 1973 profits. Texaco Inc. has set its 1974 capital budget at $1.8 billion, up from $1.6 billion in 1973. Atlantic Richfield Co. has doubled its capital budget in 1974, to $1.1 billion. Most of the 1974 outlays will be used to find and produce additional oil supplies in the U.S., Atlantic Richfield reports.

The oil companies also are spending enormous amounts this year to drill more wells off-shore and to develop alternative sources of energy. Mobil, for example, notes that in December it spent $271 million, or $40 million more than it earned in the entire third quarter, just for the right to drill on offshore tracts in the eastern Gulf of Mexico. Indiana Standard and Gulf Oil Corp. have just been named the winners of the first tract to be leased by the federal government for oil-shale development. For that honor, the companies jointly will give the federal government $210 million.

SKEPTICISM MAY LAST

None of this is likely to fully satisfy skeptical consumers who are feeling the bite of rising fuel costs and the inconveniences of shortages. Costs of petroleum products such as gasoline and home-heating oil have climbed 50% in recent weeks—and haven't yet fully reflected the tripling of domestic crude-oil prices and the quadrupling of foreign petroleum prices.

Nor are the explanations likely to soften the charges of Washington's legion of oil-industry critics, including the consumer advocate Ralph Nader, Rep. Les Aspin, Democrat of Wisconsin, and Sen. Henry M. Jackson, Democrat of Washington. The critics are accusing the oil companies of making a killing on profits from the energy crunch while everyone else is being asked to tighten his belt.

The oil companies obviously are profiting from the large increases in fuel prices that they have been able to push through in the U.S. as well as abroad, largely because of petroleum shortages. But oilmen claim that many of their critics are using justifiable oil profits as an excuse to try to destroy the industry. "Our present energy crisis," says Continental Oil's Mr. Hardesty, "is being seized upon by some extremist elements in our society as the vehicle to move aggressively toward nationalization" of the oil industry.

If they aren't hit with a punitive tax by Congress or other legislation to control "excessive" profits, the oil companies surely will continue to show substantial earnings gains in 1974, at least in the U.S. But it could be a different story for those with operations abroad.

"Because of the swift pace of events and announcements in the world-wide petroleum industry, virtually all beyond the control of the companies, estimates of oil company earnings for 1974 represent a moving target and are more highly suspect than for any previous year," says analysts McKittrick and Wojkowski at Ingalls & Snyder. They foresee only a moderate increase in oil profits in 1974 and predict that earnings of several of the internationals, like Exxon, will be "flat."

By Mr. BEALL:

S. 2862. A bill to authorize the Secretary of the Interior to acquire certain property in the State of Maryland for an international center park, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. BEALL. Mr. President, I am today introducing legislation authorizing the National Park Service to purchase for inclusion in our national park system a 25-acre tract of land located near Anne Arundel County, Md., for use as an international center park. This measure will enable the Jaycees International Brotherhood Foundation, under the auspices of the National Park Service and a newly established Advisory Commission, to continue to promote the free exchange of ideas and cultures between U.S. citizens and those internationals who reside in or visit the Nation's Capital, and I urge its speedy consideration.

Mr. President, in the nearly 200 years of our Nation's existence, Washington's official international community has grown to a size of approximately 15,000 families and 120 embassies, as well as other numerous international organizations and agencies. This Nation has a responsibility to our guests to provide adequate support, including recreational activities.

However, in spite of a lack of adequate family facilities, particularly those that are of an outdoor summer nature, nothing was done in this area until 1972, when the International Jaycee Chapter of the District of Columbia Jaycees moved in February of that year to authorize a study to determine the cultural, recreational, and educational needs of the diplomatic committee, and to ascertain what specific steps the Jaycees could take toward meeting those needs. On the basis of that study and encouraged by nearly a third of the missions and many key American groups and Government agencies, the committee endorsed the proposal of the center which would fulfill the needs expressed by these international guests. Thus, on April 19, 1972, the International Jaycee Chapter passed a resolution authorizing the formation of a Jaycee International Brotherhood Foundation which was to purchase and develop such a center.

The tract of land included in this legislation is located approximately 1 hour from Washington, D.C., and is a 26-acre peninsula jutting out into the Chesapeake Bay. Adequate facilities are already present to provide recreational enjoyment, not only to the international community, but to the U.S. citizens as well.

This legislation, which has been introduced in the House of Representatives by my Maryland colleagues, Congresswoman HOLT and Congressman HOGAN, would authorize the National Park Service to acquire the property and administer it as an international center where people from foreign nations can participate with citizens of this country in varied recreational programs. There shall be established an International Center Park Advisory Commission, composed of eight members, whose responsibility will

be, along with the Secretary of the Interior, to establish general standards and criteria for activities which will be conducted in the center.

Mr. President, I commend the Jaycees for their positive efforts on behalf of international cooperation, and particularly salute their dedication to a project which is clearly needed and in which benefits would accrue both to our international relations and to our Nation's residents.

By Mr. BUCKLEY (for himself, Mr. WILLIAM L. SCOTT, and Mr. EASTLAND):

S. 2863. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 in order to provide that certain seatbelt standards shall not be required under such act. Referred to the Committee on Commerce.

IGNITION INTERLOCK BILL

Mr. BUCKLEY. Mr. President, during the 3 years I have been a U.S. Senator, I have received hundreds of thousands of letters from constituents in New York State and from people all across the country. It would be impossible to list their varied and complex concerns under any one label, but it seems to me that no matter how many different individual problems I have learned of through these letters, there is an underlying theme to almost all of them: Citizens of New York and throughout the other 49 States are virtually in a state of war against the excesses, the follies, and the dangers of Federal Government's increasing—and frightening—big brother-like intervention in their lives. The American citizen is exasperated to the point of outrage with the documented failures of the philosophy of "Washington knows best".

I want to emphasize that I chose the term "citizen" deliberately. I dislike the condescending term "average American" and "silent majority" does not get to the heart of the matter. I find that Americans are proud to see themselves as citizens, as free and responsible members of the body politic. The American citizen does not see himself as "the little guy" or "the forgotten American" of political folklore. He may be ignored but thank God he cares enough about his country to make his voice heard so that he will not be forgotten. The main trouble of our political system is that many in Washington have tried to ignore or forget the wishes of the American citizen.

The dictionary defines "citizen" as:

A member of a state or nation . . . owing allegiance to its government and entitled to its protection.

The American citizen I speak of does have allegiance to the Government of the United States and a deep abiding love of this country. But more and more, he sees the Federal Government becoming what John Courtney Murray once described as the worst kind of government: one that is everywhere intrusive and evermore impotent.

The recent report of the Senate Subcommittee on Intergovernmental Relations entitled "Confidence and Concern: Citizens View American Government" demonstrates beyond any doubt that the American citizen is now beyond the point of debating whether or not big government is worth the cost in loss of freedom and privacy. The report states:

There is little doubt that the actions of the federal government are regarded as making the greatest impact on people's lives.

Anger over high taxes is not, surprisingly, the most deeply felt concern. The report further goes on to state:

The public underscores its belief in shared governmental responsibilities with an overwhelming endorsement of two policy propositions:

(1) State and local governments should be strengthened; and

(2) The federal government should have power taken away from it.

Public support (61%) for reinforcing the structure and authority of local government almost precisely matches the percentage (59%) by which it advocates strengthening state government. In contrast, only 32% of the public feel the federal government needs added power, while 42% recommend diminishing its clout.

Mr. President, I want to state today, at the beginning of this new legislative session that it is time that the complaints of the American citizen are not only listened to but acted upon in the Congress. We have to not only pay lip service to but actually put into practice the virtue of economy in government. And we have to work to get the grasping hand of big-brother government out of the lives of American citizens.

As my first contribution to this task this year, I introduce today legislation amending section 103(a) of the National Traffic and Motor Vehicle Safety Act of 1966 to direct the Secretary of Transportation to prescribe regulations—within 60 days of the date of enactment of this legislation—which would make optional the inclusion of any starter interlock system associated with seatbelts or upper torso restraints on any motor vehicle. I know of no single intervention by Government into the lives of its citizens that is more universally resented than the current requirement for 1974 model cars that dictates that we shall not start our engines until we strap ourselves in. This resentment is typified by the following excerpt from a recent column by Carl Rowan:

But the tendency to push governmental coercion too far is perfectly illustrated in the 1974 models. Government has forced car makers to rig cars so that they cannot be started until the belt-harness is fastened while the motorist's weight is on the seat.

If government wants to make rules that prevent me from killing other people with my car, wonderful! But government has no business telling me that I can't bust my own head against the windshield, if I want to be that stupid.

Imagine the nuisance effect and the lost man-hours that these '74 models bring to parking lot attendants!

The National Traffic and Motor Vehicle Safety Act of 1966 authorized the establishment of Federal safety standards for motor vehicles and their component parts. Federal motor vehicle safety standard No. 208 currently requires motor vehicle manufacturers to provide a seatbelt interlock system in cars manufactured after August 15, 1973—a device that prevents the engine from being started until both the driver's and front passenger's seatbelts and shoulder belts are fastened.

It is currently a violation of Federal law for car dealers to deactivate the system and State laws are being planned to prevent others from tampering with it.

There are three basic reasons for opposing the mandatory requirement for seatbelt-ignition interlock systems: first, infringement of the individual's rights; second, safety; and third, cost.

It is wrong for the Federal Government to require an individual to conform with an arbitrary standard of conduct that is unrelated to the public safety. It may well be that any driver who fails to put on a safety harness is an idiot. But freedom implies the freedom to be an idiot so long as one does not endanger others. The interlock requirement is not only an arrogant invasion of privacy, it is a blatant example of bureaucratic idiocy. Even a cursory examination of the current standards shows them to be manifestly unreasonable. Let me give you two examples:

Any item more than 47.3 pounds must be buckled up. I can see a generation of American shoppers learning how to buckle up the family groceries or limiting his purchases to 47.1 pounds.

If the sequence of "sit down, fasten seatbelts, start car" is broken—for example, at gas stations or when strapping a child in his seat first before driver enters—it is necessary for all belts to be released and rebuckled before the car can be started. I have personally been told of a case where a handicapped person who is an experienced driver cannot buy a 1974 model car because of his inability to strap himself in.

Then, of course, there is the matter of safety:

A person under 4 feet 7 inches cannot safely use the torso belt, a point that mothers across the country are now discovering. There is the distinct possibility of being entrapped in a car which is on fire, immersed in water, and so forth, because of seatbelt malfunction.

The current system adds greatly to the complexity of auto electrical systems and would become increasingly susceptible to malfunction as cars age.

I am told engineers estimate at least a 3-percent failure rate in 1974. Using a production figure of 10 million cars produced in 1974, this means that some 300,000 carowners will be subjected to ignition malfunction this year alone, not to mention the resultant cost of repair.

Finally, consumers are required to pay around $50 per car for this device whether they want it or not.

Mr. President, this kind of naked, Federal coercion is the wrong approach to auto safety. Unlike the prohibiting of driving under the influence of intoxicating beverages, the implementation of the interlock system has no effect on the lives of those in cars not using the system.

The American citizen deserves and demands the right to live his own life free of the constraints of the Federal Mrs. Grundys whose lust to interfere in the

private lives of others knows no bounds. I think it will be a salutary and highly symbolic gesture if we can tell the American citizen we are in favor of lifting all such constraints by taking from his shoulders the very real constraint of the interlock system. I, for one, believe that the American citizens love their own lives and the lives of others enough to take good care of them voluntarily without Big Brother tinkering with auto ignition systems.

By Mr. CHURCH:

S. 2867. A bill to amend the Rail Passenger Service Act of 1970 in order to expand the basic rail passenger transportation system to provide service to certain States. Referred to the Committee on Commerce.

EXTENSION OF AMTRAK

Mr. CHURCH. Mr. President, over 3 years ago Congress decided that it was necessary for the Government to step in and halt the decline in railroad passenger service in this Nation. The preamble to the Rail Passenger Service Act of 1970, which established what has come to be known as Amtrak, summed up the situation in these words:

> The Congress finds that modern, efficient, intercity railroad passenger service is a necessary part of a balanced transportation system; that the public convenience and necessity require the continuance and improvement of such service.

That statement of philosophy represented a decision on the part of Congress to break with tradition and create a quasi-governmental organization to absorb and operate the Nation's railroad passenger service. While we had an eye toward a future goal of self-sustaining service, we knew at that time that we were making a commitment—of both money and philosophy—to the preservation of a system which, while having deteriorated measurably, was still a necessary part of this Nation's overall transportation scheme.

Accordingly, Congress asked the Secretary of Transportation to examine previous passenger service in the United States to furnish an overview of existing service, and to suggest a "basic system" which should be retained to insure a national rail passenger service. In its preliminary report, the Department of Transportation recommended a national system which included the major population areas of every region of the continental United States, as would be expected of the congressionally mandated "basic system." Then, to the complete surprise of a number of us, the DOT's final report for a different basic system was announced. The source of our surprise stemmed from the fact that—in a change from the preliminary report—six States, including Idaho, with populations totaling nearly 3½ million people, were left with virtually no rail passenger service.

I felt at that time, and I still feel, that such a decision was a serious disservice to the people of Idaho, and the other areas left without service. The fact that the decision was made by executive "fiat" made it even more unacceptable.

For that reason, I have withheld my support for Amtrak's funding requests. I have felt—from the beginning—that a national system, paid for by funds from all of the taxpayers, should be a truly national service and should serve all of the major regions of the continental United States.

Mr. President, we now have the benefit of retrospection in this area. We also have the urgency of a fuel shortage which could, in turn, easily lead to a transportation crisis. Therefore, I think it is time that we again look at our original intent with regard to rail passenger service, and reevaluate the present system.

The Arab embargo has finally forced us, as a nation, to take a long look at our fuel consumption habits. This, in turn, requires that we examine carefully our transportation system and its relationship to the economy. We already know that railroad passenger service is the most fuel-efficient of all forms of passenger transportation. Second, the public appears to be anxious to return to the rails. In its March 1973 report to Congress on the Passenger Service Act, Amtrak was able to point to several indicators of public willingness to accept—and welcome—rail passenger service. Many of us have long maintained that poor service was the major detriment in the decline of ridership experienced in the late 1960's. Early indications, based upon Amtrak's ridership figures, tend to support this conclusion. Given comfortable, convenient service, there will always be ample support for passenger trains.

Add to that the large numbers of people who, because of fuel shortages and lower speed limits, are ready to make greater use of public transportation, and it is clear that the time to accomplish our original intent—the establishment of a truly national system of rail passenger service—has arrived.

With the confusion that has risen from the effects of the current fuel shortages, and given the fact that ours is an economy based upon travel and mobility, there is no need for me to detail our need for an efficient, balanced transportation system, which is accessible to all of our citizens.

Idaho, for example, is a large, sparsely populated State. One of our main sources of income is tourism and recreation. With the uncertainty in people's minds about the ability to buy fuel, with limited supplies, and lowered speed limits, the need for a major mass surface transportation system is greater than ever.

Mr. President, as I said earlier—the people of Idaho and several other States have been done a disservice. Now is the time to correct that disservice.

The amendment I send to the desk today is designed to guarantee every contiguous State in the Union substantial rail passenger service.

In my judgment, the Department of Transportation has simply failed to carry out the intent of the law. I think Congress should have spelled out the definition of "basic system" in the beginning. Unfortunately, it did not. This measure would do just that, and would provide for the restoration of substantial service to at least six States.

I send the amendment to the desk for appropriate reference. I would welcome the support of all Senators in this endeavor. Not only those from States which now suffer from the deficiencies of the present system, but also from those which recognize the importance to our economy in upgrading our passenger train service.

Mr. President, now is the time to provide this service. For the sparsely populated, as well as the densely populated States. Idahoans want their trains back. I believe that holds true for several million other train-deprived Americans. I urge favorable consideration of the measure and ask unanimous consent that the text of the bill be printed at this point in the RECORD.

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

S. 2867

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Title II of the Rail Passenger Service Act of 1970 is amended by inserting at the end thereof a new section as follows:

"SEC. 203. Extensions of Basic System After Initial Designation.

"The Secretary shall, within sixty days after the effective date of this section, designate an extension of the basic system to provide adequate intercity rail passenger service to the major population area of each of the contiguous forty-eight States which did not have any large population area provided with intercity rail passenger service by the basic system designated pursuant to section 201. Extensions pursuant to this section shall be part of the basic system for all purposes of this Act and the designation of such extensions shall not be reviewable in any court."

By Mr. CHURCH (for himself, Mr. CHILES, Mr. CLARK, and Mr. WILLIAMS):

S. 2868. A bill to provide for tax counseling to the elderly in the preparation of their Federal income tax returns. Referred to the Committee on Finance.

OLDER AMERICANS TAX COUNSELING ASSISTANCE ACT

Mr. CHURCH. Mr. President, on behalf of myself and the Senator from Florida (Mr. CHILES), the Senator from Iowa (Mr. CLARK), and the Senator from New Jersey (Mr. WILLIAMS), I introduce for appropriate reference the Older Americans Tax Counseling Assistance Act.

Preparation of a tax return is a complicated task for most persons. But it is frequently much more difficult for the elderly.

Upon reaching 65 the aged taxpayer is oftentimes confronted with an entirely new set of rules, usually far more complex than the tax provisions during his preretirement years. He may find it necessary, for example, to complete the retirement income credit schedule, determine the taxable portion of his annuity, or compute the taxable gain on the sale of his personal residence.

Quite frequently, these provisions can pose formidable challenges, even for ex-

perienced tax experts. But for the untrained—and ofttimes unsuspecting—elderly taxpayer, these complex tax relief measures can prove to be mind boggling.

Perhaps the most troubled individual is the aged widow, who typically has low or moderate income and very little experience in tax matters. For her, the tax law is usually a jumble of gobbledygook with numerous potential pitfalls.

However, with appropriate counseling many of these obstacles can be overcome for the elderly taxpayer. Ample evidence of this is provided by the extraordinarily successful tax-aide for the elderly program, administered by the Institute of Lifetime Learning of the National Retired Teachers Association-American Association of Retired Persons.

Under this program, local NRTA and AARP chapters throughout the Nation select coordinators to plan, organize, and supervise the operation of the tax-aide program. The local coordinator also selects counselors who undergo an intensive training course under the direction of the Internal Revenue Service.

These volunteers provide valuable counseling services for aged persons concerning some of the more complex provisions in the Internal Revenue Code, such as computation of the retirement income credit, medical expense deduction, and other tax relief measures.

These individuals—and I want to stress this point—do not engage in tax preparation. Their functions are basically to—

Counsel other elderly taxpayers about sections in the tax law;

Assist them, when necessary, in making a computation; and

Advise them about common deductions, credits, and exemptions which many aged persons may overlook or simply not know about their existence.

Last year the Internal Revenue Service trained 2,500 elderly counselors as part of the IRS volunteer income tax assistance program. And these individuals provided helpful assistance and guidance for more than 100,000 aged taxpayers throughout the Nation.

This is a major reason why I introduce my bill today—the Older Americans Tax Counseling Assistance Act—to build upon the effective work of the tax-aide for the elderly component of the VITA program. We do not need any more proof that this program has been a success. What is needed now is a genuine national commitment to improve and expand these efforts. And that is precisely what our bill is designed to do.

Briefly stated, this proposal would permit the Internal Revenue Service to strengthen the tax counseling program for older Americans by expanding the training and technical assistance available for volunteer tax consultants—most of whom would be elderly persons. The bill would also permit the volunteers to be reimbursed for their actual out-of-pocket expenses incurred in training or providing assistance under the program.

Additionally, our proposal would authorize the Internal Revenue Service to conduct a retirement income credit alert to help assure that all persons eligible for this provision take advantage of this tax relief measure. The need for this alert, it seems to me, is particularly compelling. Leading organizations in the field of aging have estimated that perhaps one-half of all elderly persons eligible to use the retirement income credit do not claim the credit on their tax return.

Over the years the Internal Revenue Service has repeatedly said that it wants no taxpayer to pay more taxes than are legally due. In fact, the Supreme Court stated in Gregory against Helvering:

> The legal right of a taxpayer to decrease the amount of what otherwise would be his taxes, or altogether avoid them, by means which the law permits, cannot be doubted.

Yet, many older Americans overpay their taxes each year. Some pay more than legally required, because they are ignorant about the existence of helpful deductions. Others are completely overwhelmed by the intricacies and nuances in the tax law.

However, competent tax counseling can be an important safeguard against income tax overpayments by the elderly. Moreover, there is strong evidence to suggest that aged volunteers are better equipped to assist elderly taxpayers, because they have firsthand familiarity with many of their problems. This point was made very forcefully by Mr. C. Ira Funston, who was a leading organizer of the tax-aide program. He said:

> The difficult problem of obtaining volunteers was made relatively easy by making it a project staffed by older persons.
>
> There is a great reservoir of experience and talent among retirees. They not only have ability but time. They not only have time but the desire to use it in good causes.
>
> They understand the problems of older people and are able to obtain their confidence.
>
> The experiment has worked well. It has been a boon not only to those who get help but to those who give it.

Low income in retirement is, of course, the most serious problem confronting the elderly today. But there is a surprisingly large number—nearly 9 million persons 65 and above—who had sufficient incomes in taxable year 1971 to file a tax return. This is the latest date that complete information is available.

Many of these individuals need tax counseling service and advice in order that they can prepare their own returns. Quite clearly, they should not be penalized, because our tax law is so complex that it would tax the wisdom of Solomon.

For these reasons, I urge prompt and favorable action on my Older Americans Tax Counseling Assistance Act.

Mr. President, I also ask unanimous consent that the text of this bill be printed at this point in the RECORD, as well as a pamphlet describing the tax-aide program.

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

S. 2868

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Older Americans Tax Counseling Assistance Act".

(b) For purposes of this Act, the term—

(1) "Secretary" means the Secretary of the Treasury or his delegate;

(2) "elderly individual" means an individual who has attained the age of 60 years as of the close of his taxable year;

(3) "Federal income tax return" means any return required under chapter 61 of the Internal Revenue Code of 1954 with respect to the tax imposed on an individual under chapter 1 of such Code.

SEC. 2. (a) The Secretary, through the Internal Revenue Service, is authorized to enter into agreements with private or public non-profit agencies or organizations for the purpose of providing training and technical assistance to prepare volunteers to provide tax counseling assistance for elderly individuals in the preparation of their Federal income tax returns. The program shall utilize the services of volunteers with preference given in the selection of such volunteers to individuals who have retired from participation in the work force as full-time employees.

(b) The Secretary is authorized—

(1) to establish the qualifications an individual must have in order to serve as a volunteer under the program authorized by this Act and to prescribe the terms and conditions of service as a volunteer, including training, hours of work, and other terms and conditions of service as a volunteer;

(2) to provide for the training of such volunteers and for the certification of volunteers who qualify to provide tax counseling assistance to elderly individuals;

(3) to provide reimbursement to volunteers for transportation, meals, and other expenses incurred by them in training or providing tax counseling assistance under that program, and such other support and assistance as he determines to be appropriate in carrying out the provisions of this Act;

(4) to provide for the use of services, personnel, and facilities of Federal executive agencies and of State and local public agencies with their consent, with or without reimbursement therefor; and

(5) to prescribe such rules and regulations as he deems necessary to carry out the provisions of this Act.

SEC. 3. Service as a volunteer in any program carried out under this Act shall not be considered service as an employee of the United States. Volunteers under such a program shall not be considered Federal employees and shall not be subject to the provisions of law relating to Federal employment, except that the provisions of section 1905 of title 18, United States Code, shall apply to volunteers as if they were employees of the United States.

SEC. 4. The Secretary shall, from time to time, undertake to direct the attention of elderly individuals to those provisions of the Internal Revenue Code of 1954 which are particularly important to taxpayers who are elderly individuals, such as the provisions of section 37 (relating to credit against tax for retirement income) and section 121 (relating to gain from the sale or exchange of his residence by an individual who has attained age 65).

SEC. 5. There are authorized to be appropriated to the Secretary for the purpose of carrying out the provisions of this Act $——— for the fiscal year ending June 30, 1974, and $——— for the fiscal year ending June 30, 1975.

TAX-AIDE: A FREE, NATIONWIDE TAX COUNSELING SERVICE OF THE INSTITUTE OF LIFETIME LEARNING

Tax-paying is a tedious and frustrating experience for everyone, but the older taxpayer may confront unusually difficult problems after retirement.

New tax forms, and supplements are often required. Retirement income credit, pension income, Social Security exemptions, Medicare expenses, sale of property, stock dividends and other tax problems may be confusing.

To deal with these special problems the older taxpayer has several alternatives: He may visit a commercial tax consultant or his local Internal Revenue Service office—or he may now take advantage of the free Tax-Aide counseling service sponsored by the Institute of Lifetime Learning, a continuing education program of the National Retired Teachers Association and the American Association of Retired Persons.

NRTA-AARP TAX-AIDE SERVICE

The Institute began the Tax-Aide service of voluntary counseling for retired taxpayers in 1968 in cooperation with the U.S. Internal Revenue Service. During the 1972–73 tax season the service provided 2,500 counselors who assisted more than 100,000 taxpayers in 625 cities.

Administered by the Institute's Washington, D.C. headquarters, the Tax-Aide service provides older volunteers throughout the country who have been trained by the IRS to deal specifically with retirement tax problems. While counselors are not tax preparers who fill out an individual's return, they meet individually with Tax-Aide participants to advise them of special tax considerations for which they are eligible and to counsel them of such tax ramifications as:

Tax filing regulations, new tax forms.

Social Security, pensions, annuities, stocks, bonds, savings, inheritances.

Sale of residence, capital gains.

Medicare and medical and drug expenses.

Deductions for dentures, eyeglasses, hearing aids, orthopedic shoes, braces.

Retirement income credit.

The NRTA-AARP Tax-Aide service is open to all older retired persons as a public service of the Associations.

STARTING TAX-AIDE LOCALLY

To establish a Tax-Aide counseling program, groups must meet several basic requirements to insure success of the project:

Select an Association member to be the Tax-Aide Coordinator for a designated group or area.

Recruit volunteer counselors.

Arrange training for the counselors in cooperation with the nearest IRS District Office at a location satisfactory to both the local group and the IRS training officers.

Locate convenient and suitable rent-free quarters for the counseling service.

Organize and coordinate a thorough publicity program to inform the local community about the Association's free Tax-Aide counseling service.

The National Tax-Aide office in Washington, D.C. provides program information, training assistance and liaison with the Internal Revenue Service as requested by the local coordinator. All Tax-Aide coordinators receive from the national office a Public Relations Guide and a supply of Income Tax Information Sheets for counselees to complete before their appointment with a Tax-Aide counselor.

Although detailed operational procedures are sent to each Tax-Aide coordinator as general guidelines for program implementation, the national Tax-Aide office encourages flexibility in planning programs to meet the needs of individual communities.

THE TAX-AIDE COORDINATOR

Key to the success of the NRTA-AARP Tax-Aide service is the local coordinator. He plans, organizes and supervises the operation of the local Tax-Aide program. He serves as liaison between the National Tax-Aide Coordinator, the nearest IRS office, chapter and unit officers and the volunteer counselors. As a special Association volunteer, he also informs state directors and all NRTA-AARP regional officials about the activities and progress of his Tax-Aide unit.

In planning a program the Coordinator:

Enlists the help of local chapter and unit presidents in recruiting volunteer counselors—either Association members or qualified non-members.

Determines the number of counselors necessary for operation of the program, and decides if assistant coordinators are needed.

Arranges any co-sponsorship with other senior citizen and community organizations, if needed, and advises NRTA–AARP State Directors, regional officers and the National Tax-Aide Coordinator in the Washington, D.C. Institute of co-sponsorship plans.

Establishes with the nearest Internal Revenue Service office the time and date of the volunteer training sessions, and notifies the National Coordinators so that he may confirm all training with the Chief of Taxpayer Training, U.S. Internal Revenue Service in Washington, D.C. Secures convenient and centrally located training and counseling quarters for the Tax-Aide program. Rent free space is usually available in churches, schools and community colleges, senior centers, banks, office buildings, shopping centers, YMCA's and YWCA's, resident homes for the elderly, libraries, civic and community buildings, and federal, state and municipal buildings. Counseling in private homes is discouraged and coordinators are requested to advise the volunteer counselor of established counseling locations.

While supervising a program the Coordinator:

Arranges local publicity through chapters and units, other community organizations and radio, TV and newspapers so that retired persons are aware that the Tax-Aide service is available.

Coordinates the appointment schedule of the volunteer counselors to provide maximum service when counselors are available.

Selects, if needed, a Coordinating Committee from the local RTA and AARP groups or other sponsoring groups to assist with planning and supervisory responsibilities, and selects a volunteer Appointment Secretary to handle counseling schedules.

To follow-through the Coordinator:

Prepares any necessary correspondence and letters of appreciation at the conclusion of the program.

Submit a final evaluation of the local program to the National Coordinator at the conclusion of the tax season.

THE VOLUNTEER COUNSELOR

Working most directly with the older person desiring tax assistance is the volunteer Tax-Aide Counselor. He is not necessarily an Association member but he has had Tax-Aide training provided by the professional training staff of the U.S. Internal Revenue Service. He must have interest in and aptitude for volunteer tax work. He must be able to communicate effectively and accurately with the persons he is serving and conduct all counseling in the strictest confidence.

The Counselor's first responsibility is to attend an IRS training session which acquaints him with the main requirements of the retirees' tax returns. Next, the counselor works out with the Tax Coordinator and the other counselors in his group a work schedule of when he will be available for counseling interviews or answering questions over the telephone (if one is available locally to the Tax-Aide program).

Most counselors volunteer several hours a week to Tax-Aide during the tax season, but a minimum of two hours per week should be committed to the program.

During an appointment, the counselor has an advisory and counseling role—he does not complete tax forms for an individual nor agree to forward them to the Internal Revenue Office. In ordinary cases, he explains to the individual how to fill out the form, what forms are required, information that should be included on the form, and deductions available to him. In more complex cases, the counselor performs a needed service by referring the Tax-Aide participant to the IRS or to other professional tax counsel. Counselors who have the time, interest and competence to do so may, in addition to the federal return, assist retirees with their State tax returns. Many states are cooperating with local coordinators to provide special state tax training for Tax-Aide counselors in conjunction with their IRS training.

IRS TRAINING SESSION

Tax-Aide training sessions are conducted by IRS officials using resource material prepared especially for counselors assisting the retired elderly. Classes are usually limited to 15–20 persons, but additional sessions will be scheduled when necessary to train all volunteer counselors.

Each qualified volunteer counselor should normally complete a minimum of 10 hours of training over a period of 2–3 days. Previously trained and experienced Tax-Aide counselors, however may require only a shorter refresher course when this can be arranged with the nearest IRS office.

Experience has shown that the most effective training schedule runs from about 9–12 a.m. and 1–3 or 4 p.m. with adequate breaks during the morning and afternoon.

Tax-Aide volunteer Instructors complete the same course the IRS gives its training officers. These volunteers are available to teach courses in areas where IRS personnel are unavailable. If a Coordinator is in need of an Association Instructor, he should contact the National Coordinator in Washington.

Liaison for matters of policy and operations of the Tax-Aide program within the framework of the IRS VITA Program is coordinated by the Chief of Training at IRS and the National Coordinator of Tax-Aide. Tax-Aide coordinators, counselors, and all other Association volunteers and staff are requested to channel all questions of policy regarding Tax-Aide through the National Coordinator's Office.

STATE TAX TRAINING

Any group planning training with its State tax system, in addition to the IRS training, is asked to notify the National Coordinator of these plans as soon as possible through the local Tax-Aide Coordinator.

IRS Taxpayer Education Offices in all of the following IRS District Training Offices are familiar with the NRTA–AARP Tax-Aide Program and will assist coordinators with training plans and schedules. When contacting an IRS office by mail or telephone, ask for the person in charge of Taxpayer Education or the VITA program.

Mr. CHILES. Mr. President I am pleased to join today with Senator CHURCH in introducing the Older Americans Tax Counseling Assistance Act.

Senate hearings several years ago found that many older Americans overpay their taxes each year—some because they simply do not know about the existence of helpful, legal deductions they qualify for—and others who are confused by the complexity of the tax law. And it is little wonder. Filling out an income tax return is not an easy job for anyone. And the aged taxpayer often has an even harder time preparing his return, because he faces new rules, even more complex than those he faced in his younger years.

Because I am aware of the difficulties many of our senior citizens are facing in the preparation of their income tax returns I was delighted to learn of the outstanding work being done by the Institute of Lifetime Learning of the National Retired Teachers Association–American Association of Retired Persons. VITA, the volunteer income tax assistance program came to the assistance of more than 100,000 aged taxpayers throughout the Na-

tion last year. Staffed by older persons, who are better able to understand the problems of older taxpayers, this experiment has proven extraordinarily successful. And I believe that in itself is a strong argument in favor of expanding it through the legislation Senator CHURCH and I are offering.

This is a program that is needed, has been tried, and works well. Our proposal would authorize the Secretary of the Treasury through the Internal Revenue Service to enter into agreements with organizations to provide training and technical assistance in the preparation of volunteers to provide tax counseling assistance for elderly individuals in the preparation of their Federal income tax returns. The program utilizes the services of volunteers with preference given in the selection of volunteers to individuals who have retired from participation in the work force as fulltime employees. The Secretary is authorized through our bill to establish the qualifications an individual must have in order to serve as a volunteer, to provide for his training and certification, to provide reimbursement to volunteers for transportation, meals, and other out-of-pocket expenses, and the use of services, personnel, and facilities of Federal executive agencies.

The volunteers in this program do not prepare the income tax returns. Their assistance is limited to counseling other elderly taxpayers about sections of the tax law that confuse them; assisting them in making computations, and advising them about credits, exemptions, and deductions they may not be aware of.

Volunteer counselors aid aged persons in dealing with some of the more complex provisions in the Internal Revenue Code—completing retirement income credit schedules, determining the taxable portion of annuities, computing taxable gains on the sale of personal residence, working with medical expense deductions, et cetera, are some of the areas in which assistance is needed. Our senior citizens clearly ought not to be penalized because of the complexity of our tax laws and this legislation would permit the IRS to strengthen a program that has already proven itself of significant value for older Americans.

I urge my colleagues to join with me in supporting the Older Americans Tax Assistance Act.

By Mr. RIBICOFF (for himself and Mr. WEICKER):

S. 2869. A bill to amend section 322 of title 23 of the United States Code, relating to demonstration projects for rail crossings, in order to authorize certain public rail crossings. Referred to the Committee on Commerce.

HIGH-SPEED RAILROAD CROSSINGS

Mr. RIBICOFF. Mr. President, the Federal-Aid Highway Act of 1970 authorized a demonstration project for the elimination of all public crossings along the high-speed rail line between Boston and Washington, D.C. The purpose of this provision is to allow future trains to travel at very high speeds without the danger of striking vehicles or pedestrians crossing the track.

There are, however, a few areas where this requirement need not apply. When the trains run through New London, Conn., they must, because of the extreme curvature of the track, slow down to 25 to 30 miles per hour. As a result of this situation, officials of the city of New London and I agreed that several of the at-grade rail crossings in the city should not have to be eliminated, provided proper protective devices were created.

The Federal Highway Administration agreed with us, but reported that they did not have the necessary legislative authority to exempt New London. The legislation Senator WEICKER and I introduce today will give them that authority.

I hope that this bill, which has the support of the Department of Transportation, will be quickly approved by Congress.

By Mr. McGOVERN (for himself, Mr. KENNEDY, Mr. ABOUREZK, Mr. BURDICK, Mr. CASE, Mr. CLARK, Mr. HART, Mr. HUMPHREY, Mr. MONDALE, Mr. MANSFIELD, Mr. METCALF, and Mr. SCHWEIKER):

S. 2871. A bill to amend the Food Stamp Act of 1964, as amended, and for other purposes. Referred to the Committee on Agriculture and Forestry.

FOOD STAMP PROGRAM

Mr. McGOVERN. Mr. President, today I would like to introduce the food program technical amendments bill which is composed of technical amendments intended to facilitate the implementation of the nationwide food stamp program mandated by the Congress in the Agriculture and Consumer Protection Act of 1973. This mandate and the concomitant phasing out of the family commodity distribution program, except, perhaps, for isolated areas, was, I believe, a positive step nutritionally, socially, and fiscally. It is now incumbent upon the Congress, however, to insure that this action which came about rather precipitously in the agriculture conference committee last year is not counterproductive. We cannot allow our action of last year to prejudice our country's effort to insure nutritional adequacy for each person, and hamper the farm economy next year.

It is with these ends in mind, that I today introduce the food program technical amendment, which would, specifically:

First. Extend the authority of USDA to purchase commodities above parity. Currently this authority will expire July 1 of this year, the date that the food stamp program is scheduled to start operating nationwide. This authority is needed to insure that the phasing out of the commodity program will not prejudice the other programs that rely on USDA commodities, including, but not limited to, the school lunch program, institutions, supplemental feeding to women and children, and domestic disaster relief—no additional budgetary cost.

Second. Adapt the food stamp program to the Indian reservations. Under the current legislation, the Secretary of Agriculture has the authority to implement a food stamp program at the request of any State, in every political subdivision in the State. Since there is considerable legal authority holding that reservations are not a subdivision of the State, the authority is granted to USDA to enter into agreements directly with the various tribal governments for the administration of the food stamp program. In addition, it should be mentioned that many of the States involved are not anxious to administer the program for the reservations since they do not have the power to tax on the reservation, nor do they have the power to enforce their criminal jurisdiction. The Federal Government would pay 100 percent of the administrative costs attributabe to the reservations—minimal cost.

Third. Provide Federal reimbursement to the States up to 62½ percent of the cost of all administrative expenses. Currently the Federal Government reimburses the States 62½ percent of the cost of isolated administrative functions only, which averages out at 25 percent of the total cost of the program. This would extend the Federal reimbursement to all the administrative expenses. The purpose of the amendment is to encourage the States to administer the programs more efficiently, both to certify eligible recipients and to enable stricter investigation of applicants to prevent cheating. This amendment is especially important in view of congressional action last year phasing out the surplus family food program in favor of a nationwide food stamp program, thus eliminating the operation of dual programs. This action, although nutritionally sound, creates a greater financial burden on the States, and discourages more detailed administration of the program—cost: $35 million.

I ask unanimous consent that the food program technical amendments bill be printed in the RECORD at this time.

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

S. 2871

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act may be cited as the Food Program Technical Amendments.

SEC. 1. Notwithstanding any other provision of law, the Secretary of Agriculture shall (1) use funds available under provisions of section 32 of Public Law 74-320, as amended, (7 U.S.C. 612c) to purchase, without regard to the provisions of existing law governing the expenditure of public funds, agricultural commodities and their products to maintain the traditional level of assistance for food assistance programs as are authorized by law, including but not limited to school lunch, institutions, supplemental feeding, and disaster relief, and (2) if the stocks of the Commodity Credit Corporation are not available, use the funds of the Corporation to purchase agricultural commodities and the products thereof under section 416 of the Agricultural Act of 1949 to meet such requirements.

SEC. 2. Section 3 of the Food Stamp Act of 1964, as amended, is amended, by adding

at the end thereof new subsections as follows:

"(o) The term 'Tribal government' shall refer to any group of native Americans so recognized by the Department of the interior."

"(p) The term 'Indian reservation' shall refer to any area so recognized by the Department of the Interior."

SEC. 3. Section 4 of the Food Stamp Act of 1964, as amended, is amended by: (1) redesignating subsection (b) and (c) as subsections (c) and (d) and (2) inserting a new subsection (b) as follows:

"(b) Notwithstanding any other provision of law, the Secretary is authorized to formulate and administer a food stamp program at the request of any Tribal government under which eligible households shall be provided with an opportunity to participate in the food stamp program under the provisions of this Act, in which case the Tribal government shall be considered a State for purposes of this Act. Any Tribal government requesting a food stamp program may enter into an agreement with a State to have the State administer such a program, or may delegate the administration to the Secretary of the Interior, in which case such State or Secretary shall be considered a State agency for purposes of this Act. The Secretary may issue regulations as he deems necessary or appropriate for the effective and efficient administration of the food stamp program on any Indian reservation requesting such a program."

SEC. 4. Section 15 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(a) Each State shall be responsible for financing, from funds available to the State, or political subdivision thereof the costs of carrying out the administrative responsibilities assigned to it under the provisions of this Act.

"(b) The Secretary is authorized to pay to each State agency an amount equal to 62.5 per centum of all such administrative costs including, but not limited to, certification of households; the acceptance, storage, and protection of coupons after their delivery to receiving points within the States; the issuance of such coupons to eligible households; outreach and fair hearing requirements of Sec. 10 of this Act; and the control and accounting of coupons; *provided that,* the Secretary is authorized to pay to a Tribal government or its agent, under Sec. 4(b), an amount equal to 100 per centum of such administrative costs for that portion attributable to the administration of the food stamp program on any Indian reservation."

SEC. 5. Section 17 of the Food Stamp Act, as amended, is amended by inserting after the words "State of Alaska", the following: "or any Indian reservation".

SEC. 6. The following new section is added at the end of the Food Stamp Act:

"SEC. 18(a) In the case of any experimental, pilot, or demonstration project which the Secretary specifically determines is likely to promote raising the levels of nutritional adequacy among low-income households and alleviate hunger and malnutrition, the Secretary may waive compliance with any of the requirements of this Act, or regulations promulgated thereunder, to the extent and for the period he finds necessary to carry out such a project.

"(b) The Secretary is authorized to use funds appropriated for this Act to implement any project he establishes pursuant to subsection (a)."

By Mr. FULBRIGHT (by request):

S. 2872. A bill to amend the Department of State Appropriations Authorization Act of 1973. Referred to the Committee on Foreign Relations.

Mr. FULBRIGHT. Mr. President, by request, I introduce for appropriate reference a bill to amend the Department of State Appropriations Authorization Act of 1973.

The bill has been requested by the Department of State and I am introducing it in order that there may be a specific bill to which members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Assistant Secretary of State to the President pro tempore of the Senate dated December 6, 1973, and the detailed analysis of the proposed legislation.

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

S. 2872

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Department of State Appropriations Authorization Act of 1973 (87 Stat. 451) be amended as follows:

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. Section 2(a)(1) thereof, providing authorization of appropriations for the "Administration of Foreign Affairs", is hereby amended by deleting the amount of $282,565,000, and substituting therefor the amount of $288,968,000.

SEC. 3. Section 2(a)(2) thereof, providing authorization of appropriations for "International Organizations and Conferences", is hereby amended by deleting the amount of $211,279,000 and substituting therefor the amount of $212,777,000.

SEC. 4. Section 2(a)(3) thereof, providing authorization of appropriations for "International Commissions", is hereby amended by deleting the amount of $15,568,000 and substituting therefor the amount of $12,528,000.

SEC. 5. Section 2(a)(4) thereof, providing authorization of appropriations for "Educational Exchange", is hereby amended by deleting the amount of $59,800,000 and substituting therefor the amount of $57,170,000.

SEC. 6. Section 2(b)(1) thereof, providing authorization of appropriations for ". . . increases in salary, pay, retirement or other employee benefits authorized by law", is hereby amended by deleting the amount of $9,328,000 and substituting therefor the amount of $16,711,000.

SEC. 7. Section 2(b)(2) thereof, providing authorization of appropriations for ". . . additional overseas costs resulting from the devaluation of the dollar . . .", is hereby amended by deleting the amount of $12,307,000 and substituting therefor the amount of $9,905,000.

SEC. 8. Section 2(c) thereof, providing authorization of appropriations for ". . . protection of personnel and facilities from threats or acts of terrorism", is hereby amended by deleting the amount $40,000,000 and substituting therefor the amount of $20,000,000.

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SEC. 9. Section 9 thereof is amended by inserting "(a)" immediately after "Sec. 9" and by adding the following new paragraphs "(b)" and "(c)" at the end thereof:

"(b) Section 5315 of title 5, United States Code, is amended by adding a new subparagraph (99) at the end thereof to read as follows:

'(99) Assistant Secretary for Oceans and International Environmental and Scientific Affairs, Department of State.'"

"(c)" Section 5316 of Title 5, United States Code, is amended by deleting 'Director of International Scientific Affairs, Department of State', in subparagraph (109) thereof."

DEPARTMENT OF STATE,
Washington, D.C.

The Honorable JAMES O. EASTLAND,
President pro tempore,
U.S. Senate.

DEAR MR. PRESIDENT: There is transmitted herewith a proposed amendment to existing legislation that authorizes appropriations for the Department of State to carry out authorities, functions, duties and responsibilities in the conduct of foreign affairs of the United States during the Fiscal Year 1974.

The amendment provides for increases in the amount for (a) authorization of appropriations for "Administration of Foreign Affairs" which relates to the operation of United States diplomatic and consular posts abroad and of supporting elements of the Department of State in the United States; (b) authorization of appropriations for "International Organizations and Conferences" including contributions to meet obligations pursuant to treaties, conventions or specific acts of Congress; and (c) salaries, pay, retirement or other benefits authorized by law.

The amendment also provides for a decrease in the amounts for authorization of appropriations for "International Commissions", "Educational Exchange", dollar devaluation, and a decrease in the amount for measures to combat terrorism. As you can see from the enclosed detailed analysis, the net effect of these changes is to decrease the total amount for authorization of appropriations by $12.7 million.

Also included are proposed amendments to 5 U.S.C. 5315 and 5316 to reflect the establishment, by section 9 of Public Law 93-126, of the Bureau of Oceans and International Environmental and Scientific Affairs to be headed by an Assistant Secretary. Public Law 93-126 did not amend title 5 of the United States Code to place the new Assistant Secretary position in level IV of the Executive Salary Schedule, the level at which all other Assistant Secretary positions in the Department are now placed, nor did it delete from level V of the Executive Salary Schedule the Director of International Scientific Affairs, the head of the existing bureau. The functions of the existing bureau of International Scientific and Technological Affairs would be included within the new bureau when it is established. The proposed amendments to Title 5 are included for these purposes.

The Department has been informed by the Office of Management and Budget that there is no objection to the presentation of the proposed amendment to existing legislation to the Congress and that its enactment would be in accord with the program of the President.

Respectfully,

MARSHALL WRIGHT,
Assistant Secretary for Congressional Relations.

Enclosure: Detailed Analysis of the Proposed Amendment.

DETAILED ANALYSIS OF THE PROPOSED AMENDMENT TO THE DEPARTMENT OF STATE'S AUTHORIZATION OF APPROPRIATIONS ACT, 1973

The President's initiatives in foreign relations have opened vital opportunities for furthering mutually advantageous economic, scientific and cultural relations among nations. This authorization for $15.3 million is imperative in order to meet the needs for increased representation abroad and to support our operations in Washington and overseas. These objectives are directly related to the opportunities now before us in foreign affairs. At the same time, however, we

are proposing to decrease amounts authorized for measures to combat terrorism, International Commissions, Educational Exchange and dollar devaluation by $20.0, $3.0, $2.6, and $2.4 million respectively. These amounts are not needed because the Appropriation Act does not provide for the full amount of the appropriation authorization. The net effect of the proposed change, therefor, is an actual decrease in the authorization, since the decreases ($28.0 million) offset the increases ($15.3 million) by $12.7 million. Each item is described below.

ADMINISTRATION OF FOREIGN AFFAIRS

Included in our total request is $1.7 million to open an Embassy in East Berlin in conjunction with the establishment of diplomatic relations with the German Democratic Republic. It is our plan to open this Embassy in East Berlin in early 1974. Most of our major NATO partners have already moved to establish diplomatic missions in the German Democratic Republic.

We are also requesting $164 thousand for commercial office space in Moscow. On June 22, 1973 an agreement was signed by the Secretary of the Treasury and the Soviet Minister of Foreign Trade which is designed to expand and improve facilities for Commercial purposes in both Moscow and Washington. Accordingly, the Embassy's Commercial Office will move to a new building recently made available by the Russians which will allow both the Department of State and the Department of Commerce to provide more integrated and effective services to American businessmen seeking assistance.

Also, $178 thousand is requested for additional apartments in Moscow to facilitate housing of the projected Embassy American Staff resulting from the rapidly improving and expanding relations with the USSR. The Soviets have now expedited the availability of a new apartment building which previously was not to be available until FY 1975.

We are also proposing $1.4 million for the establishment of Ambassadorial representation in the Lower Persian Gulf States, and for expanded commercial representation in Saudi Arabia. The political implications of the growing world demand for oil and the increased strategic importance of the Gulf speak for themselves. The concept of a nonresident Ambassador in Kuwait responsible for four mini-Embassies with minimum personnel was adequate when first developed four years ago, but now clearly falls short of meeting our needs in this crucial area of the world.

Included also is $445 thousand for increased personnel support for Viet-Nam. In the past, the Department has relied very heavily on other agencies and temporary duty personnel to perform political and economic reporting, protection of American citizens and post-cease fire reporting. The sharp reductions in other agency personnel in Viet-Nam and the inability of other posts to sustain long periods of loss of personnel on temporary duty assignments make it essential to assign a limited number of additional personnel in order that the operations at the four newly-established Consulates General can be normalized and performed on a regular basis.

We are requesting $670 thousand for a Diplomatic Mission in Ulaanbaatar, capital of Mongolia. On March 14, 1973, the President authorized the Secretary of State to contact representatives of the Mongolian People's Republic at the United Nations with a view toward establishing diplomatic relations. Negotiations are being conducted, and we are confident they will lead to recognition and the reciprocal exchange of diplomatic missions in the near future. A mission in Ulaanbaatar will encourage and coordinate educational, cultural and scientific exchanges, thus exposing the Mongolians to American views and ideas. We believe, moreover, that the Mongolians will welcome access to U.S. technology in areas which will help their economic development, such as in mining and veterinary services.

The amount of $407 thousand is also requested to open a Consulate in Port Moresby, Papua-New Guinea. New Guinea has taken decisive steps toward internal self government, with independence coming no later than 1975. Initially, the Consulate will be subordinate to our Embassy in Canberra, but will be elevated to Embassy status when full independence is established.

The amount of $2.091 million is also requested to provide for other unforeseen items as follows: post allowance costs ($669 thousand) due to dollar devaluation omitted from FY 1974 budget amendment, Law of the Sea Office ($430 thousand), Mid-East Crisis overtime costs ($200 thousand), and price increases ($792 thousand), consisting of passport printing ($280 thousand), change in rental practices in Lagos ($150 thousand), Bureau of Employees' Compensation payment ($119 thousand), military hospitalization rates ($130 thousand), and telephone costs ($113 thousand).

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Authorization for supplemental funds of $800 thousand is also needed to meet the costs of continued United States participation in the Conference on Security and Cooperation in Europe. The Conference is not expected to be concluded until the Summer of 1974.

Also, the amount of $900 thousand is requested for the United States participation in the Middle East Peace Conference which is designed to bring a permanent peace to this crucial area of the world. The conference will include a broad range of subjects of vital interest to the United States such as oil and refugee affairs.

CIVILIAN PAY ACT

In addition, authorization for supplemental funds of $7,383,000 is needed so the Department may fund the additional costs resulting from the Civilian Pay Act, Executive Order 11739, signed by the President on October 3, 1973. An increase of this magnitude cannot be absorbed within our FY 1974 availability.

BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

Also included are proposed amendments to 5 U.S.C. 5315 and 5316 to reflect the establishment, by section 9 of Public Law 93–126, of the Bureau of Oceans and International Environmental and Scientific Affairs to be headed by an Assistant Secretary. Public Law 93–126 did not amend Title 5 of the United States Code to place the new Assistant Secretary position in level IV of the Executive Salary Schedule, the level at which all other Assistant Secretary positions in the Department are now placed, nor did it delete from level V of the Executive Salary Schedule the Director of International Scientific Affairs, the head of the existing bureau. The functions of the existing bureau of International Scientific and Technological Affairs would be included within the new bureau when it is established. The proposed amendments to Title 5 are included for these purposes.

A summary of the attached authorization request is outlined below.

Item	Amount	American	Local	Total
Administration of foreign affairs:				
East Berlin	$1,665,000	12	13	25
Moscow commercial	164,000			
Moscow apartments	178,000			
Lower gulf	1,380,000	13	9	22
Vietnam	445,000	22		22
Ulaanbaatar	670,000	7	10	17
Port Moresby	$407,000	7	7	14
Increased post allowance	669,000			
Price increases	792,000			
Passport printing	280,000			
Change in local rental, Lagos	150,000			
Military hospitalization	130,000			
Bureau of Employees' Compensation	119,000			
Centrex telephones	113,000			
Law of the Sea Unit	430,000			
Middle East Crisis, overtime	200,000			
Less excess authorization	−597,000			
Subtotal	+6,403,000	61	39	100
International organizations and conferences:				
Conference on Security and Cooperation in Europe	800,000			
Middle East Peace Conference	900,000			
Less excess authorization	−202,000			
Subtotal	+1,498,000			
International commissions:				
Less excess authorization (subtotal)	−3,040,000			
Educational exchange:				
Less excess authorization (subtotal)	−2,630,000			
Civilian pay acts:				
Pay raise costs	16,711,000			
Less excess authorization	−9,328,000			
Subtotal	+7,383,000			
Dollar devaluation:				
Less excess authorization (subtotal)	−2,402,000			
Measures to combat terrorism:				
Less excess authorization (subtotal)	−20,000,000			
Grand total	−12,788,000	61	39	100

By Mr. FULBRIGHT (by request):

S. 2873. A bill to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations. Referred to the Committee on Foreign Relations.

Mr. FULBRIGHT. Mr. President, by request, I introduce for appropriate reference a bill to amend the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292–301) to provide supplemental authorization for appropriations for the buildings program to cover the costs of dollar devaluation in fiscal years 1974 and 1975.

The bill has been requested by the Department of State and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Assistant Secretary of State to the President pro tempore of the Senate dated December 6, 1973.

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

S. 2873

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That subsection (g) of Section 4 of the Foreign Service Buildings Act, 1926 (22 U.S.C. 295), is amended—

(1) at subparagraph (1)(A), by striking out "$590,000" and inserting in lieu thereof the figure "$631,000";

(2) at subparagraph (1)(C), by striking out "$160,000" and inserting in lieu thereof the figure "$204,000";

(3) at subparagraph (1)(E), by striking out "$2,218,000" and inserting in lieu thereof the figure "$2,287,000";

(4) at paragraph (2) of subsection (g), by striking out "$45,800,000" and "$21,700,000" and inserting in lieu thereof the figures "$48,532,000" and "$23,066,000".

DEPARTMENT OF STATE,
Washington, D.C., December 6, 1973.

The Honorable JAMES O. EASTLAND,
President pro tempore,
U.S. Senate.

DEAR MR. PRESIDENT: The Department of State encloses and recommends for your consideration proposed legislation to amend the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292–301) to provide supplemental authorization for appropriations for the Buildings Program to cover the costs of dollar devaluation in fiscal years 1974 and 1975.

Public Law 93–47 of June 22, 1973, provided the Buildings Program with the following authority for appropriations:

Fiscal Year	*Capital funds*	*Operating funds*
1974	$4,511,000	$21,700,000
1975	9,300,000	24,100,000

At the time of the hearings on P.L. 93–47, the effect of the dollar devaluation was not known and the Department was invited to request additional authority when the impact on this Program was known. These estimates have been made and the Department now requests increased authorization in capital funds of $154,000 for fiscal year 1974, and, in operating funds, the amounts of $1,366,000 for fiscal year 1974 and $1,366,000 for fiscal year 1975.

The Department of State has been informed by the Office of Management and Budget that there is no objection to this proposal from the standpoint of the Administration's program.

A letter similar in content is being sent to the Speaker of the House of Representatives.

Sincerely yours,

MARSHALL WRIGHT,
Assistant Secretary for Congressional Relations.

ADDITIONAL COSPONSORS OF BILLS

S. 335

At the request of Mr. CHURCH, and by unanimous consent, the Senator from Minnesota (Mr. MONDALE) and the Senator from Utah (Mr. Moss) were added as cosponsors of S. 335, to promote development and expansion of community schools throughout the United States.

S. 2577

At the request of Mr. MCGOVERN, the Senator from South Dakota (Mr. ABOUREZK), the Senator from North Dakota (Mr. BURDICK), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Washington (Mr. MAGNUSON), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Minnesota (Mr. MONDALE), the Senator from Illinois (Mr. PERCY), and the Senator from West Virginia (Mr. RANDOLPH), were added as cosponsors of S. 2577, the National Food Bank Act.

S. 2782

At the request of Mr. NELSON, the Senator from Maine (Mr. MUSKIE), the Senator from Nevada (Mr. CANNON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Iowa (Mr. CLARK), the Senator from Georgia (Mr. NUNN), the Senator from Minnesota (Mr. MONDALE), the Senator from Maine (Mr. HATHAWAY), the Senator from Utah (Mr. Moss), the Senator from Illinois (Mr. STEVENSON), the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Nevada (Mr. BIBLE), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of S. 2782, to establish a National Energy Information System, to authorize the Department of the Interior to undertake an inventory of U.S. energy resources on public lands and elsewhere, and for other purposes.

S. 2786

At the request of Mr. PERCY, the Senator from Maryland (Mr. BEALL) was added as a cosponsor of S. 2786, to amend chapter 34 of title 38, United States Code, to increase from 36 to 48 months the maximum period of educational assistance to which an eligible veteran may become entitled under such chapter, and to extend from 8 to 15 years the period within which an eligible veteran must complete his program of education under such chapter after his discharge from military service.

S. 2840

At the request of Mr. INOUYE, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2840, to authorize the Secretary of Commerce to conduct a study of foreign direct and portfolio investments in the United States.

S. 2845

At the request of Mr. ROBERT C. BYRD (for Mr. NELSON), the Senator from Pennsylvania (Mr. SCHWEIKER) and the Senator from South Dakcta (Mr. MCGOVERN) were added as cosponsors of S. 2845, a bill to amend the Federal Food, Drug, and Cosmetic Act to establish a code system for the identification of prescription drugs, and for other purposes.

S. 2849

At the request of Mr. INOUYE, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 2847, to amend the Social Security Act to extend coverage to certain persons who have innocently entered into a legally defective marriage to an insured individual and have lived with such individual as his husband or wife for at least 10 years.

SENATE CONCURRENT RESOLUTION 63—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO UNACCOUNTED FOR PERSONNEL

(Referred to the Committee on Foreign Relations.)

Mr. PERCY. Mr. President, it is now a year since the Government of the Democratic Republic of North Vietnam made a solemn commitment to return all captured military personnel and foreign civilians. At that time Hanoi also agreed to provide information about the missing in action, to help determine the location and to take care of the graves of the dead, and to facilitate the exhumation and repatriation of remains.

This commitment, part of the Agreement on Ending the War and Restoring Peace in Vietnam, was signed in Paris on January 27, 1973. Subsequently, on June 13, 1973, the North Vietnamese subscribed to a joint communique signed that day, also in Paris, which reiterated the commitment.

However, North Vietnam—after allowing the repatriation of a large number of American prisoners of war—has failed to live up to its obligations in regard to additional prisoners who may or may not be alive. North Vietnam likewise has resisted, rather than abetted, efforts to account for Americans missing in action and has done nothing to facilitate the exhumation and repatriation of remains.

Similarly, the Provisional Revolutionary Government of Vietnam and the Lao Patriotic Front have failed to cooperate on these matters which are of great concern and consequence for Americans; and it has not been possible to obtain information on Americans and international journalists missing in Cambodia.

I think the time has come for renewed efforts to be made by the Government of the United States, through diplomatic and other international channels, to persuade the Hanoi government, the Provisional Revolutionary Government and the Lao Patriotic Front to comply with their obligations in regard to captured personnel, the missing in action and the dead; to obtain information regarding personnel missing in Cambodia; and to seek necessary cooperation for search teams to inspect crash sites and other locations where personnel may have been lost.

Toward this end, I am introducing today a concurrent resolution, the text of which follows:

S. CON. RES. 63

Whereas, the Agreement on Ending the War and Restoring Peace in Vietnam, signed in Paris on January 27, 1973, and the Joint Communique of the parties signatory to such agreement, signed in Paris on June 13, 1973, provide that such parties shall—

(1) repatriate all captured military and civilian personnel,

(2) assist each other in obtaining information regarding missing personnel and the location of the burial sites of deceased personnel,

(3) facilitate the exhumation and repatriation of the remains of deceased personnel,

(4) take such other steps as may be necessary to determine the fate of personnel still considered to be missing in action; and

Whereas, the Government of the Democratic Republic of Vietnam and the Provisional Revolutionary Government of Vietnam have failed to comply with the obligations and objectives of the agreement and joint communique; and

Whereas, the Lao Patriotic Front has failed to supply information regarding captured and missing personnel or the burial sites of personnel killed in action, as provided in the Laos agreement of February 21, 1973, and the Protocol of September 14, 1973; and

Whereas, it has not been possible to obtain information from the various Cambodian authorities opposed to the Government of the Khmer Republic concerning Americans and international journalists missing in that country:

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that new efforts should be made by the Government of the United States through appropriate diplomatic and international channels to persuade the Government of the Democratic Republic of Vietnam, the Provisional Revolutionary Government of Vietnam, and the Lao Patriotic Front to comply with their obligations with respect to personnel captured or killed during the Vietnam conflict and with respect to personnel still in a missing status; that every effort should be made to obtain the cooperation of the various Cambodian authorities in providing information with respect to personnel missing in Cambodia; and that further efforts should be made to obtain necessary cooperation for search teams to inspect crash sites and other locations where personnel may have been lost.

SEC. 2. Upon agreement to this resolution by both Houses of the Congress, the Secretary of the Senate shall transmit a copy of such resolution to the President of the United States.

WATER RESOURCES DEVELOPMENT AND RIVER BASIN MONETARY AUTHORIZATIONS ACT OF 1973—AMENDMENT

AMENDMENT NO. 934

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

ACCESS ROAD FUNDS FOR MELVERN AND POMONA AND TUTTLE CREEK WATER PROJECTS

Mr. PEARSON. Mr. President, this amendment, which Senator DOLE is also sponsoring, would restore the authorization for the construction of three Federal lakes located in Kansas. Two of these lakes, Pomona and Melvern, are located in Osage County. The third project, the Tuttle Creek Reservoir, is located in Pottawatomie County.

With regard to the Pomona and Melvern projects, Osage County has already obligated itself the sum of approximately $1 million to provide for the construction of bridges which are necessary for the farm-to-market roads. Because the county officials were unable to secure funds from the State for improvement of these roads, Senator DOLE and I introduced legislation in 1973, providing $500,000 for their improvement. This proposal, together with authorization for a similar project at the Turtle Creek Reservoir, was included in S. 606 which passed the Senate last February.

Mr. President, I was extremely gratified that the proposal was accepted by the committee during consideration of S. 606. At that time, I said on the floor that its acceptance represented somewhat of a hallmark and breakthrough in recognizing the very serious problem in the construction of some Federal reservoirs and lakes throughout the country. It is a matter of great importance to many communities which find themselves unable to provide for adequate roads. We have, I think, authorized the construction of these lakes without giving due consideration to proper access roads. The sum of $500,000 for each of these projects is small in comparison to State and national needs, but I feel that it is a significant step forward in this vital Federal program.

At this point Mr. President, I would like to commend the language of the committee report which acknowledges the devoloping problems of providing safe and adequate highway access to Federal lakes and recreational areas. I also commend the committee's commitment to comprehensive hearings in this area, and I am hopeful that these hearings will continue to document the need which we discuss here today.

However, in view of the fact that these proposals received prior Senate approval, and in view of the fact that the House version contains similar authorization, I believe that ample documentation exists to underline the very real need for limited funding in this area. Accordingly, I ask that the Senate approve my amendment.

AMENDMENT NO. 935

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

Mr. MATHIAS (for himself and Mr. BEALL) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 2798) authorizing the conconstruction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

AMENDMENT NO. 936

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

Mr. BUCKLEY (for himself and Mr. PROXMIRE) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 2798, supra.

AMENDMENT OF THE EXPORT ADMINISTRATION ACT OF 1969—AMENDMENT

AMENDMENT NO. 937

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

Mr. BUCKLEY (for himself, Mr. THURMOND, Mr. DOMINICK, Mr. WILLIAM L. SCOTT, Mr. HELMS, Mr. HATFIELD, and Mr. GOLDWATER) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 8547) to amend the Export Administration Act of 1969, to protect the domestic economy from the excessive drain of scarce materials and commodities and to reduce the serious inflationary impact of abnormal foreign demand.

NOTICE OF HEARINGS RELATING TO ZOOS AND AQUARIUMS

Mr. PELL. Mr. President, I announce to the Senate the scheduling of public hearings on legislation aimed at improving our Nation's zoos and aquariums—specifically S. 2774—introduced by Senator HATFIELD.

The Subcommittee on the Smithsonian Institution of the Committee on Rules and Administration will hold hearings on this legislation on January 23 in room 301 of the Russell Senate Office Building, beginning at 10 a.m. on that day.

NOTICE OF HEARINGS BY SUBCOMMITTEE ON INDIAN AFFAIRS

Mr. JACKSON. Mr. President, I wish to announce to the Senate, the Indian people and the general public that the Subcommittee on Indian Affairs has scheduled a hearing on January 25, 1974, on the following measures:

S. 481—Rocky Boy's Mineral Interest.

S. 634—Kootenai Land Transfer.

S. 1102—Keweenaw Bay Indian Community Submarginal Lands.

S. 1222—Paiute-Shoshone Land Transfer.

S. 1411 and 1412—Sisseton-Wahpeton Land Transfer and Management.

S. 2105—Spokane Land Bill.

These measures relate primarily to land and mineral interests of several specific tribal groups; their enactment is considered important to the social and economic advancement of the affected tribal groups.

Administration and private witnesses have been invited to testify on the several measures. The hearings will commence at 10 a.m. in room 3110, Dirksen Senate Office Building, and will be open to the public.

NOTICE OF HEARINGS ON FOREIGN INVESTMENT

Mr. STEVENSON. Mr. President, on November 16, 1973, I announced the start of a long-range study of foreign investment in the United States by the International Finance Subcommittee of Banking, Housing and Urban Affairs Committee. The first in a series of hearings on that subject will begin on Wednesday, January 23, 1974 at 10 a.m. in the Banking Committee hearing room, room 5302, Dirksen Senate Office Building. Further hearings will be held on February 21 and 22, 1974. Subsequent hearing dates will be announced later. All interested persons should contact Stanley J. Marcuss, counsel to the subcommittee at 225–8813.

ADDITIONAL STATEMENTS

"ZIM" IS AN INSTITUTION

Mr. PROXMIRE. Mr. President, Wisconsin's secretary of state recently announced that he would not seek reelection this year. When he leaves office next January it will mean that for the first time—other than for a brief period—in a half century there will be no Zimmerman holding State office in Wisconsin.

The impending retirement of Secretary of State Robert C. Zimmerman truly will end an era. But, it is too early to talk of "Zim" in such a way, for he is as vibrant a politician one will find.

He is one of the greatest votegetters

in State history, consistently outpolling the candidates for Governor in either party. He is one of the great handshakers in politics, making the rounds of fairs every year, knowing the importance of the nonelection year. He is one of the great walkers in the State, walking to work nearly every day. He has the common touch, knowing that politicians are servants not masters.

It is really unfortunate for Democrats that he has not been one of us all these years. But he certainly is a democrat—with a small d—for he has been and remains a man of the people.

Mr. President, Eugene Harrington, Madison bureau chief of the Milwaukee Journal, captured Bob Zimmerman perfectly in a recent dispatch from the State capitol. I ask unanimous consent that his piece be printed in the RECORD.

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

[From the Milwaukee Journal, Jan. 6, 1974]

"ZIM"—ECCENTRIC, LOVABLE AND AN INSTITUTION

(By Eugene C. Harrington)

MADISON, WIS.—The news came in typical fashion: A personally typed piece of stationery beginning, "I am not a candidate for reelection."

The terse announcement was typical because it was not the product of slick, sophisticated public relations techniques. And was not stated amid cameras and tape recorders.

It also was typical because it was signed "Zim," a signature so familiar that recipients do not have to glance at the top of the page to see that it comes from Robert C. Zimmerman, Wisconsin secretary of state for so many years.

WILL SERVE TILL 1975

Zimmerman's announcement although not unexpected by some persons close to him, sent shock waves through the Capitol. Some had said Miss Forward probably would topple from her position atop the Capitol dome before the personable politician retired from office.

Zimmerman, who was 64 Saturday, will serve out the remainder of his present term until Jan. 6, 1975. It will be the end of his first, and only, four year term. He also served seven previous two year terms.

Thus will retire a man who gained several million votes from Wisconsin residents over the years and was as closely identified with the office as the bearded Smith brothers have been with cough drops. He is a man who, more than anything, has a love of Wisconsin and its people.

If there is such a thing as an institution in Wisconsin politics, it is Zimmerman. And, like other names in state history, it has family connotations. His father, Fred, served both as secretary of state and governer.

A MAN OF VIGOR

Perhaps no better indication of the political potency of Robert Zimmerman is that a political unknown ran fairly well against him in 1970, largely because his name is Robert A. Zimmerman.

Like any other institution, Zimmerman has many prominent characteristics.

A gregarious, extroverted man, the lanky Zimmerman enters a room like a sudden summer storm. His stride is long and loping, and he greets acquaintances with a booming, friendly voice.

As relaxed and unpretentious as a pair of socks, Zimmerman answers telephone calls himself, a procedure that sometimes disarms callers expecting to hear a receptionist or secretary.

EGOS PUNCTURED

Quick to puncture inflated egos, Zimmerman is irritated at receptionists and secretaries who inquire, "Who shall I say is calling?" before connecting him with the person he is calling. Such an inquiry usually brings a caustic, "What difference does it make who's calling?"

That same attitude is expressed toward officeholders who assume airs and pretensions. Few things irritate Zimmerman more than elected officials who demand special treatment, tapping into the public treasury in so doing.

His office is spartan, with furniture that looks to be of Chester Arthur vintage. Not one to go to the Legislature for funds, Zimmerman and others on his staff several years ago replaced aging chairs in his office with rejects from the State Senate parlor, then being replaced.

He sits at a desk almost as large as a pool table, which is cluttered with photographs of friends and scale models of Wisconsin dairy cows. His creaky swivel chair usually is tilted back to allow room for his shoe heels to rest on the desk's scarred edge or upright as he hunches over an equally ancient typewriter, hunting and pecking to place his thoughts on paper.

AVID READER

Zimmerman's interests are varied. He is an avid reader, one of the most faithful patrons of Madison Public Libraries. The secretary of state strolling along Capitol Square with books under his arm is a familiar sight. When not reading books, he peruses magazines and newspapers.

Zimmerman also is a devotee of the big band era, often whistling or singing the song of those days. He enjoys confounding visitors with questions about the music and personalities of that period.

He also projects his boomi- voice into "The Soldier's Chorus" from Faust, the "Grande March" from Aida, or a wide selection of Protestant hymns. And he sometimes breaks into a side show barker's pitch, selling a gold plated potato peeler.

Perhaps no other characteristic, however, is as widely noted as his penchant for walking. He has walked all the way, or at least part of the way to the Capitol from his West Side residences for as long as Madisonians can remember.

An evangelistic supporter of walking, Zimmerman rarely misses a Sunday hike through the University of Wisconsin arboretum.

He does ride buses, however, and is on friendly terms with many bus drivers and passengers. That also is true of people he encounters regularly on his walks.

"Hiyah, Zim. Wave as you go by," recently proclaimed a sign at a Monroe St. pet shop.

Zimmerman's passion for golf is matched only by his inability to play it well. A golfing magazine rarely is far away and his golf friends could fill the gallery at Augusta each spring.

PUTTING ON CARPET

He may be one of the few secretaries of state in the country to practice putting on the carpet in his office, occasionally winning a few nickels in putting contests with visitors.

And each time Zimmerman has taken the oath of office in solemn inaugural ceremonies, a golf ball nestled in his coat pocket as a good luck charm.

He also regularly attends Badger football and basketball games.

He is a fan of railroad travel and circuses, using his office as a bulletin board for both. The posters must compete with the omnipresent displays of Wisconsin dairy products.

But it is politics, of course, where Republican Zimmerman is at home. He logs thousands of miles each year campaigning, primarily at county fairs where he can mingle with the voters. Newspaper, radio and television political campaigning for Zimmerman would be as rare as a heat wave in January.

He exudes friendliness and his campaigning is eternal.

ODD NUMBERED YEARS

He always debunked statements that he did not have to campaign because everyone knew him.

Elections are won in odd numbered years, he would say, not the even numbered years in which they are held.

Zimmerman has established rapport with both political parties and those who hold office under their banners. At public gatherings, he is the first on his feet to lead applause for a governor, whether he be Republican or Democratic. (He also can be heard to start the Star Spangled Banner half a bar before everyone else.)

His numerous talks to school children touring the Capitol (usually accompanied by a quiz about their elected representatives); his fondness for milk and peanut butter; his joshing of Capitol guards, waitresses, other politicians and newspapers reporters (for whom he maintains a desk, reference materials, a telephone and coffee), are all well known characteristics of the secretary of state.

Zimmerman floods the mails. A constant flow of congratulatory or consoling letters come from his office, all above the signature that looks like the top line of an eye test chart.

Zimmerman, born in Milwaukee, came to Madison as a child. He is married to the former Dorothy Piller of Brooklyn, Wis., whom Zimmerman considers a more astute student of politics than he. They have no children.

Zimmerman has been burdened in recent years because of her health problems. He has not complained of it, but is saddened by it. But those feelings also are matched by his pride in how his wife has responded to the problems.

BRIG. GEN. ROSS HOYT, USAF RETIRED

Mr. GOLDWATER. Mr. President, during an early period of World War II, it was my pleasure to have served at Luke Air Force Base with then Col. Ross Hoyt. Col. Ross Hoyt is now retired as a brigadier general, but that is not the important thing that comes to my mind when I think of this distinguished airman.

Forty-five years ago this month, two Army Air Corps Douglas C–1 aircraft converted into primitive tankers kept a Fokker C–2, the *Question Mark*, airborne for more than 6 days to set a world endurance record flying night and day air-to-air refueling mission. This remarkable accomplishment has been all but forgotten what with the history of aviation passing as rapidly as it has.

General Hoyt, retired, has written an article in this month's issue of the Air Force magazine recalling the experiences of this very interesting and pivotal important achievement in early air-to-air refueling.

I ask unanimous consent that his article be printed in the RECORD and I would hope that the Air Force will pay proper recognition to the men who flew those missions by giving proper recognition by decoration.

There being no objection the article

was ordered to be printed in the RECORD, as follows:

REFLECTIONS OF AN EARLY REFUELER

(NOTE.—Forty-five years ago this month, two Army Air Corps Douglas C–1 aircraft, converted into primitive tankers, kept a Fokker C–2, the *Question Mark,* airborne for more than six days to set a world endurance record. Flying night and day air-to-air refueling missions, some under extreme weather conditions and without instruments or radio aids, the "refuelers" pioneered a technique that has made the USAF a global deterrent force. Here, the full story of this remarkable achievement is told for the first time by the only surviving pilot of the tankers.

(By Brig. Gen. Ross G. Hoyt, USAF (Ret.))

The years 1923 and 1929 were marked by events that established a great milestone in the history of the United States Air Force: air-to-air refueling.

In 1923, a DH–4 airplane piloted by Lts. Lowell Smith and John Richter was kept aloft for more than thirty-seven hours, in the vicinity of Rockwell Field, Calif., by a second DH–4 refueling airplane crewed by Lts. Virgil Hine and Frank Seifert.

Six years later, two Douglas C–1s equipped as aerial refuelers kept a Fokker C–2 airplane airborne for 150 hours, forty minutes, and fifteen seconds over California—a world record. The record was of passing importance. Few could then foresee the lasting significance of the flight.

I was the pilot of one of the DC–1 refuelers. I am one of two survivors of that "Ancient Order of Refuelers." The other is Brig. Gen. Joseph G. Hopkins, a member of the crew of the second DC–1. He is retired and living in California.

PLANS AND PREPARATIONS

Planning for the 1929 flight had begun the previous year. I was then on duty in the War Plans Section of the Office of the Chief of the Air Corps. Late in the year, I received orders from the Chief of the Air Corps to participate in an air-to-air refueling endurance flight as pilot of a refueling airplane.

The Middletown Air Depot, Middletown, Pa., prepared two airplanes for the flight. A Fokker M–2 trimotor monoplane was fitted with additional fuel tanks and other special equipment as the airplane to be refueled. A Douglas C–1 was equipped with two 150-gallon fuel tanks, in addition to the standard tankage, and with a fifty-foot length of metal-lined hose with a lead weight attached to the lower end to be let down through a trap door in the bottom of the fuselage for refueling in flight.

The Douglas C–1 was a biplane of tubular construction, fabric covered, powered by a 400-hp Liberty engine, water-cooled, of World War I vintage. The C–1 had an unusually high angle of attack when taxiing, with the result that it was slow to gain flying speed on takeoff. However, it was considered an efficient "workhorse."

In early December 1928, the two airplanes were ready. I was flown to Middletown, together with a crew for the Fokker C–2, to take delivery of the airplanes.

The next few days were devoted to practice flights in the vicinity of Bolling Field, D.C., to test equipment, night and day, and demonstrate the feasibility of air-to-air refueling to Secretary of War Dwight F. Davis, Assistant Secretary of War for Aviation F. Trubee Davison, and Maj. Gen. James E. Fechet, Chief of the Air Corps. The project was approved, and both airplanes prepared to depart for Rockwell Field at San Diego. California had been decided on as the most favorable location for the endurance flight during the winter months.

The Fokker C–2, now christened *Question Mark,* and the Douglas C–1, designated Refueling Airplane No. 1 (RP # 1), took off from Bolling Field, on December 18, for Rockwell Field via the southern route. Abroad the Fokker for the westward series of "hops" were Maj. Carl Spaatz, Commanding Officer of the project; Capt. Ira Eaker; Sgt. R. W. Hooe, mechanic; and Han's Adamson, Secretary Davison's secretary and public-relations representative for the endurance flight.

The crew of RP # 1 consisted of myself as pilot; 2d Lt. Elwood "Pete" Quesada, co-pilot; and Pvt. Harold Rockenbaugh, mechanic. Lieutenants Quesada and Harry Halverson joined the crew of the *Question Mark* on arrival at Rockwell Field.

The flight was routine until we reached Shreveport, La., on December 20. There it was found that the field was too soft, due to the heavy rains, for the *Question Mark* to take off with a full load of fuel. Love Field, Dallas, Tex., also reported heavy rain, but was in better condition. It was decided that RP # 1 would leave Shreveport for Dallas in advance to fill its tanks in preparation for refueling the *Question Mark* over Dallas en route to Midland, Tex.

At the appointed time, I taxied RP # 1 to the southeast corner of Love Field, turned, and headed into a northwest wind. The engine was "revved up" for final test before takeoff. With full throttle, the C–1 just shuddered and sat there with its nose in the air. The wheels had settled slightly into the sod. Finally, with full power and Pete Quesada and Rockenbaugh pushing, we started rolling. Pete and Rockenbaugh scrambled aboard through the trap door in the bottom of the fuselage. Speed gradually increased, and about halfway down the field the tail came up. We lifted off, barely clearing the high-tension lines at the end of the field, climbed up, delivered 250 gallons of fuel, and continued on to Midland. I remember commenting that "this crate will fly with a load it won't taxi with."

The remainder of the flight from Midland to Rockwell Field was completed without incident. We arrived after dark on December 22. The Fokker arrived the next day.

COMMUNICATING WITHOUT RADIOS

Beginning the day after Christmas and continuing until December 31, RP No. 1 made ten flights at Rockwell Field to test equipment, practice day and night refueling, and familiarize the pilot and crew of RP No. 2 with midair refueling.

During the preparatory period, 1st Lt. Auby C. Strickland and 2d Lt. Irwin A. Woodring, stationed at Rockwell Field, were assigned as my crew to handle the refueling hose and supply lines for delivering fuel, food, oil, batteries, mail, and other supplies necessary for life aboard the *Question Mark.*

RP No. 2, another Douglas C–1 airplane, was equipped the same as RP No. 1, at the Rockwell Air Depot. It was piloted by 1st Lt. Odas Moon, with Lts. Joseph G. Hopkins and Andrew F. Salter, also stationed at Rockwell Field, as his crew.

There was no electronic communication equipment in any of the airplanes. We had to improvise means of communication between airplanes, ground to air, air to ground, and between the pilot of the refueling airplane and his crew in the refueling compartment.

During daylight, communication between airplanes consisted of hand signals and messages written on a blackboard aboard the *Question Mark.* Flashlight signals and written messages, let down and pulled up on the end of the hose or supply line, were used at night.

Grand-to-air communication was accomplished by ground panels, messages sent up via the refueling airplane, and messages written on the fuselage of an airplane, which would fly alongside the *Question Mark.*

Air-to-ground messages were conveyed by Very pistol, messages dropped in Signal Corps message bags, and those brought back by the refueling airplane after contact.

The pilot and crew of the refueling airplane communicated by means of a small manila line fastened to the pilot's arm and running back to the refueling compartment. A code consisting of combinations of jerks on the line indicated the making and breaking of contact and desired variations in speed. It proved to be one of the most rapid means of communication used during the flight. Members of the refueling crew could come forward through a passageway between the refueling tanks to the pilot's cockpit for consultation, if necessary.

On December 31, 1928, all three airplanes and crews were ready. The *Question Mark* and RP No. 2 left Rockwell Field for Metropolitan Airport at Los Angeles for the start of the refueling endurance flight on New Year's Day, 1929. I remained at Rockwell Field with RP No. 1 for refueling and resupplying contacts at the southern end of the course laid out from Metropolitan Airport to Rockwell Field and return.

GOING FOR A RECORD

The *Question Mark* lifted off from Metropolitan Airport with a light fuel load at 7:27 a.m., January 1, 1929. Five men were board: Maj. Carl Spaatz, Capt. Ira Eaker, Lts. Harry Halverson and Elwood Quesada, and SSgt. R. W. Hooe. The first refueling was performed at 8:15 a.m., by RP No. 2.

My crew and I were kept extremely busy with RP #1, making all of the next nine contacts of January 1 and 2 in the vicinity of Rockwell Field, including two night refuelings.

The next three contacts of January 3 were made by RP #2 near Metropolitan Airport, Los Angeles, the last at 9:00 a.m. Apparently RP #2 did not offload much fuel. Two hours later, the Fokker arrived over Rockwell Field, running very low on gasoline.

An entry in the log of the *Question Mark* made by Major Spaatz on January 3 states: "Arrived Rockwell Field at 11:00 a.m. at 4,000 feet. Field covered with clouds. In urgent need of gas. Just a few gallons left. Went beneath the clouds. Crossed Rockwell Field at 300 feet altitude. Saw C–1 take off. Climbed back through clouds."

I took RP #1 up through the clouds and made two contacts. On the first contact we offloaded 150 gallons of fuel. On the second, we transferred a storage battery.

Major Spaatz also entered in the log: "Rockwell Field showed keen judgment in picking us up promptly and getting fuel to us just as we were about to use up our last few gallons."

Fortunately, RP #1 was fully serviced and its crew on alert so that we could take off immediately, climb up to the *Question Mark,* and replenish its rapidly dwindling fuel supply. The prompt action no doubt saved the midair refueling endurance flight from an untimely end before the world record had been broken.

Night refueling placed a heavy burden on the pilot and crew of the refueling airplane, both from a physical and piloting standpoint. There were frequent interruptions of rest during the night. We always took off with heavy loads and often had to fly and land in fog and dust during the hours of darkness, without instruments or blind-landing equipment. We shared an intense feeling of responsibility for the success of the undertaking.

All of these factors made the night op-

erations especially fatiguing for the refueling crews. However, the greater number of refuelings provided by night contacts cut down on the Fokker's load. This, in turn, reduced the power needed to maintain altitude, thus prolonging the life of the plane's engines. After all, the object of the flight, in addition to confirming the practicality of midair refueling, was to keep the *Question Mark's* engines healthy as long as possible in order to break the air-to-air refueling record.

ZERO-ZERO LANDING

On the other hand, it was easier both for the pilot of the refueler and the *Question Mark* to make and maintain refueling contact in the smoother night air. I found it easier to maintain constant airspeed when nosing down and throttling back to overcome the "ballooning" effect on RP #1, caused by its loss of weight during refueling and the settling of the Fokker as its load increased. That reduced the chance of prematurely breaking contact.

Our operations at Rockwell Field were not conducive to longevity! Once we had to take off in the dark into fog at the ocean end of the field, climb through the fog to the *Question Mark* cruising in the clear, deliver a load of fuel on course to Los Angeles, and return to find Rockwell Field completely obscured by a thick layer of fog. This posed a landing problem. (The Air Corps did not incorporate instrument flying and landing into its training program until long after 1929.)

Fortunately, the Douglas C–1 was a very stable airplane. With proper setting of control tabs on rudder, ailerons, and flippers; adjustment of the horizontal stabilizer and throttle for minimum speed in the landing glide; and the use of the lights of San Diego and the floodlights at Rockwell Field glowing dully up through the fog as reference points, it was possible to glide down into the soup, "hands off." After what seemed an interminable wait, the wheels touched. The control column was pulled slowly back, and we settled to an "eggshell" landing. The fog was so dense that a truck had to come out and lead us to the flight line. After that particular flight, my crew and I christened RP #1 *Asterisk!*

Great tribute must be paid to the men back in the refueling compartment—Strickland and Woodring with me; Hopkins and Salter with Moon. They had to do a great deal of hard manual labor in letting down and pulling up the heavy, cumbersome hose.

On landing from refueling flights, Strickland and Woodring would be exhausted and drenched with perspiration. No doubt Hopkins and Salter had the same experience. In the cramped quarters of the refueling compartment, they had to remove their parachutes. This increased the hazards in case of collision or fire, which would have occurred during any one of the refueling contacts.

NEW AREA, NEW PROBLEMS

On January 3, the weather was forecast to deteriorate still more along the coast. It was decided to move refueling operations eastward over the coastal mountain ranges to the Imperial Valley.

The *Question Mark* made the flight to Imperial Valley with a light fuel load because of doubt as to its ability to clear the mountains and in order to put minimum strain on its engines. The plan called for RP #1 to refuel the *Question Mark* on arrival over Imperial Valley.

As RP #1 proceeded to Imperial Valley, its engine already showed signs of fatigue. The flying time accumulated at Bolling Field prior to departure, the transcontinental flight, the test and familiarization flights at Rockwell, and the time accumulated since the start of the refueling endurance flight all had taken their toll.

I approached the mountains with doubt whether the heavily loaded RP #1 could make it over the mountains. However, as we drew nearer, the updraft caused by westerly winds striking the upslope provided enough boost to lift us over. After getting across the first ridge, we lost altitude with the downdraft on the eastern slope. The process was repeated at succeeding ridges until we were over the Imperial Valley, where refueling took place as planned.

Had the wind turned easterly, reversing the up and down drafts, or had the engine RP #1 faltered, the endurance flight would probably have ended abruptly. It is doubtful, with no electronic communication equipment, that RP #2 at Los Angeles, nearly three hours away, could have been brought into the picture in time to save the situation. And there were only two refueling airplanes.

Ground and flying conditions in the Imperial Valley were highly unfavorable for our refueling operations. The airport was covered with a layer of fine dust that was blown about by RP #1 while taxiing, taking off, or landing. In the calm existing on the ground at night, the dust remained suspended over the landing area for a considerable time. This made landing conditions even more difficult than at Rockwell Field, since the lighting facilities in the valley were inadequate. I used the same tactics for night landings as those employed in the fog at Rockwell Field.

Although it was clam at night on the ground, the wind aloft was high and, due to the disturbing effect of the mountains, there were strong vertical currents. While refueling the two airplanes would alternately lose and gain 500 to 1,500 feet.

All five contacts with the *Question Mark* over the Imperial Valley were made by RP #1—two during darkness and three in daylight. It was during the night of January 3–4 that the world record for midair refueling endurance was broken.

VICTORY, AND NEAR TRAGEDY

After the record had been broken, we continued refueling over the Imperial Valley. We landed after a refueling contact at 9:35., January 4, and filled all tanks before departure for Metropolitan Airport, Los Angeles, where operations were to continue until the end.

I took off from Imperial Valley at 11:00 a.m., January 4, and joined the *Question Mark* en route to Los Angeles, prepared to refuel if necessary. Upon arrival over Los Angeles at 2:35 p.m., we refueled the *Question Mark* and continued to do so through eleven more contacts in the vicinity of Metropolitan Airport—six during hours of darkness and five in daylight.

During the midnight refueling of January 5–6, while based at Metropolitan Airport, we had a near brush with Gray Cliff mountain range. I took RP #1 up with a load of fuel and flew alongside the *Question Mark*. We made contact, and refueling started. I had a clear view from the cockpit of the C–1 throughout the forward 180 degrees. It became obvious to me that, if we maintained our course very long, collision with Gray Cliff was inevitable.

The close formation flying required for refueling demanded the complete attention of Captain Eaker, who piloted the Fokker during all refuelings. According to the Report of the Flight of the Question Mark, he kept his eyes glued on the refueling plane's landing gear above him during contact. Knowing this, but to avoid breaking contact prematurely, I maintained course awaiting the break signals: one when the main fuel valve was closed to prevent gasoline spewing over Major Spaatz, who handled the hose on the Fokker; another when the hose swung free.

Suddenly, the individual crags and boulders of Gray Cliff became faintly discernible in the dim, night light. No signals had been received from my crew! I made an abrupt, climbing turn away from the mountain as the only way of warning that we were proceeding into danger.

Needless to say, it was with a great sense of relief that, some time later, Question Mark's running lights were sighted.

Again I flew alongside for further refueling, but received a flashlight signal that no more fuel was required at that time.

During the last two days and nights of the operation, RP #1 developed engine trouble in the form of leaking water jackets and oil lines, which grew progressively worse. Upon landing from refueling flights, I would find my boots soaked with water and oil that had come back through openings in the firewall. By filling the radiator and replenishing the oil before each flight, RP #1 continued refueling operations day and night until the last contact, risking forced landing, possibly at night, in order to avoid leaving the Question Mark with only one refueling airplane. The Question Mark, not informed of the situation, was also having worries with faltering engines.

The last refueling contact was made by RP #1 at 1:50 p.m., on January 7, 1929. Shortly thereafter, the Question Mark landed with the new world endurance record, made possible by midair refueling.

The two refueling airplanes had made a total of forty-three takeoffs and landings, night and day. My crew and I in RP #1 had made twenty-seven refueling and resupplying contacts, ten during the hours of darkness in the face of adverse weather conditions at Rockwell Field and in the Imperial Valley. RP #2 made sixteen contacts with the Question Mark in the vicinity of Metropolitan Airport, two during the hours of darkness.

RETURN TO THE FUTURE

On January 20, 1929, after engine changes at Rockwell Field, the Question Mark and RP #1 began the return flight to Washington, where we landed at Bolling Field on January 26, 1929, to be greeted by the Secretary of War, Assistant Secretary of War for Aviation, and the Chief of the Air Corps.

The crew members of the *Question Mark* were awarded the Distinguished Flying Cross by the War Department. The pilots and crew of the refueling airplanes received letters of commendation from the Chief of the Air Corps.

When considering the early refueling flights, where the success of the operation was so dependent on the refuelers who delivered the requisites for keeping the refueled airplane in flight, the refueled and the refueler should be treated as a unit.

Those pioneering flights of both airplanes—refueled and refueler—hold a special and secure position in the advancement of the capabilities of the United States Air Force. They are special with respect to both place and time. They are not only historical; their value to national security lives today and will continue to live.

Thirty-five years after the event, I received the following letter from the Air Force Chief of Staff, Gen. Curtis E. LeMay:

DEAR GENERAL HOYT:

On the 35th Anniversary of the flight of the *Question Mark,* I send best wishes both personally and on behalf of the United States Air Force.

Although few recognized the long-range impact in 1929, it was certainly the first glimmer of light leading to the development

of the KC–135 and today's sophisticated refueling techniques.

You have left to the Air Force a heritage of which you may well be proud.

Sincerely,

CURTIS E. LEMAY,
Chief of Staff.

It was not until after World War II, which included the first large-scale air war in history, that inflight refueling came into its own. The reason for the delay is not of importance.

However, it is important that through the development of the KC–135 tanker and the advent of propellerless jet aircraft which made aerial refueling easier, especially for fighter aircraft, midair refueling over the vast landmasses and ocean areas of the world has made the Air Force a truly global deterrent force.

We knew in 1929 that we had established the great potential of air-to-air refueling for increased capabilities of the Air Force. We could not foresee that the seeds planted in 1923 and 1929 would grow like the mustard seed of the Gospel parable: ". . . the smallest of seeds, which a man took and cast into his own garden; and it grew and became a large tree and the birds of the air dwelt in its branches."

PRESCRIPTION FOR CRISIS: PLEASE DON'T SKIM THE CREAM

Mr. TALMADGE. Mr. President, in the January issue of the School Food Service Journal, the publication of the American School Food Service Association, Executive Director John Perryman had a thoughtful column which I felt it worthwhile to share with the Senate.

This excellent column speaks for itself, and therefore I ask unanimous consent that it be printed in the RECORD.

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

DON'T SKIM THE CREAM

(By John Perryman)

The calendar tells me it is November 10 with Thanksgiving just around the corner and I should be indoors watching a football game. The sun tells me it is 70° outdoors and a magnificent autumn day. The *Journal* schedule tells me you will be reading this column in January, as a new year unfolds before us.

Thanksgiving, Christmas, the commencing of 1974: what mingled emotions these landmark dates evoke in our minds this year! The Holy Days War in Israel snuffed out the lives of 1800 young men in a matter of days. A bearded Arab monarch has decreed we shall be cold this winter, and a German immigrant statesman is trying to patch the world together again.

A nation with the creativity and imagination to whirl men a quarter million miles into the sky, give live television coverage of them washing their faces, then bring them—and their soapy water—back again doesn't have enough energy to drive its magnificent automobiles more than 50 miles an hour, if at all.

We are a nation faced with a crisis of lawlessness, yet we have no chief law enforcement officer. One is under indictment, accused of crimes of his own commission. Another has resigned in protest against orders from the President of the United States. The Vice President has resigned under a cloud of serious offenses. And the President himself fights for his political life against the nation's dark suspicions.

Pathetically, we hear many people say, "Politicians are all dirty anyway. It doesn't make any difference to me." Sequestered among my pines—with midsummer stillness in the air, a warm and comforting sun, and shrubs and trees playing a symphony of green and brown—I am almost tempted to believe such statements. But let's not kid ourselves. The crisis across the land is far too reaching for anyone to escape. It touches our work. It touches our families. It touches everything we do.

But what are the pressures and disillusionments, the shortages and shortcomings doing to us as individuals? Do we look upon wrongdoing by others as our license to steal, or do we take our own integrity even more seriously? The core of America and her future rests upon that answer.

We are told that we shall soon return to gasoline rationing and dim-outs, reminiscent of World War II. I know little of U.S. civilian life during that war (although I could tell you quite a bit about army life in Europe). However, I have heard parents discuss their wartime experiences. My mother said that more than any other privation, she missed having cream in her coffee.

Bear in mind my dad owned and operated a sizable dairy farm. We sold whole milk to the creamery. As a matter of fact, we did not even own a milk separator. For household use we would bring milk in from the cooling barn in buckets and pour into earthenware crocks. From there it would stand overnight in my grandmother's musty, dirt walled basement or our new fangled icebox. By the next morning the guernsey cream would be a quarter of an inch thick on top of the crock, and we would skim it into cream pitchers for table use.

That strict food rationing laws applied to food producers along with everyone else was never questioned by my father. His farm's full production was proudly contributed to the national effort, and he took back only his share. Even the tiny speck of cream my mother longed to have in her morning coffee was not subtracted.

Our nation faces serious shortages of things we consider just as dear as my mother considered her cream. If we follow a bad example—if we skim the cream for ourselves and give America and her children what is left—we're in trouble. If we make every effort to do what is right, the country will survive.

What will happen to our beloved nation in 1974? The answer to that depends upon you and me all put together more than it does on the President or Congress or anyone else.

Please don't skim the cream.

INDOCHINA

Mr. BUCKLEY. Mr. President, it is now a year since the Paris accords were signed ending our participation in the Vietnam war. We have seen the withdrawal from Indochina of the remainder of our troops and the heartrending drama of the return of our prisoners of war. We have also seen the continuing, brutal refusal of the Communists to honor their commitment to help in the accounting for each American listed as missing in action. What we have not seen, in the intervening months, is an adequate expression of this country's appreciation for the enormous sacrifice that so many young Americans and their families have been called upon to make in the Vietnam conflict. We have heard too little of the high-minded courage that they have displayed in the discharge of their duties.

Mr. President, it was recently my privilege to hear a moving tribute to the men who served their country so faithfully in the Indochina conflict, service that was made all the more difficult because of the brutality of the enemy and the dissension at home. The tribute was delivered by Mrs. Daniel J. Keating, the widow of a young marine who gave his life in Vietnam. The occasion was a dinner sponsored by the Rockland County, N.Y., Conservative Party, the proceeds of which are being used to build a monument in honor of all who had served in Vietnam. I ask unanimous consent that excerpts from Mrs. Keating's address be printed in the RECORD.

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

ADDRESS BY MRS. DANIEL KEATING

In the rice paddies and jungles of Vietnam, thousands of American heroes laid down their rifles and their lives and met their God. These men are no less great than those who gave their lives in the American Revolutionary War, the Two World Wars, or the Korean War, and I am proud to have known one of them. My husband used to assure me that the streets of heaven are guarded by the United States Marine, so though he's been laid to rest in our beautiful Arlington Cemetery, I know he is still standing duty somewhere . . .

I feel our Vietnam casualties should be honored not because they had only one life to give but because they fought and sacrificed for all the right reasons. In no other war was the ugliness and cruelty brought so directly and vividly into our living rooms . . . and if anti-war protesters were dismayed by what they saw, imagine the anguish of a mother and father watching the screen knowing that their only son was there fulfilling his duty . . .

The real cruelty of the Vietnam War lay in the press coverage afforded to those who proclaimed allegiance to some lofty philosophy far above the well being of our own American soldiers. Instead of press coverage of U.S. fighting men helping frightened So. Vietnamese children to safety, we were sickened to watch dissension in front of the White House as protesters read off the names of our war dead. Names they weren't fit to utter in some twisted attempt to have the public believe that the valiant war dead in some way gave their blessings to such betrayal.

To the men who were taken prisoner by an enemy which did not heed the Geneva Agreement, what can we say when we face them . . . they leave us in such awe. Day in and day out they survived on rice and cabbage soup dreaming of their return to America and they heroically survived the longest imprisonment of any previous war.

Their families waiting here, living in the frustration of not knowing whether their man could survive until the end of the war . . . not knowing the whereabouts of their loved one or his condition . . . for these families we should strike a medal for they rank among the greatest Americans showing all the strength and courage of our early pioneers. Their anguish surpassed that of the widow in that they coped with sorrow and catastrophe daily while a widow faced it but once. The POWs' and their families' great day came and we hope that it was the happiest of their lives. They deserved all their Christmases rolled into one and all America wept with them in joy when their return became reality.

Now what of those of whom no fate is yet known. Their families are still living in the dark nightmare, afraid to hope, afraid to abandon hope. We cannot turn our backs on them. All they want to know is the fate of

their loved one. Surely our representatives in the Congress must be continually pressured by all of us not to relinquish attempts at acquiring this information.

And we must not forget those hundreds of disabled young men who must carry the burden of their sacrifice with them for the rest of their lives. Because of improved medical attention, so many more wounded survived with disabilities in this war, as in previous wars where their lives might have been lost. We must show these young men that we are not through thanking them. It was not easy for them to go and face dangers in a far off and unpopular war and it is harder still for many of them to wage that continuing battle of life from a wheel chair.

When Estelle DiRoberts told me of your plans here in Rockland County to build a monument to our Vietnam Servicemen, I thought of how wonderful, necessary and needed it is. And how commendable of you people for feeling that this is a vital tribute you must leave for your children and for future generations. . . .

You will show our young people who the true heroes are, ensure that they are commended for their valor, and provoke our students into re-analyzing the facts. . . .

What our young people will learn from you is that war though repulsive is sometimes a necessary evil and that the men who must participate in war, do so in this country, because they believe that every man in the world has the "Right to Life, Liberty, and the Pursuit of Happiness" . . . and because they believe there is some special privilege in laying down one's life to ensure freedom for every human being."

CONSERVATION OF HISTORIC WORKS OF ART

Mr. PELL. Mr. President, I would like to bring to the attention of my colleagues an editorial in this month's Smithsonian magazine. Written by Dr. S. Dillon Ripley, Secretary of the Smithsonian Institution, the editorial emphasizes the growing need for conservation of historic works of art. Hearings in this important subject area were held under my chairmanship last summer, as Dr. Ripley kindly points out.

He explains the particular dangers caused by automobile exhaust and other modern pollutants on carved outdoor works of art, and the possibility of finding—with a coordinated program of relatively low cost—a cure to this "stone disease" which threatens to erode not only our own cherished monuments but those throughout the world.

Dr. Ripley offers a solution to this problem which I believe merits our attention, and I ask unanimous consent that the text of this excellent and thought-provoking editorial be placed in the RECORD at the conclusion of my remarks.

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

THE VIEW FROM THE CASTLE

WHILE WE ARE TRYING TO SAVE OUR PHYSICAL ENVIRONMENT WE MUST RECOGNIZE THAT OUR CULTURAL HERITAGE IS EQUALLY IMPERILED

"The past is an interest without a constituency; it has no effective lobby." So writes Karl Meyer in his recent book *The Plundered Past* (reviewed in December Smithsonian), adding that "the past is menaced by the very civilization that has evolved from it."

Last July, Senator Claiborne Pell of Rhode Island thoughtfully convoked two days of hearings in the U.S. Senate during which particular attention was paid to the need for improved museum conservation programs. This was only the second time that such hearings had been held on a subject of which most people are crushingly unaware.

How many people know that stone sculptures in Europe are being eroded by smog before their eyes; that the lead that holds the priceless medieval stained glass in great cathedral windows is buckling helplessly; that six percent of Venice's estimated 10,000 masterpieces in marble, five percent of its frescoes, three percent of its paintings on canvas and two percent of its paintings on wood are being lost year year? If that rate is accurate, by 1990 there will be no great marbles left in Venice except for those in museums. And Venice is not alone. Professor Seymour Z. Lewin of New York University has warned that the carved outdoor art of the world "is melting away like an ice-cream cone in the summer sun." Yet for only $1 million—Dr. Lewin's figure—we might perfect a cure for the stone disease caused by automobile exhaust and the emissions of our homes and factories.

The world travel industry anually takes in some $25 billion, not counting air fare, from people going around the world to look at—what? Tumbled heaps of decay? And yet to bring about a change would be almost painless. A small tax on art sales for the benefit of UNESCO or its affiliate, the International Council of Museums, or to help support the World Heritage Fund, would do the trick. Even a subvention of a half-million dollars from the United Nations itself might be enough to start the ball rolling. One million dollars is less than big museums and wealthy collectors have recently been willing to spend on a single object. What is the value of one splashy acquisition compared with research for posterity?

An increasing number of major sites and monuments around the world, from Venice itself to Angkor Wat to Mohenjo-Daro in Pakistan, are crumbling away before the eyes of those who do not know what is happening. The World Bank has expressed an interest in shoring up economies in the Third World by helping to develop those nations' tourism. Their decaying archaeological monuments are in many cases their only assets when it comes to attracting tourists and attempting to achieve a more favorable balance of payments.

In June 1972 I attended in Stockholm the first U.N. Conference on the Human Environment. It was chiefly concerned with the deterioration of our physical environment. Meyer hopes, in his book—as I do—that a similar international conference under the same auspices may be called to discuss the deterioration of our cultural environment. The two are part and parcel of the same thing—the one will be lost with the other.

ANNIVERSARY OF UKRAINIAN INDEPENDENCE

Mr. PERCY. Mr. President, this week marks the 56th anniversary of Ukrainian independence. It is an important time for Ukrainian Americans who hold fast to the hope that one day the Ukraine will once again be free.

On this occasion I salute the people of the Ukraine for their indomitable spirit under adverse conditions. I also salute all the dedicated Ukrainian Americans who have enriched American life by their energy and talents. They have a right to be proud of their important cultural, economic, and political contributions to America.

THE SMALL WOOD LOT OWNER CAN FORESTALL NATIONAL CRISIS

Mr. TALMADGE. Mr. President, we become so accustomed to reading about shortages of raw materials in this country that they have become common rather than the unusual.

One of the most severe of these shortages is that of paper and other wood products.

More than half of our Nation's timber resources have heretofore been wasted because the small wood lot owners, who own more than half of our Nation's potential timber reserves, have not been encouraged to manage their resources to provide the timber which America needs so desperately.

Last year, as part of our major farm legislation, the Congress adopted a significant forestry incentives measure which should do much to bring the small wood lot into the economic main stream of commercial forestry.

As the January issue of American Forests magazine says, the small land owner is "A Man Whose Time Has Come."

Mr. President, I ask unanimous consent that an important article from the magazine on the new role of the private forest owner be printed in the RECORD.

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

A MAN WHOSE TIME HAS COME

(By Scot Butler)

Who are the Four Million? They are doctors, dentists and business men and others in cities and farmers in rural areas who own 296 million acres of forest land in the nation (59 percent of the total in tracts of less than 5,000 acres. Many of these tracts are poorly managed for any use whatsoever but the need for them is increasing. Strong efforts are being made to help them. Their time has finally come. Moreover, owning a forest appeals to young people.

If you are an owner of private woodlands, your time has finally arrived.

Despite the preponderance of attention usually devoted to public and industrial forests, the small forest owner is now in the spotlight.

His reactions will be crucial in determining the fate of our nation's forests during the next few decades. Whether or not small private forests live up to their star billing depends entirely on *you*, the owner of private woodlands.

WHO ARE THEY?

There are approximately four million owners of private, nonindustrial forests in tracts of less than 5,000 acres. Such forests occupy 296 million acres, constituting 59 percent of the commercial forest land in the United States.

Very few generalizations can be made about these owners. Some are farmers, many are not. A sizable proportion are absentee owners who hold forest land for any number of reasons: recreation, speculation, timber production, wildlife management, interest in environmental concerns, and many more known only to the owner himself. Very importantly though, only a small fraction of these owners (ten percent at most) currently practice any form of forest management on their lands, and an even smaller number (two or three percent) are involved in organized programs to encourage management. Perhaps the only justifiable generalization which can be made is that small forest owners are essential to the future of forestry.

WHY ARE THEY IMPORTANT?

But why are small forests so important? And why do they present a problem? The answers to these questions form an interlocking network of conditions which might be described as the plight of private woodlands. First of all, small private woodlands are simply substandard. The quality of timber and the vitality of the trees in these forests are generally inferior to that of comparable public and industrial forests. This situation has arisen because private forests have been the victims of both abuse and neglect.

If only for their own sake, trees need the attention and care provided by forest management practices.

Compounding the situation, moreover, is the increasing demand placed on forests and forest use. More timber production is required by the economy, more recreational space is demanded by the populace, and the ecological aspects of forests, such as wildlife habitat improvement or small watershed protection, are constantly expending. As these demands mount, the public and industrial forest lands upon which we have been relying are overwhelmed. The nation is turning to private woodlands, but the private woodlands are not ready. They are producing wood and wood products at only half their capacity (even without improvements their production should be higher), and the opportunities they provide for multiple uses, such as recreation, could be more than doubled. Both economically and ecologically, these forest lands are substandard; to meet rising demand and to insure that their forests remain healthy and productive, woodland owners must begin to practice forest management.

SMALL WOODLANDS—THEIR CONDITION

Nonindustrial private forests are in poor shape. More than 25 million acres of forest land are non-stocked and should be planted or seeded. Approximately 50 million acres are so poorly stocked that partial reforestation or clearing and conversion to better species is needed. At least 120 million acres need timber stand improvement. These conditions have appeared because owners have not fully understood the need for management, and even were they to do so, management has often proven impracticable or impossible.

In the past, and even occasionally today, a woodland owner might cut his timber with no thought for the future. Consequently, the need for planting and reforestation has become massive. In reaction to scarred and barren forest land, many owners today refuse to "touch" their woodlands, even for management purposes. This concern for the forest is both genuine and commendable, but it is nonetheless misplaced. Such forests become overgrown and clogged, and sooner or later nature comes in to clear them up, through fire, weather, decay, overpopulation of animals, or some other elemental force. Not only does such a condition prevent the use of the forest now, but it destroys the forest's potential usefulness through repeated death and rebirth. An untended forest is neither healthy nor helpful, and while a forest in its natural state is fine in a relatively simple civilization, it would not be left alone for long in the modern world. Even untouched land is likely to end up as a site for development or industry.

The very fact that a managed forest is useful may save it from eventual destruction.

WHY AREN'T SMALL WOODLANDS MANAGED?

What then, has prevented more owners from turning to forest management? This was the question tackled by a group of experts in forestry, resource conservation, and related fields known as *Trees For People* (TFP). These researchers found that many owners simply had no information about the possibilities of forest management. Complicating this information gap was a communication barrier, aggravated by the fact that many owners misunderstood the nature of forest management or mistrusted foresters and conservationists. Many owners simply were not interested in doing anything to their forest property. And, of those owners who had information, interest, and initiative, nearly all mentioned economic obstacles. Not only were there no economic gains to be made through forest management, there were actually many economic disincentives.

Trees For People, in conjunction with several other programs interested in helping with the small forest problem, sought solutions at federal, state, and local levels. Yet in doing so, they recognized that landowners hold widely disparate views concerning their woodlands. This was reflected in the primary purpose of the *Trees For People* campaign. "Above all, the objective of utmost importance is that of assisting the landowner, through forest management, in achieving whatever use he has in mind for his property." To solve the timber supply problem, forest management is urgently and ultimately needed; yet in no way would timber management be allowed to destroy any other values a landowner might place on his forest land. Rather, the private owner of a small woodland will have *far more control* over the uses of his land if he will accept the fact that forest management is a multiple-use tool.

THE OUTLOOK IS BRIGHTER

As a result of the efforts of *Trees For People* and groups like it, the outlook for you, the owner of private nonindustrial forest land is brighter today than ever before; but you must begin to act now. Substantial legislation has been enacted by Congress. New funding has been approved for fire protection, reforestation, the Cooperative Forest Management Program, research into control of insects and diseases, and urban environment improvement. Most recently, the Forest Incentives provision was enacted as part of the Farm Bill, providing federal cost-sharing, administered through state forestry agencies, for owners who wish to initiate forest management practices on their lands. With these measures passed, the private forest owner has both the incentive and the opportunity to practice management.

Moreover, the market situation is improving due to an impending shortage of wood. Forest industries will be searching more intensively for new supply, and they will turn to the private owner. Thus, two of the biggest problems, cost and marketing, are being alleviated. But *Trees For People* became aware that there were many other problems facing small, private, nonindustrial forests. Studies were undertaken in several major problem categories: Attitudes, Availability and Application of Technical Knowledge, Risk, Small Scale Diseconomies, Labor and Equipment, Lack of Capital Investment, and Taxation. To encourage continued work in these areas, Trees for People published a report and a full set of recommendations. They are as follows:

TWELVE RECOMMENDATIONS

1. Coordinate information about all public forestry programs at the community (county) level, so that a landowner seeking assistance need only make a single contact. This service should include referrals to consultants, contractors, loggers, wood buyers, and related private suppliers.

2. Provide forest owners with services they cannot provide for themselves; i.e., adequate protection against damage by fire, insects, or diseases; more technical information; further research in management, silviculture, and utilization; increased development of markets; and maintenance of a favorable public climate for forestry.

3. Share the cost of capital investments in long-term activities that are in the public interest, such as planting trees, applying intensive multiple-use management practices, enhancing wildlife habitat and outdoor recreation potential, and maintaining esthetic values for public enjoyment.

4. Continue and intensify present educational programs by public agencies, forest industries, and conservation associations.

5. Devise new tax laws that recognize the long-term potential of forests and their contributions to the environment while maintaining current federal provisions applying to timber uses.

6. Encourage owners of small forests to work together and assemble larger units for economical and professional management of their properties.

7. Develop reliable sources of labor and equipment.

8. Arrange sources of long-term, low-interest loans for purposes of approved improvement programs.

9. Encourage forest owners to develop multi-purpose plans of management, including recreation, wildlife habitat, range rehabilitation, watershed protection, and enhancement of the environment, as well as timber production.

10. Classify forest lands for intensive management so that incentives may be applied to the most productive sites first. Productivity need not be defined only in terms of timber. Rather, if the management plan presented by the owner reveals a high potential for watershed development, recreational enhancement, or the encouragement of wildlife, the site's productivity should be assigned the same classification as a comparable timber production site.

11. Authorize adequate emergency funds for prompt control of potentially disastrous outbreaks of fire, insects, and diseases.

12. Encourage a leasing program on an economically sound basis that will assure intensive management of small forests and at the same time provide their owners with annual sources of income.

In view of these specific recommendations, perhaps the most important conclusion at which *Trees For People* arrived was that the private owner must act to undertake forest management, and that the time for action is *now*. All the help that can be given him will be forthcoming, but it is the owner himself who must take the initiative.

WHAT TO DO

If you are an owner who wishes to find out more about the specifics of forest management, or if you wish to initiate forest management on your land and are interested in drawing up a management plan or applying for federal assistance, you should contact the nearest state forestry agency—State Forester. Extension Forester, or Service Forester (in some cases these are listed as District or Area Foresters). In addition, if you are interested in forest management programs, or if you desire advice about technical questions you should contact one of the above agencies, or, where they are available, consulting foresters. In general, all these agencies are in close contact with each other, as well as with Conservation Districts, suppliers and consultants. They should be able to refer any inquiry which they cannot answer to the appropriate place. If you would like a copy of the *Trees For People* report, "The Challenge of Private Woodlands," it is available for two dollars a copy from The American Forestry Association, 1319 18th St NW, Washington, D.C. 20036. [*These will be distributed on a first come, first served basis as our supply is limited.*]

Above all, please take some action now!

MARK TRICE RETIRES

Mr. HUGH SCOTT. Mr. President, for the first time since 1950, the Republican Members of the Senate begin a session of Congress without the guiding hand of our secretary, Mark Trice.

On December 30, Mark retired from Government service after more than 53 years.

Mark came to the Senate as a page in 1916 and, except for about 3 years in the late twenties and early thirties, has served the Senate. He became secretary to the minority in 1950 and with the exception of 2 years when he was Secretary of the Senate, he has functioned in that capacity.

We Republicans shall miss him. His wise counsel and guidance and his devotion to his duties have been outstanding.

Mark Trice more than deserves the years ahead in retirement to spend with his charming wife, Margaret, and his family. We shall miss him. We wish him well, and we hope that he will still be available from time to time to offer his sage advice to us Republican Senators.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, this week the Senate will take up consideration of the Genocide Convention—a treaty first submitted to this body by the late President Truman in 1949. That was nearly a quarter century ago. Throughout the intervening years, five American Presidents have exhorted the Senate to give its consent. In fact, a full generation has been born and grown to manhood and still we have failed to act.

As I have said on innumerable occasions on the floor of the Senate, ratification of the Genocide Convention is a matter of the utmost importance for our country. I firmly believe that now the Senate has the best chance to achieve ratification since the treaty was first submitted. We must not miss this chance. To do so would be a tragic failure to fulfill our moral obligations in the field of human rights.

Secure in our own dedication to the concepts of human rights, the United States took the lead in drafting the United Nations Declaration on Human Rights which provides that "all human beings are born free and in equal dignity and rights." The universal declaration states that everyone "has a right to life, liberty, and security of person."

It was envisioned that this declaration would set forth broad guidelines for the international community—guidelines which are totally consistent with American ideals I might add—and this document would be followed by a series of human rights treaties to give these ideals the force of international law. The genocide was the first such treaty.

Mr. President, the history of mankind is marred by tragic accounts of man's inhumanity to his fellow man through violation of fundamental human rights—rights which we in this country take for granted. The programs against 6 million Jews in Nazi Germany were perhaps the most infamous example of attempts at systematic genocide. Determined that genocide should be dealt with forcefully, the United Nations declared in December 1946 that it was to be treated as an international crime.

The U.N. Genocide Convention translated the intent of this resolution into a formal treaty and it was passed by the General Assembly in 1948 by a vote of 55–0. The role of the United States was crucial in drafting the treaty and in securing unanimous support for the treaty.

Since that time over 75 nations around the globe have ratified this treaty—including all of our major allies. The fact that the United States has not ratified this convention has puzzled our allies and delighted our enemies. It has been a diplomatic embarrassment for our representatives abroad who are at a loss to explain our reluctance to act.

As I see it, there are three things to be gained from ratification. First, it will reaffirm our basic commitment to human rights. Second, it should serve to awaken interest in ratification among third world nations. And third, it would further the development of international law in this vital field.

Mr. President, recently there has been quite a bit of discussion regarding the connection between human rights and improved relations between nations. I firmly believe that if we are ever to achieve our long-term goal of world peace, we must promote human rights on a global scale.

The United States must put itself on record as being against this monstrous crime. We must dedicate ourselves to its prevention and punishment and reassert our moral leadership in the field of human rights. To do anything less would be to betray the noble aspirations set forth so well in our own Declaration of Independence.

NUCLEAR POWER IN ILLINOIS

Mr. PERCY. Mr. President, in relation to the Nation's demonstrated need for alternative energy sources, I would like to call the attention of the Senate to Illinois' use of nuclear power to produce electricity and the extent to which it has been implemented. Illinois is now the Nation's No. 1 State in producing electricity from nuclear powerplants.

Due to the State's present reliance on nuclear generators, it is less probable that Illinois will be forced to suffer any reductions in electrical power during the current fuel shortages. Illinois' favorable electrical energy situation is the result of the effort and foresight of Messrs. J. Ward Harris and Tom Ayres, respectively the former and present chairmen of the board of the Commonwealth Edison Co. I commend these industrial leaders for their initiative in this vital area. Evidence indicates that the company anticipated the current oil shortage by at least one decade by constructing safe and effective nuclear powerplants throughout the State.

Less than 10 percent of Illinois' powerplants are dependent on oil or natural gas for firing. The majority are fired by either uranium or coal, two relatively abundant resources.

Nuclear generators currently supply the State with one-third of its electricity. When compared with the national level, where nuclear power accounts for only 5 percent of electrical energy, the Illinois figure is overwhelming. By 1980, the Commonwealth Edison Co., expects to meet one-half of the State's energy needs with nuclear power.

While I am very much aware of the facts surrounding nuclear power which make it a continually controversial and volatile issue, it seems clear that our Nation's future electrical energy needs will have to be met in large part by nuclear generators. On the basis of the positive actions taken in this regard by the Commonwealth Edison Co., I submit that the know-how exists for the further development of safe and effective nuclear power. Efforts must become focused on educating the public on the need for the construction of nuclear powerplants and on assuring the absolute safety of these plants. A goal of conciliation must be set in meeting the controversy head on. I believe we should proceed with negotiations and accommodations of all sides so that the very essential research and development of safe and effective nuclear powerplants can be pursued.

Mr. President, I ask unanimous consent to insert in the RECORD an article, "Nuclear Power Makes Illinois Rich in Electricity" by Ronald Kotulak, which appeared in the Chicago Tribune on December 16, 1973, and which outlines the status of nuclear power generating plants in Illinois.

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

NUCLEAR POWER MAKES ILLINOIS RICH IN ELECTRICITY

(By Ronald Kotulak)

Illinois is in the enviable position of being the state least likely to suffer cutbacks in electricity as a result of the energy crisis.

While officials of Commonwealth Edison Co., which supplies electricity to about 80 per cent of the state's population, aren't publicly crowing, they are inwardly glowing that the company's foresight has made Illinois probably the nation's most electricity-rich state.

There will be no electrical power cutbacks in Illinois such as the 10 per cent reduction ordered for Los Angeles starting Friday, and similar drastic reductions predicted for the East Coast as oil supplies used for generating stations continue to dwindle, according to Edison officials.

In fact, Commonwealth Edison has been asked by the federal government to see if it can't help the eastern seaboard by sending it electricity.

"We think we are in pretty good shape and that the home owners in Illinois will not feel any electricity pinch," said Byron Lee Jr., Edison vice president.

There are two reasons for the state's ample supply of electricity. First, in the early 1960s Edison made a major commitment to nuclear energy as the energy of the future. Illinois is now the country's No. 1 state for producing electricity from nuclear-powered generating stations. Second, all but 10 per cent of the company's stations are either nuclear or coal fired, thereby reducing dependence on scarce oil or natural gas.

President Nixon has called for a speedup in the construction of new nuclear generating plants to ease the looming energy crunch.

But Illinois already is way ahead. While nuclear power accounts for only 5 per cent of the nation's electricity, Edison is generating almost one-third of its electricity from

nuclear plants. By 1980, one half of the company's electricity will come from nuclear stations.

The company has six nuclear generators in operation. The next closest states are New York with four and Pennsylvania, North Carolina, and Wisconsin with three each.

Including two big nuclear units planned by the Illinois Power Co., Illinois has a total of 15 nuclear units in operation, being built, or planned, the largest number of any state.

Illinois' leading position in nuclear energy is part of its atomic heritage. It was here, at the University of Chicago in 1942, that a team of scientists headed by Enrico Fermi opened the atomic age with man's first controlled nuclear reaction.

And it was here at Morris, Ill., in 1960, that the world's first privately owned nuclear station, Dresden I, showed the world that nuclear plants could be operated safely and economically.

Thruout the country there are 39 nuclear plants in operation, 59 being built, and 90 planned, according to the Atomic Energy Commission. An AEC spokesman said the commission is attempting to reduce the time it takes between planning and operation of a nuclear station from 12 to 15 years to 6 to 10 years.

Edison's operating plants include three units at Dresden, two units at Quad-Cities near Moline, and one unit at Zion. The units under construction include one unit at Zion, which is scheduled to start up in a few weeks, and two units near Ottawa in La Salle County. The planned stations include two units at Byron, near Rockford, and two units at Braidwood, near Joliet.

The two planned units of the Illinois Power Co. are scheduled to be located near Clinton in DeWitt County.

PROTECTION AGAINST OVERPAYMENT OF INCOME TAXES

Mr. CHURCH. Mr. President, an estimated 78 million Federal income tax returns will be filed during 1974.

Practically all Americans will be affected in one way or another.

Recent hearings conducted by the Senate Committee on Aging have provided disturbing evidence that large numbers of older Americans overpay their taxes for a variety of reasons.

Some witnesses have estimated that perhaps one-half of all elderly individuals may pay more taxes than legally required.

In far too many cases, these persons are totally unaware of helpful deductions which can save them precious dollars.

Others are completely baffled by the complexity of the voluminous Internal Revenue Code—undoubtedly one of the most complicated statutes ever enacted. Without the benefit of effective counsel, this can be a nightmarish experience for the untrained or unsuspecting.

The net impact is that many low- and moderate-income Americans overpay their taxes—while the very powerful oftentimes pay little or no taxes at all. In 1971, for example, 72 returns with adjusted gross incomes of $200,000 or more escaped Federal income tax altogether. And, 1,286 returns with adjusted gross incomes of at least $50,000 paid no tax whatsoever.

This favoritism for a privileged few must come to an end immediately. The aged, disabled, and other persons with moderate means have been shouldering a disproportionate share of the tax burden for far too long.

As chairman of the Senate Committee on Aging, I have been especially concerned about income tax overpayments by the elderly and others.

To help provide protection against this serious problem, the committee has prepared a helpful checklist of deductions which can save aged taxpayers hundreds or perhaps even thousands of dollars.

This listing, I want to stress, is not intended to be an exhaustive summary of all available deductions for every conceivable circumstance. But it can provide a helpful checklist for persons who itemize their allowable expenses. It can also provide guidance to determine whether it would be to the advantage of the taxpayer to itemize his deductions or take the standard deduction or low-income allowance. Additionally, this summary can be useful for all age groups because most tax provisions apply with equal force to the young as well as the old.

The committee has also prepared a brief description of additional tax relief provisions for older Americans.

Mr. President, I ask unanimous consent that the Committee on Aging's checklist of allowable deductions for schedule A and the summary of other tax relief provisions for older Americans be inserted at this point in the RECORD.

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

CHECKLIST OF ITEMIZED DEDUCTIONS FOR SCHEDULE A (FORM 1040)

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are deductible to the extent that they exceed 3% of a taxpayer's adjusted gross income (line 15, Form 1040).

INSURANCE PREMIUMS

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3% limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3% rule.

DRUGS AND MEDICINES

Included in medical expenses (subject to 3% rule) but only to extent exceeding 1% of adjusted gross income (line 15, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expense (subject to 3% limitation):

Abdominal supports.
Ambulance hire.
Anesthetist.
Arch supports.
Artificial limbs and teeth.
Back supports.
Braces.
Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. Taxpayer should have an independent appraisal made to reflect clearly the increase in value.
Cardiographs.
Chiropodist.
Chiropractor.
Christian science practitioner, authorized.
Convalescent home (for medical treatment only).
Crutches.
Dental services (e.g., cleaning teeth, X-rays, filling teeth).
Dentures.
Dermatologist.
Eyeglasses.
Gynecologist.
Hearing aids and batteries.
Hospital expenses.
Insulin treatment.
Invalid chair.
Lab tests.
Lip reading lessons (designed to overcome a handicap).
Neurologist.
Nursing services (for medical care).
Ophthalmologist.
Optician.
Optometrist.
Oral surgery.
Osteopath, licensed.
Pediatrician.
Physical examinations.
Physician.
Physiotherapist.
Podiatrist.
Psychiatrist.
Psychoanalyst.
Psychologist.
Psychotherapy.
Radium Therapy.
Sacroiliac belt.
Seeing-eye dog and maintenance.
Splints.
Supplementary Medical Insurance (Part B) under Medicare.
Surgeon.
Transportation expenses for medical purposes (6c per mile plus parking and tolls or actual fares for taxi, buses, etc.).
Vaccines.
Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).
Wheelchairs.
Whirlpool baths for medical purposes.
X-rays.

TAXES

Real estate.
State and local gasoline.
General sales.
State and local income.
Personal property.

If sales tax tables are used in arriving at your deduction, you may add to the amount shown in the tax tables only the sales tax paid on the purchase of 5 classes of items: automobiles, airplanes, boats, mobile homes and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any nontaxable income (e.g., Social Security or Railroad Retirement Annuities).

CONTRIBUTIONS

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 15, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, state or local governmental units (tuition for children attending parochial schools is not deductible). Fair market value of property (e.g. clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 6c per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid

over the fair market value of the goods or services).

Out-of-pocket expenses (e.g. postage, stationary, phone calls) while rendering services for charitable organizations.

Care of unrelated student in taxpayer's home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

INTEREST

Home mortgage.

Auto loan.

Installment purchases (television, washer, dryer, etc.)

Bank credit card—can deduct the finance charge as interest if no part is for service charges or loan fees, credit investigation reports. If classified as service charge, may still deduct 6 percent of the average monthly balance (average monthly balance equals the total of the unpaid balance for all 12 months, divided by 12) limited to the portion of the total fee or service charge allocable to the year.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money. Not deductible if points represent charges for services rendered by the lending institution (e.g. VA loan points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the "finance charge" if the charges are based on your unpaid balance and computed monthly.

CASUALTY OR THEFT LOSSES

Casualty (e.g. tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses to nonbusinesses property—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. You may use Form 4684 for computing your personal casualty loss.

CHILD AND DISABLED DEPENDENT CARE EXPENSES

The deduction for child dependent care expenses for employment related purposes has been expanded substantially. Now a taxpayer who maintains a household may claim a deduction for employment-related expenses incurred in obtaining care for a (1) dependent who is under 15, (2) physically or mentally disabled dependent, or (3) disabled spouse. The maximum allowable deduction is $400 a month ($4,800 a year). As a general rule, employment-related expenses are deductible only if incurred for services for a qualifying individual in the taxpayer's household. However, an exception exists for child care expenses (as distinguished from a disabled dependent or a disabled spouse). In this case, expenses outside the household (e.g., day care expenditures) are deductible, but the maximum deduction is $200 per month for one child, $300 per month for 2 children, and $400 per month for 3 or more children.

When a taxpayer's adjusted gross income (line 15, Form 1040) exceeds $18,000, his deduction is reduced by $1 for each $2 of income above this amount. For further information about child and dependent care deductions, see Publication 503, Child Care and Disabled Dependent Care, available free at Internal Revenue offices.

MISCELLANEOUS

Alimony and separate maintenance (periodic payments).

Appraisal fees for casualty loss or to determine the fair market value of charitable contributions.

Campaign contributions (up to $100 for joint returns and $50 for single persons).

Union dues.

Cost of preparation of income tax return.

Cost of tools for employee (depreciated over the useful life of the tools).

Dues for Chamber of Commerce (if as a business expense).

Rental cost of a safe-deposit box for income producing property.

Fees paid to investment counselors.

Subscriptions to business publications.

Telephone and postage in connection with investments.

Uniforms required for employment and not generally wearable off the job.

Maintenance of uniforms required for employment.

Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).

Business entertainment expenses.

Business gift expenses not exceeding $25 per recipient.

Employment agency fees for securing employment.

Cost of a periodic physical examination if required by employer.

Cost of installation and maintenance of a telephone required by the taxpayer's employment (deduction based on business use).

Cost of bond if required for employment.

Expenses of an office in your home if employment requires it.

Payments made by a teacher to a substitute.

Educational expenses required by your employer to maintain your position or for maintaining or sharpening your skills for your employment.

Political Campaign Contributions: Taxpayers may now claim either a deduction (line 33, Schedule A, Form 1040) or a credit (line 52, Form 1040), for campaign contributions to an individual who is a candidate for nomination or election to any Federal, State or local office in any primary, general or special election. The deduction or credit is also applicable for any (1) committee supporting a candidate for Federal, State, or local elective public office, (2) national committee of a national political party, (3) state committee of a national political party, or (4) local committee of a national political party. The maximum deduction is $50 ($100 for couples filing jointly). The amount of the tax credit is one-half of the political contribution, with a $12.50 ceiling ($25 for couples filing jointly).

Presidential Election Campaign Fund: Additionally, taxpayers may voluntarily earmark $1 of their taxes ($2 on joint returns), to help defray the costs of the 1976 presidential election campaign. If you failed to earmark $1 of your 1972 taxes ($2 on joint returns) to help defray the cost of the 1976 presidential election campaign, you may do so in the space provided above the signature line on your 1973 tax return.

For any questions concerning any of these items, contact your local IRS office. You may also obtain helpful publications and additional forms by contacting your local IRS office.

OTHER TAX RELIEF MEASURES FOR OLDER AMERICANS

	Required to file a tax return if gross income is at least
Filing status:	
Single (under age 65)	$2,050
Single (age 65 or older)	2,800
Married couple (both spouses under 65) filing jointly	2,800
Married couple (1 spouse 65 or older) filing jointly	$3,550
Married couple (both spouses 65 or older) filing jointly	4,300
Married filing separately	750

Additional Personal Exemption for Age: In addition to the regular $750 exemption allowed a taxpayer, a husband and wife who are 65 or older on the last day of the taxable year are each entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1974, you will be entitled to the additional $750 personal exemption because of age for your 1973 Federal income tax return.

Multiple Support Agreement: In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) Gross Income, (3) Member of Household or Relationship, (4) Citizenship, and (5) Separate Return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support.

However, it still may be possible for one of the individuals to be entitled to a $750 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.

2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, *but only one of them,* may claim the dependency deduction.

3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence by Elderly Taxpayers: A taxpayer may elect to exclude from gross income part, or, under certain circumstances, all of the gain from the sale of his personal residence, provided:

1. He was 65 or older before the date of the sale, and

2. He owned and occupied the property as his personal residence for a period totaling at least five years within the eight-year period ending on the date of the sale.

Taxpayers meeting these two requirements may elect to exclude the entire gain from gross income if the adjusted sales price of their residence is $20,000 or less. (This election can only be made once during a taxpayer's lifetime.) If the adjusted sales price exceeds $20,000, an election may be made to exclude part of the gain based on a ratio of $20,000 over the adjusted sales price of the residence. Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded by an elderly taxpayer when he sells his home.

Additionally, a taxpayer may elect to defer reporting the gain on the sale of his personal residence if within one year before or one year after the sale he buys and occupies another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence or (2) you were on active duty in the U.S. Armed Forces. Publication 523 (Tax Information on Selling Your Home) may also be helpful.

Retirement Income Credit: To qualify for the retirement income credit, you must (a) be a U.S. citizen or resident, (b) have received earned income in excess of $600 in each of any 10 calendar years before 1973, and (c) have certain types of qualifying "retirement income". Five types of income—pensions, annuities, interest, and dividends

included on line 15, Form 1040, and gross rents from Schedule E, Part II, column (b)—qualify for the retirement income credit.

The credit is 15 percent of the lesser of:

1. A taxpayer's qualifying retirement income, or

2. $1,524 ($2,286 for a joint return where both taxpayers are 65 or older) minus the total of nontaxable pensions (such as Social Security benefits or Railroad Retirement annuities) and earned income (depending upon the taxpayer's age and the amount of any earnings he may have).

If the taxpayer is under 62, he must reduce the $1,524 figure by the amount of earned income in excess of $900. For persons at least 62 years old but less than 72, this amount is reduced by one-half of the earned income in excess of $1,200 up to $1,700, plus the total amount over $1,700. Persons 72 and over are not subject to the earned income limitation.

Schedule R is used for taxpayers who claim the retirement income credit.

The Internal Revenue Service will also compute the retirement income credit for a taxpayer if he has requested that IRS compute his tax and he answers the questions for Columns A and B and completes lines 2 and 5 on Schedule R—relating to the amount of his Social Security benefits, Railroad Retirement annuities, earned income, and qualifying retirement income (pensions, annuities, interest, dividends, and rents). The taxpayer should also write "RIC" on line 17, Form 1040.

SENATOR GOLDWATER ON "MEET THE PRESS"

Mr. HUGH SCOTT. Mr. President, our colleague, the distinguished Senator from Arizona (Mr. GOLDWATER) made some interesting observations on a recent "Meet the Press" show. I believe Members will find his candid and enlightening responses very informative. I ask unanimous consent that the "Meet the Press" transcript be printed in the RECORD.

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

"MEET THE PRESS"—INTERVIEW, JANUARY 13, 1974

Guest: Senator BARRY GOLDWATER (R. Ariz.)

Moderator: Edwin Newman NBC News.

Panel: M. Stanton Evans, Indianapolis News; Hugh Sidey, Time Magazine; Paul Duke, NBC News, and Lawrence E. Spivak.

Mr. NEWMAN. Our guest today on MEET THE PRESS is Senator Barry Goldwater of Arizona. Senator Goldwater was the Republican presidential candidate in 1964 and he is now serving his third term in the Senate.

We will have the first questions from Lawrence E. Spivak, regular member of the Meet the Press.

Mr. SPIVAK. Senator Goldwater, two months ago you issued a formal statement in which you said that President Nixon's credibility has reached an all-time low from which he may not be able to recover. What is your appraisal of the President's situation today?

Senator GOLDWATER. I think he has started a recovery. It is not easy to tell how high that recovery has gone, but I think he is better off now than he was when I made that remark.

Mr. SPIVAK. Now, the story in the Washington Post the other day quotes a White House press secretary as saying that the President now feels he has laid to rest all the Watergate charges against him. Now, you had something to do with what is now known as "Operation Candor." Do you agree that the President has now answered the major charges that have been made against him?

Senator GOLDWATER. I think we have to remember that the Watergate Committee that has done the investigating, Archibald Cox, during his brief tour, and others connected, have made no formal charges against the President. The questions that have arisen in the minds of the American people have come from repetition on the daily television recital of the hearings and the constant and understandable exposure in the press.

I can't recall any direct charge of a Watergate nature made towards the President. I think frankly the American people now have more or less forgotten Watergate and are more worried about other things and understandably so.

Mr. SPIVAK. Now, despite all that a recent Roper poll indicated 79 per cent of the American people or at least 79 per cent of those polled said that one or more of the most serious charges on Watergate against the President were justified. Now, do you think it is possible for the President to rule effectively when such a large percentage of the American people believe that?

Senator GOLDWATER. I think that was a poll paid for by the American Civil Liberties Union if I am not mistaken and they are one of the groups who are after the President, whether there had been a Watergate or not, so I have to take rather a dismal view of the poll. I think the President can rule. I remember when Harry Truman sunk to about the same level of public opinion and credibility and today I think he is probably the best President we have had in this century. So I don't just take the fact that he has been down in the polls to mean that he can't lead. I think he can lead and I think he is leading.

Mr. SPIVAK. Senator, I think you will admit though, whether or not you agree with some of the polls, that the American people are unhappy and are confused about this Watergate situation.

Senator GOLDWATER. There is no question.

Mr. SPIVAK. They certainly seem to have lost confidence in the President and yet are not ready for impeachment. You have advised the President on the problems that he has faced. What advice would you give the American people?

Senator GOLDWATER. Well, the advice that I gave them—of course it is not up to me to give the American people advice, they usually advise me. I just suggested that we cool it, that we get off this man's back and let's see what the Ervin Committee comes up with in the way of formal charges, and I know they are having a very difficult time ironing this thing all out and sorting it out. We have much greater problems in this country and in this world than Watergate and I think the American people are taking that attitude: Let's get these other things solved, and unless there is something more unusual about the President and Watergate than has come out, let's get off his back. Either impeach him or not. I like what George Aiken said in that respect.

(Announcements.)

Mr. SIDEY. Senator, if you really had your "druthers" would you like to see the President resign rather quietly and Mr. Ford take over as President?

Senator GOLDWATER. No, I really wouldn't. For a reason. Sometimes we get so engrossed in domestic matters in this country that we forget the biggest job of the President is foreign policy and in my travels in other parts of the world very recently I find the world to have a very high opinion of President Nixon and Mr. Kissinger. I think they sense in the United States the ability now—something we haven't shown at least during my experience—an ability to get peace in the Middle East; to begin to get the super powers together.

Now, if the President were to resign at this particular moment, I think it would cause an unusual upheaval in American politics.

I can't believe, for example, that the Democratic party would sit idly by and allow Vice President Ford to become President. I think they might start an effort for a constitutional amendment whereby they would call for a special election and if anything like this came about where we didn't have an orderly transition at this time in the world's history, I think it could raise havoc with the whole world.

Mr. SIDEY. Senator, you have mentioned that you go around this country a great deal. How do you respond to questions from mothers, from teachers who are very concerned about having the example of this administration, whether or not the President is directly responsible, but the example to continue before particularly young people, as certainly an administration that has in many ways been corrupt, has certainly defied many of the Americans ideals in various ways. How do you respond to that question?

Senator GOLDWATER. Well, it is not easy to respond to. Frankly, it is not put to me a great deal. I get it more in the form of letters from young people and questions in those letters.

The thing that disturbs me about this, and I know it is not in direct answer to your question, is that all of this rubs off on all of us. It is not just something's wrong in the White House; it is something's wrong with politicians and this is going to rub off on the whole American political system, and I am worried about this because if the American people develop an apathy because of Watergate, because of the gasoline shortage, because of any crisis that we are now in that they want to try and blame on a party or a President, then we may find the people staying home from the polls and if this happens we will in effect be ruled by—when I say "minority," I don't mean ethnic groups or anything like that; I mean groups who are only interested in their own well-being and we are pretty close to that right now.

I am more worried about that than I am about trying to explain what might look to some people as something wrong.

I don't like to go back to other presidential experiences but we could—I don't like to use the wrongs of other people to try to correct the wrongs of today. So I just try to reason the best I can, that all of us are not inclined the way they might think we are.

Mr. EVANS. Senator, you said you thought the American people justifiably were more concerned about other things at this point than the Watergate and I would presume from your subsequent remarks that you would include in that list the energy crisis.

One thing that has puzzled me—and I would like your response on—is the fact that so far as I can determine much of this energy crisis has been produced by excessive governmental regulation of various sources of energy being closed off and yet the response here in Washington seems to be: Let's have more regulation.

Now, is anybody pushing or advocating as a solution to this crisis that we start deregulating some of these stultified sources of energy?

Senator GOLDWATER. Well a number of us have tried to do this on the floor of the Senate during the lengthy debate on a number of energy bills. But we have met with no success. One I can cite is natural gas. We in the Southwest depend on natural gas, but if we have to live with the unworkable rules that have been put upon the natural gas industry and the development of new sources, we are in trouble. I am glad you brought this subject up because during the nearly two months of arguing on energy, during which time we have passed nine laws and considered 32 other bills, only one

has put one more gallon of gasoline in the American people's gas tanks and that has been Elk Hills field that has already been developed. Or we might consider the Alaskan pipeline, but I think that was a foregone conclusion. We have done nothing to encourage a man, for example, or a company to go drill a new hole in the ground. We have discouraged for nearly 40 years enterprising ambitious Americans from going out and looking for new gas and oil. I am no expert on the subject but I believe we have enough fuel under the ground in this country to satisfy the needs of this country at least for the years it will take for us to develop new energy sources. So far on the Hill we have been playing politics with it. We haven't dealt with the problem, we have been adding more regulations, more agencies, more obstacles for the American entrepreneur to overcome. But this is typical, I might say.

Mr. EVANS. Would you advocate as a possible solution the abolition of wage and price controls?

Senator GOLDWATER. Oh, yes. I don't believe they are ever going to work. They never have worked in the history of economics. That would be one approach. I would advocate, for example, a very, very lenient depreciation allowance for a man or a company that wants to go drill a hole in the ground. That is what the American people want. They want to drive up and say "Fill her up." They don't want to be told "You can't drive on Saturday you can only have ten gallons." They want that tank full and they want to pay for it and go where they want to.

Mr. EVANS. And they should be able to do it at the market price.

Senator GOLDWATER. They should be able to do it at the market price and the market price doesn't have to go over the moon. The way we have been going down there on the Hill you could fill the tanks up with the gas we have been using and run them for a long, long time.

Mr. DUKE. Senator Goldwater, are you now satisfied by the President's explanations about Watergate?

Senator GOLDWATER. That is hard to answer because as I said earlier, I haven't heard any direct charges against the President. Now if somebody makes the charge that he personally organized the so-called plumbers, or he personally authorized the exploit into the Watergate, then I would have to give you another answer, but I know nothing that he has to answer. The things he answered didn't come out of the Watergate. For example making a buck on real estate in Florida and California, I don't see any connection with that and Watergate. Daniel Ellsberg, in having to break in his psychiatrist. There is no relationship to the Watergate. So it is hard for me to answer that question. If I can answer it in my own way, I don't think he is guilty of anything connected with the Watergate, and I will hold that feeling until there is more proof than I have seen.

Mr. DUKE. Senator, a constant theme seems to be running through your remarks here today and elsewhere that you believe the country must now have strong leadership to deal with the problems of the world and domestic problems.

But, in the light of everything that has happened, in the light of the polls which show a widespread mistrust of the President, do you think Mr. Nixon can possibly provide that leadership?

Senator GOLDWATER. I think he can and I think he is.

Again I am getting back to the major field of foreign policy. I think he is doing a job that no American really questions.

In the domestic fields it is becoming more and more almost impossible for a President to offer the kind of leadership that say a Franklin Roosevelt, or a Harry Truman could, because we keep forgetting that the Congress no longer has any power over the so-called domestic problems. When we create a bureau, we kiss goodbye to Congress' power. So does the President kiss goodbye to the power of the White House. The real power in this government to get something done rests with these innumerable bureaus with the power that they have that is greater than the Congress or the President. So I don't think you are going to find any President, whether he be Nixon, or whoever might be the next Republican to come along, I don't know, that we will be able to get this government back in line until we get a Congress with enough courage to say to the bureaus, "Look, fellows, you have gone too far and so have we. We are going to start cutting you down until your power is no greater than ours, or is not as great as ours."

Mr. DUKE. Senator, you say you would like to see all of this over with, that you would like to see the President impeached or that Congress and his critics get off his back, but isn't this going to go on for a long time now because we are going to have the court trials, the special prosecutor will continue his investigation, and the impeachment process itself will go on for a considerable period?

In the light of this, do you think we might reach a period, because of the point that you just mentioned a moment ago about the need for leadership where the President should be removed for the good of the country?

Senator GOLDWATER. I will say what I have said before on that question. I think if that time ever comes that the President himself would be the first one to recognize that his remaining in office would be a detriment to the future of America and he himself would step down.

Mr. SPIVAK. Senator, the Christian Science Monitor quoted you as saying in the interview that was published on the 17th of December—and again I quote—"I don't think the American people worry about morals as long as they sense there is a leader in the White House."

Now, what do you mean by that? Do you really think the American people are not concerned about the moral position of the President?

Senator GOLDWATER. Well, I hate to plug any books on your program but there has been a book written by Hope Rydings Miller, something about the scandals in the presidency, and after I read her manuscript I said I would add only one paragraph. After having gone through everything from George Washington to the present days, that it is rather obvious that the American people don't worry about the morals of their leaders as long as they are leading. And I think I could make a pretty good defense of that, but I don't want to get personal on this program.

Mr. SPIVAK. Now, while we are on that, I would like to quote something else you said and that is that there is not a man in the Senate who couldn't be gotten on charges similar to those leveled against former Vice President Agnew if somebody wanted to make out a case about their campaign donations.

Now, did you say that?

Senator GOLDWATER. Yes, I said that and I mean it.

Mr. SPIVAK. Would you tell us what you meant by that?

Senator GOLDWATER. There is not one of us who has run for office who hasn't been given money. We have to have money to run.

Now, usually this money is gathered by a committee headed by a friend who is chairman, but inevitably there comes that time or times when a man will say, "Well, if I am going to give him money, I want to hand it over myself."

So let's say some friend, or supposed friend, or man I don't even know, comes in my office and hands me a check or hands me some money. And then later on, in an effort to get me someone who knew that that man was in my office and gave me that money, to get that man—say the Internal Revenue got something on him—not bad, but enough so that it could worry the man, and he was told, "Look, if you will do this, we will do that." So he is willing to make a statement that "Yes, I gave Goldwater a thousand dollars and I got a favor out of him."

This is what I was referring to and every one of us in public life, or every one that I know, has had experiences that could be turned in, not necesarily to the resulting Agnew experience, but to the experience that he was going through at that particular time.

Mr. SIDNEY. Senator, over these last few months have you ever been approached by other prominent Republicans to join a group to go and ask the President to resign?

Senator GOLDWATER. No.

Mr. SIDNEY. Have you ever thought of that yourself personally?

Senator GOLDWATER. No, and I don't think I would because I don't think it is the prerogative of one man to put himself above 46 or 47 million Americans who voted for Mr. Nixon, or the 23 or 24 per cent of the American people who still believed that he should be the President.

I can't imagine myself ever assuming that I had enough power or prestige to do such a thing and I think the President would throw me out of the office if I ever did it.

Mr. EVANS. Senator, last fall you made a very strong speech before the Wings Club in New York concerning the deterioration of our air defenses primarily and the corresponding build-up of the Soviet arsenal and, given your concern on this issue, on defense generally, about which you have spoken many times over the years, do you think the policy of this administration to encourage the export to the Soviets of various kinds of advanced technology—to take a specific example, the Kama River truck deal in which we are building a billion dollar truck factory for the Soviet Union with obvious military applications—do you believe this is a wise policy?

Senator GOLDWATER. I do. Although it is not easy to explain.

While I look upon the Soviet as our No. 1 potential enemy in the world, and I am certain they are ahead of us now in every field of military except experience, I'd still rather talk than fight and if we can, by exploiting their economic weaknesses, help them if we at the same time can impress their people with the fact that we want to help, not fight, we might come to the day when we could look hopefully for a detente. I don't think we are even close to it now.

Mr. EVANS. Are we exploiting their weaknesses or showing them up?

Senator GOLDWATER. Well, I think we are doing a little of both. I was in Iran just a few weeks ago, went through one of the most modern steel rolling mills I have ever been in. We have nothing in this country like it. It was built by the Soviets. I would rather have had the United States build that but the Soviets are there and they are all over the world doing these things.

Now, if we can help, if we can avoid a direct confrontation by selling them things—I don't advocate giving them things or selling them wheat or anything else below cost—if we can avoid conflict, or prolong the period of discussion, then I would be in favor of doing that.

Mr. NEWMAN. About two minutes left.

Mr. DUKE. Senator Goldwater, you have emerged in the past year something of a political folk hero with many of your old enemies praising your candor and outspokenness and some people referring to you as the new conscience of the Senate.

Does this make you feel as if you were a man whose time may have come too soon?

Senator GOLDWATER. No, I just think my friends are kind of hard-up.

Mr. DUKE. Would you like to run for President again?

Senator GOLDWATER. No, sir. I have had that honor and I think one time around that track's enough.

Mr. SPIVAK. Senator, during the past few months at least there has been a great deal of pessimism about the future of this country. Now, I don't know from what you have said whether you are pessimistic or optimistic, but I would like to know.

Senator GOLDWATER. Well, I am the most optimistic guy in the world about America. I think if the Congress would get off the backs of America and let America go, let the enterprise system work, encourage young people, not try to bribe them, I think if we would find schools teaching Americanism and extolling patriotism and teaching the Constitution, if we would find families willing to devote time with their kids, there is nothing that can stop this country.

Lord, we are not in any way near the hardship we were when my grandfather got on a horse—

Mr. SPIVAK. You are not suggesting we ought to get rid of Congress altogether, are you?

Senator GOLDWATER. There are times when I wish they would go home and stay a long, long time. I think they ought to take a vacation every month and go home and find out what it is that is cooking, to tell you the truth.

No, I think this country can go on forever if we are not interrupted by the political whimsies of 500 people.

Mr. NEWMAN. Thank you, gentlemen. Our time is up.

Thank you, Senator Goldwater, for being with us today on MEET THE PRESS.

S. 1539, THE EDUCATION AMENDMENTS OF 1974

Mr. PELL. Mr. President, during the past few weeks I have received a large number of letters and telephone calls from members of the elementary and secondary education community reflecting their concern about the possible expiration of the provision of the General Education Provisions Act popularly known as the Tydings amendment. That provision allows State educational agencies to carry over unexpended education funds into the fiscal year succeeding that in which such funds were appropriated. This authority will, under existing law, expire at the end of fiscal year 1974.

Originally enacted in 1968, this provision has proved of invaluable help to State education officials in allowing them to spend their Federal funds wisely, without the usual requirement that appropriations—often not made until late in the fiscal year—be spent quickly or revert to the Treasury. This year the need for carryover authority is even more crucial, as the administration has only recently released $466 million in illegally impounded education funds. To insist that these funds be spent before June 30 is to encourage their waste.

The Subcommittee on Education, which I chair, is aware of these substantial concerns and is attempting to be responsive to them. S. 1539, the Education Amendments of 1974, was ordered reported from the subcommittee to the full Committee on Labor and Public Welfare on December 19. It is my hope that it will receive speedy full committee consideration and floor action within the next month and a half. The bill, as currently drafted, not only extends the applicability of the current provision for 5 years, but also allows an extra year of carryover authority for any funds which were made available to the recipient as a result of a judicial proceeding. This would allow carryover of both the impounded fiscal year 1973 funds just released by the administration and the just enacted fiscal year 1974 appropriations for education through fiscal year 1975. This would ease the difficulties which State and local school officials now face as decisions must be made for the coming school year.

I would like to assure my colleagues that I will do everything in my power to expedite consideration of this important legislation as a part of the larger extension of basic Federal authorities in the field of elementary and secondary education.

OIL COMPANY PROFITS

Mr. PERCY. Mr. President, the after-tax profits of the oil companies have increased dramatically over the past 12 months and are now at record levels. During the third quarter of 1973, Exxon, the world's largest oil company, increased its profits by 80 percent, while Royal Dutch Shell, the world's largest non-American company posted a spectacular 273-percent increase for the same period. Standard Oil of Indiana increased its profits by 37 percent; Gulf, 91 percent; Mobil, 64 percent; Getty, 71 percent; and Cities Service, 61 percent.

A Chase Manhattan Bank study, dealing with a group of 30 oil companies representing more than 75 percent of the entire petroleum industry throughout the non-Communist world, paints a similar picture for the industry as a whole. According to this report the combined net earnings for these oil companies for the third quarter of 1973 increased by 80 percent over the level of the third quarter of 1972. Profits surged an average of 59 percent for the 11 months of 1973 over the 1972 figures.

But the present situation is much too complicated to be characterized as a simple case of corporate cupidity. In 1972, the net income of the petroleum production and refining industry as a percentage of net worth was 10.8 percent, as opposed to a 12.1-percent rate for manufacturing industries as a whole. From 1963 to 1972 the net income of the petroleum industry as a percentage of net worth averaged 11.6 percent as compared to 12.3 percent for all manufacturing companies. The oil industries return of equity for the first 9 months of 1973 has increased to 13.2 percent due to the wave of price increases. Media reports indicate that industry spokesmen and some independent economists feel that the huge profit increases of the past few quarters actually represents the recovery from depressed profit levels rather than long-term real profit trends.

It should be noted that the petroleum industry will be required to secure a huge amount of investment capital for expansion during the coming year. The Chase Manhattan Bank has estimated that even before the Arab oil cutbacks that between now and 1985 the industry will need approximately $1 trillion for investment and current operating expenses to meet the world's rising energy needs. The study indicates that $600 billion will be necessary for new investment and $400 billion needed for operating expenses. By comparison in 1971 the industry's total investment over the years in fixed assets was calculated at $223 billion.

If the increased profits generated by the oil companies in recent months are seen at least partially as a "turn-around from the depressed levels of the first half of 1971 and most of 1972," then the profit prospect for 1974 cannot be so easily explained. Estimates have been made over the past few weeks by various economists indicating that 1974 oil company profits may increase by up to $24 billion over the 1973 level. This profit surge is projected to take place at the same time the profits in industry unrelated to oil are expected to decline about 8 to 10 percent from 1973 levels.

Thus we are faced with a situation where most of the major integrated oil companies will reap enormous windfall profits over the next few years due to price increases only partly justified by increased costs and by their capital investment requirements. Changes in the Federal tax laws applicable to the oil industry are clearly necessary so as to encourage investment in the domestic exploration, production, and refining facets of the industry. We must examine various alternatives, such as decreasing the amount of the oil depletion allowance, removing deductions for intangible drilling costs, ending the writeoff now permitted for foreign taxes and royalties against the U.S. tax bills, and an excess profits tax. These tax law amendments would also be designed to prevent the oil companies from earning astronomical short-run profits due to the current shortages and to assure the American public that its sacrifices have not been undertaken merely to add to already overflowing corporate coffers.

Even some of the major oil companies are coming to recognize that a major overhaul of the Federal tax laws relating to the oil industry is needed. A Shell Oil Corp. advertisement in the January 18, 1974, edition of the New York Times stated that—

> We believe that the oil industry must and will accept the fact that for the next few years some form of control on domestic crude oil production profits may be in the general interest as prices rise toward current world levels.

This is a hopeful sign, but greater flexibility in this regard will be required in the future.

Mr. President, I hope that we will conduct our discussions and debates about the energy crisis and related problems in this second session of the 93d Congress in a spirit of openness. The mood of recrimination and the desire for punitive actions against the major oil companies was not hard to detect among my

constituents. I trust that we will all show a willingness to see both sides of the issues presented as well as a desire to act with dispatch once the facts are known.

In my efforts to learn the facts about the petroleum product shortages we now face, I have been studying a package by materials prepared by the Congressional Research Service. I have found it most helpful and without objection I ask that it be printed here for the behalf of my colleagues. The articles included are "History and Evolution of the Oil Industry," by Richard G. Howard; "Industrial Organization Theory and the Oil Industry," by Douglas N. Jones; "Some Considerations of Alternative Market Structures for the Domestic Oil and Gas Industry," by Douglas N. Jones; "Summary of Provisions of the Internal Revenue Code Affecting Energy Resources, Production and Consumption," by Jane Gravelle; and "The Gasoline Shortage—Rationing Versus a Higher Tax," by Valerie Amerkhail.

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

HISTORY AND EVOLUTION OF THE OIL INDUSTRY

I. THE BEGINNING

The oil industry can best be viewed against a brief review of the history of oil in the United States. So far as records of the oil industry tell, the first company formed in the U.S. devoted to petroleum was the Pennsylvania Rock Oil Co. which produced its first gusher in 1861. As far back as 1865 John D. Rockefeller started to refine oil in Cleveland. Two years later, the firm of Rockefeller, Andrews & Flagler was formed. It took over a group of refineries around Cleveland, which was then the center of the industry. In 1870 the partnership had grown to the point that it was decided to form a corporation, which gave birth to the Standard Oil Company of Ohio.

The period from 1865 to 1878 marked the beginning and gradual rise to supremacy of the Standard Oil combination. By 1878 this group held enough of general business and physical facilities to warrant the statement that it controlled 80–90% of the country's oil industry.[1] Standard Oil's success was due largely to their rapid expansion into the field of transportation. Between 1869 and 1879 Standard had bought out almost every transport facility in the oil regions of the country. Together with the United Pipe Line Company they controlled a majority of the pipe line facilities in the United States. This position was further enhanced through agreements with the New York Central Railroad which gave Standard control of all terminal oil handling facilities in New York City. Furthermore, the company owned or leased almost all of the oil tank cars on the Erie, New York Central, and Pennsylvania railroads.

In 1881 concentration in the industry was further bolstered by the Standard Oil Trust, an agreement to place all of the stock of Standard's various companies in the hands of trustees. In the formation of the Trust thirty-nine companies signed agreements and subsequently they were merged into twenty. Growth and prosperity marked every turn of the Trust until 1892 when the State of Ohio filed an ouster suit against the original Standard of Ohio. As a result of this litigation the Trust was dissolved and the dissolution was followed by the distribution on a pro rata basis of the stocks of subsidiary companies owned to holders of the trust certificates. Control rested in the same hands as before, however, as the largest holders of trust certificates naturally received the greatest amounts of stock in the pro rata distribution. In 1899, the Standard Oil Company of New Jersey was formed, and this was later to become the holding company for all the separate units which the Standard Oil Trust, its predecessor, had been forced to yield up.

Horizontal integration in refining and vertical integration into the areas of transportation, marketing, and crude production brought the Standard Oil group's holdings to a total of 67 companies in 1907. The companies owned or controlled included 9 refining companies, 5 lubricating oil and compounding companies, 3 producing companies, 12 pipe line companies, 6 marketing companies, 16 natural gas companies, and 15 foreign companies.[2] This list only relates to the principal activities of the companies; a substantial number of them were integrated concerns operating at more than one level of the industry.

The year 1911 marked an important turning point in the development of the oil industry. Prior to this time the entire industry was dominated by the Standard Oil group. In 1911 the group was broken up into 34 independent companies, out of which ultimately came a number of new and powerful competitors. Also, in the period before 1911, the chief product of the industry was kerosene, of which one-third to one-half was sold in foreign markets. In the period after 1911 the principal product was gasoline, a product much more important to the domestic market than the foreign.

Dissolution of the Standard group in 1911 left former members of the combination with varying and unequal degrees of vertical integration and size. In fact, among the former subsidiaries, Standard of California was the only completely integrated company after dissolution, whereas Atlantic Refining, Indiana Standard, and Standard of Ohio were left with marketing and refining facilities, but no transportation or production capabilities. The parent company, Standard of New Jersey, also found its facilities lacking after the split, with only a small remaining pipeline capacity, and crude oil production that was insufficient to meet its refineries' needs.[3] Under these conditions there was a strong tendency for the separate companies to continue trade relations as they had been prior to 1911. However, with new crude discoveries and increasing demand, the former family of companies began to expand and integrate themselves which ultimately resulted in greater competition within the industry. By 1919 an industry structure had emerged including companies such as Gulf, Shell, Phillips, Sun and Cities Service, all competing fiercely with Standard of New Jersey and the other Standard companies for greater shares of the business.

From 1920 to 1950 the oil industry continued to grow and integrate with new companies coming and going as economic conditions allowed. During this period all sectors of the industry grew; producing, refining, transportation, and marketing, with integration moving vertically and horizontally. By 1950 integrated companies owned or leased about 68% of the industry's refineries, 90% of the product pipelines, 48% of the tankers, and 52% of the retail service stations.[4] The reasons why vertical integration has swept through the industry also help to explain the rapid growth which took place during this period.

II. REASONS FOR INTEGRATION

About 20 large integrated companies dominate the oil industry today. They have achieved and held this paramount position due to a number of general and transitory conditions that have occurred since their inception. The general conditions which have favored the growth and development of integrated companies include the behavior of profits among the various sectors of the industry, the economic characteristics of the physical facilities needed to engage in the business, and the nature of the management decision making process.

Evidence exists to suggest that profits fluctuate at the various levels of the oil industry both over time and in direction. As a result, vertical integration provides a means for a firm to stabilize its overall earnings. Profit levels in the refining sector have been highly unstable, and integration both backward and forward has provided a vehicle for stability over the years. Fluctuations in profits have been caused by several factors including: uneven flows of capital into the various segments of the industry; the fact that prices of crude oil and finished products respond differently to changing market conditions; some aspects of the business are riskier than others (such as drilling and exploration); and supply-demand relationships are often uneven for various periods of time. Since little can be done to avoid these problems, and profit stability is highly desirable to the firm, we can assume that the oil companies will continue to integrate as long as such benefits accrue and they are not prevented from doing so.

The economic characteristics of the physical facilities needed to produce oil are also significant in producing favorable conditions for vertical integration. Many of the physical assets needed involve large capital outlays, are extremely vulnerable to reductions in output, and are often dependent on supporting investments in other phases of the business for their competitive effectiveness. Because of these characteristics investments in the oil industry have often been associated with high risks. Vertical integration has helped to reduce this specter.

The average size of refineries has steadily increased over time driving capital requirements higher and higher. It is not uncommon today to expect an efficient refinery to cost in excess of $200 million. Since a refinery can be used only for the purpose of processing crude oil it becomes necessary to insure that adequate transportation facilities and crude supplies are readily available. If these conditions are not met, the return on refinery investment may fall to a point where capital will flow away from refining into more profitable investments. [For example, the Transco Companies recently announced (November 26, 1973) that they have postponed their plans to participate in a $635 million refining complex to be built in Virginia and North Carolina. They withdrew their support due to the unavailability of long term contracts for crude oil.] Vertical integration has been a means of protecting refiners in these areas where they are most vulnerable to changes in supply and competition. The same conditions exist in other segments of the industry such as pipelines and marketing. The return on pipeline investment depends largely on the users located at both ends of the facility. If crude supplies diminish or refinery demand drops pipeline operators suffer from reduced operating capacity. Significant risks in pipeline investment can therefore be modified by ownership or control of facilities served by the line. Marketing outlets also suffer during periods of tight supply as witnessed by the current fuel shortages. Independent marketers not associated with integrated companies have been the first to close down due to shortages while most branded dealers have survived. Backward integration has served here to protect the marketing interests of the majors by insuring that their facilities will be first to receive scarce supplies.

A third factor that has made vertical integration favorable to the oil industry involves the nature of management in plan-

Footnotes at end of article.

ning and control. Since the success or failure of investments in any one segment of the industry often depends heavily on corollary investments in other phases, it is highly desirable to have knowledge of these interrelationships so that projects can be correlated with one another in respect to size, time, and place. In an integrated company management can plan capital investments on a coordiated basis and in such a manner that funds invested in one sector of the business will complement those made at other levels. Coordination of logistical needs can also be improved in an integrated firm since management is more aware of the overall demand-supply situation.

Several transitory conditions have also existed during the development of the oil industry to provide further incentives for vertical integration.

In the period from about 1911 to 1920 two conditions existed that made vertical integration highly desirable. The first was the rapid development of the automobile industry which brought with it an ever increasing demand for gasoline. The emergence of the automobile made it necessary to find new methods of distribution. Many refiners therefore integrated forward into marketing operations to provide outlets for their products.

The second condition that prompted vertical integration during this period was World War I. Shortages of all petroleum products during the war forced refiners to integrate (backward) into crude oil production to assure adequate supplies for their refining facilities and marketing operation. Further integration into the transportation segment was a natural means for these companies to become self-sufficient and to insure that all sectors would be supplied on a timely basis.

The period from 1920 to 1935 brought forth additional transitory conditions favorable to vertical integration. Great amounts of crude supplies discovered during this time resulted in new competition among producers which enticed many to integrate forward into refining, transportation, and marketing to secure product outlets, and as a means of survival among established integrated firms. The forward integration of producers, in turn, convinced refiners and marketing firms to undertake various forms of integration to protect their outlets from being taken over by newcomers to the field. Also, the general intense competitive mood of the times moved many companies to attempt integration as a means of cutting costs and improving efficiency.

The large crude oil supplies brought under control by the enactment of conservation laws in the 1930's made it less desirable than before for crude producers to integrate forward. However, since several of the laws removed opportunities that refiners previously had to buy crude at low prices in periods of oversupply (but no protection against high prices when shortages prevailed) they made backward integration by refiners quite desirable.

The period from World War II to 1950 also brought conditions favorable to vertical integration. The enactment of the excess profits tax prompted Standard of Ohio to embark on a major crude producing project in 1942 that was followed by other companies fearing they would be left behind. The tax provisions for expensing intangible drilling costs were such that a company could expand its producing operations on a favorable basis when it was exposed to high tax rates. Also, inflationary pressures suggested to many firms that funds invested in producing properties would act as a hedge against a long run depreciation in the value of the dollar.

Severe shortages of petroleum products after the war made it desirable for both refiners and marketers to integrate backwards as a means of securing and protecting their sources of supply. The development of new heating oil markets also created opportunities for refiners to move into the marketing end of this rapidly growing field.

All of these conditions have contributed to the structure of the oil industry today. While many firms operate at all levels of the industry, the field is still dominated by 18 to 20 large vertically integrated companies. Concentration within the industry can best be expanded by looking at the various segments individually.

III. CONCENTRATION WITHIN THE INDUSTRY

Concentration in crude oil production has increased markedly over the past two decades. A 1952 study of domestic crude production showed that the largest 20 companies accounted for 48% of U.S. crude production. The top 4 and 8 companies produced 19.2% and 32.8% of the total respectively.[6] By 1960 these figures had increased to the point where the top 4, 8 and 20 companies produced 26, 43 and 62% respectively. In 1969 concentration was even greater with the top 4, 8 and 20 firms producing 31, 51, and 70 percent of the average daily barrels of domestic crude.[6] In 1952 the smaller companies were still an important part of the production sector of the industry. Today with the 20 majors supplying 70% of domestic production, the small producers wield considerably less power than ever before. While the smaller companies appear to have lost ground domestically, they have never been a significant factor in control of foreign sources. Until recently the 8 largest U.S. firms together with several foreign companies have enjoyed almost complete control over Middle-Eastern crude supplies.

Another measure of concentration within the production sector is the amount of domestic proven reserves owned by firms in the industry. Estimates published in a recent FTC study indicate that in 1970 the top 4, 8, and 20 firms had approximately 37, 64, and 94 percent respectively of domestic crude proven reserves.[7] With the top 20 firms holding 94% of domestic reserves it is clear that concentration in the production segment is even greater than the crude production data given above would indicate.

The refining sector is also heavily dominated by the 20 major companies, although the increase over 1950 figures has not been as great as in production. In 1950 the top 20 firms controlled about 80% of the crude domestic refining capacity, up from approximately 53% in 1920.[8] By 1970 crude capacity of the largest 20 had reached 86%, while the top 4 and 8 firms accounted for 33 and 58% respectively.[9]

Transportation has also been an extremely important part of the oil industry. Near total domination of oil transport facilities by the Standard Oil trust in the period from 1869–79 was one of the most significant factors that enabled the Standard companies to grow and hold their paramount positions today. Ownership of ocean going tank ships, railroad tanker cars, and crude and product pipelines has made it possible for the majors to move their products and crude supplies much more economically than if they were carried by commercial shippers. With shipping costs recently skyrocketing the majors have a decided edge over their smaller competitors that must depend on outside transport facilities.

The major companies currently own or lease about 40% of the oil tankers in the non-communist world, which amounts to nearly half the tonnage.[10] Of the 175,000 miles of interstate U.S. pipelines that are regulated by the Interstate Commerce Commission the major companies own or have interests in 121,000 miles, or 69%.[11] Pipelines are normally the most economical form of bulk land transportation in the oil industry. Approximately 75% of the crude oil and 27% of refined products are carried via pipelines.[12]

Marketing is probably the most competitive segment of the oil industry. One of the major reasons for this is that entry into the market is relatively easy, and can be accomplished with a much lower capital investment than in any other area.

There are approximately 218,000 retail gasoline stations in the U.S. today, down from a high of nearly 223,000 in 1969. The ratio of branded stations to independent is about 3 to 1, although the recent energy crisis has probably changed this ratio somewhat due to a number of independents having gone out of business. The latest data available from the Society of Independent Gasoline Marketers of America (SIGMA) indicates that between January 1 and October 5, 1973, 1,495 independent stations have permanently closed their doors with another 1,673 stations temporarily closed. Additionally they report that 10,759 outlets have curtailed their hours of operation and during this period 12,235 jobs have been lost or curtailed. These figures are based on 35% of independent marketers that comprise the membership of SIGMA, and therefore may understate the nationwide situation for independent firms. While the physical number of independent retailers may be decreasing, their overall share of gasoline sales has risen over the last two decades. In the early 1950's independents accounted for about 10% of gasoline sales. In 1970 their market share had increased to about 21% (top 20 held 79%).[13] Although the independents have made progress, they are the first to suffer in times of shortages.

While most of the previous data indicates increasing domination by the top 20 firms in all phases of the industry, it should be stressed that, in comparison with other U.S. industries, the concentration is not extremely high. For example, in each of the following industries the largest 8 firms produced more than 60% of the value of shipments accounted for in 1963: tobacco, greeting cards, soap, explosives, computers, tires, steel, electronic semiconductors, automobiles, steam engines & turbines, and various others.[14] Concentration within the various sectors of the oil industry is not abnormally high when compared with the above industries. However, the fact that the top 8 companies are integrated and hold dominant position in all phases of the industry lends weight to their power at any one level. Acting together the 8 major firms undoubtedly wield tremendous influence over the entire industry.

Overall, the structure of the U.S. Oil industry is not much different today than it was in 1950. The current energy crisis does, however, raise questions about the future prospects of the major firms. While no one suggests that any of the majors will face bankruptcy, it is expected that scarce crude supplies will translate into lower profits, and hence discourage expansion at a time when it is most needed.

IV. OIL INTERESTS IN OTHER FORMS OF ENERGY

It is obvious that no company will be willing to expand downstream operations when they are unsure of their future supplies of crude oil. As crude supplies diminish, the majors will undoubtedly shift their resources to exploration activities and alternate sources of energy. A reduction in marketing operations is already apparent among the majors who have recently sold off a number of their retail marketing outlets.

Many of the major companies are already involved in the research and production of other types of fuel. For many years the oil industry has also been a major producer of natural gas which is often found in conjunction with oil. Many of the majors are heavily involved in projects to extract oil from shale

Footnotes at end of article.

rock and the liquification and gasification of coal. Several of the majors also hold interests in coal production and the fabrication of nuclear fuels. A recent study of the subsidiaries of 23 major oil companies revealed the following interests in coal and uranium.[15]

Exxon—has coal interests through Monterey Coal Co., a subsidiary of Carter Oil Co., which is owned by Exxon. (No production figures available.)

Continental Oil Co.—owns Consolidation Coal Co. which produced 58.5 millions tons of coal in 1972.

Gulf Oil—owns Pittsburgh & Midway Coal Mining Co. which produced approximately 7.5 million tons in 1972. (Figures given as 21,000 tons a day.)

Occidental—owns Island Creek Coal Co. which produced 22.6 million tons in 1972.

Standard Oil of Ohio—owns Old Ben Coal Corp. and subsidiaries which produced 11.2 millions tons in 1972.

Ashland Oil Co.—has a 45% interest in Arch Mineral Corp. and a 30% interest in Southwestern Illinois Coal Corp. which produced 4.4 and 1.4 million tons respectively in 1972.

Total interests (excluding Exxon) amount to 105.6 million tons produced in 1972. Standard & Poor's Industry Surveys indicate that the total U.S. production of coal in 1972 was about 600 million tons. Therefore, the combined interests of the oil companies named above would be about 18%.

Lack of quantitative data makes it impossible to estimate the market shares held by oil companies in the fields of nuclear fuels and uranium mining. We have listed below available information concerning the interests of oil companies in this area.

Atlantic Richfield owns ARCO Nuclear Co., which produces uranium and plutonium bearing fuels.

Standard Oil of California is currently involved in several joint ventures exploring for uranium in the U.S. and Australia.

Continental Oil holds a 51% interest with Nuclear Inc. in a project for the construction and operation of uranium mines and milling facilities in Texas. The project has an estimated annual output of 1,500,000 pounds of U-308.

Standard Oil of Ohio has a 50% interest in uranium deposits in New Mexico and is currently exploring for new sources on several adjacent properties. The company has plans to construct facilities to mine and mill 1000 tons of ore per day. The plant is expected to be completed in about 3 years.

Gulf Oil has a 57% interest in Gulf United Nuclear Fuels Corp., which owns uranium interests in New Mexico, Wyoming, Utah, Colorado, Montana, and Canada. The company engages in mining, processing, fuel fabrication, sales and research, and has interests in a 3000 ton a day processing mill. Also, the Gulf Energy & Environmental Systems Co. produces nuclear fuels, nuclear reactors, and conducts research in this field.

Exxon owns uranium mines in Converse County, Wyoming, and a processing mill handling 2000 tons of ore per day. Jersey Nuclear Co., a division of Jersey Enterprises (owned by Exxon), fabricates and sells nuclear fuels.

V. INDUSTRY PERFORMANCE

An analysis of oil industry profits by major divisions (production, refining, transportation, and marketing) is not possible because the major integrated companies report income only on the basis of overall operations. However, data are available to make a comparison of industry profits over time, and the performance of the major companies in relation to the industry.

Table I gives data for 30 oil companies as reported by the Chase Manhattan Bank's annual analysis for a group of petroleum companies. The data indicate that although both revenues and profits have increased in each subsequent year, profit margins and return on net worth have fluctuated. The profit margin in 1972, 6.5%, is the lowest ever for this group of 30 companies, down from 6.9% in 1971. This low margin is directly attributable to rising costs for day to day operations, interest expenses, and taxes. Direct taxes paid in 1972 amounted to $15.4 billion, 20% higher than in 1971. Income taxes were $10.3 billion, a rise of 22.5% over 1971. These 30 companies paid out $1.8 billion in interest expense in 1972, 11% more than in the previous year. Overall costs rose by 8.2% from 1971 to $74.4 billion, a figure which represented 70% of the groups total revenue.[16]

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TABLE I.—SELECTED FINANCIAL DATA FOR 30 OIL COMPANIES

[Dollars in millions]

Year	Revenues	Net income after tax	Percent profit margin	Percent return on net worth
1952	19,458	2,020	10.4	13.4
1957	31,162	3,100	10.0	12.4
1962	37,473	3,344	8.9	10.0
1967	55,921	5,402	9.7	11.9
1972	106,278	6,860	6.5	9.6

Source: Chase Manhattan Bank: Financial analysis of a group of petroleum companies, 1953, 1958, 1963, 1968, 1973.

Return on net worth also dropped in 1972 to 9.6% from 10.7% a year earlier. The decline in return on net worth was the fourth in the last five years, an unfavorable trend which has made the industry more dependent on borrowed capital. In three out of the last five years. The oil industry has experienced a return on investment less than that for all manufacturing. The decline has resulted mainly from falling earnings outside the United States. Rate of return on foreign operations plunged from 12.5% in 1971 to 9.9% in 1972.[17] Such low rates of return are inadequate relative to the group's enormous capital needs, and a continuation of low returns could ultimately lead to reduced capital needs, and a continuation of low returns could ultimately lead to reduced capital expenditures and further energy shortages.

The first nine months of 1973 has seen earnings soar for the oil industry, with revenues up 22% and profits up 47% over the same period of 1972.[18] Earnings have risen because the industry has been operating at peak capacities since the beginning of the year. Profit margins in each of the first three quarters of 1973 have exceeded 1972's figures, and the latest 12 months return on net worth (as of 9/30/73) has jumped to 13.2%.[19] Better earnings this year should enable the oil industry to increase its capital spending programs for refining capacity, exploration, and research and development. However, recent estimates indicate that between 1970 and 1985 the world wide oil industry will need $1 trillion for investment and operating expenses to meet rising energy needs.[20] The industry traditionally has had to generate about 80% of its own new investment capital because of the high risks involved in oil operations. It is estimated that in order to meet its investment needs the industry's profit margin will have to rise to nearly 16%, an expansion which seems highly unlikely. Before the current Middle East crisis it was thought that the industry would have to borrow 40% of its expected capital needs. Now, with dwindling profits possible in the coming year the oil companies may have to go into debt even more heavily than expected. Altogether, the oil industry has been quite profitable for many years, with recent fluctuations over the past five years being more the exception than the rule. The eight largest companies have contributed a great deal to the industry's overall prosperity.

Table II lists data for 8 major oil companies for the same 20 years period covered in Table I. In the years 1952 and 1967 five of the eight majors had profit margins above the composite for 30 companies shown in Table I. In 1957 and 1972 four were above and four were below, while 1962 showed 5 below and only 3 above. Return on net worth has been better, with 5 or more companies above the average in each year except 1952 and 1967 when 4 were above and 4 were below. In the first three quarters of 1973 only two of the eight companies turned profit margins lower than their 1972 figures, and all but one enjoyed increasing returns on net worth. Overall, the eight majors have generally fared better than the industry as a whole, a trend which is not uncommon for the leaders in any industry.

One question that remains is whether the oil industry (and especially the 8 leaders) has been more profitable than other American industries. Table III indicates that over the last five years the oil industry has not received particularly high returns on investment when compared to other industries, or the average for all manufacturing. Also, while 1973 oil profits have been quite high, percentage increases for the third quarter 1973 over 1972 were exceeded by several other industries including steel (up 101%), metals and mining (up 82%), and paper (up 74%). Table IV shows that when compared to the leaders (of similar asset size) in other fields (in 1972), the top five oil companies produced only average returns on net worth.

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TABLE II.—SELECTED FINANCIAL DATA FOR 8 MAJOR OIL COMPANIES

[In millions of dollars]

	Revenues	Net income after tax	Percent profit margin	Percent return on net worth
Exxon:				
1952	4,050.8	520.0	12.8	16.6
1957	7,830.3	805.2	10.3	14.0
1962	9,536.9	840.9	8.8	11.1
1967	13,266.0	1,232.3	9.3	13.0
1972	20,309.8	1,531.8	7.5	12.5
Mobil:				
1952	1,560.6	171.1	11.0	11.3
1957	2,976.1	220.4	7.4	9.3
1962	3,933.3	242.3	6.2	8.2
1967	5,771.8	385.4	6.7	10.0
1972	9,166.3	574.2	6.3	11.2
Texaco:				
1952	1,510.1	181.2	12.0	13.7
1957	2,344.2	332.3	14.2	16.2
1962	3,272.1	481.7	14.7	14.8
1967	5,121.4	754.4	14.7	15.3
1972	8,692.9	889.0	10.2	12.4
Gulf:				
1952	1,528.8	141.8	9.3	13.0
1957	2,730.1	354.3	13.0	16.2
1962	2,836.3	340.1	12.0	10.6
1967	4,202.1	578.3	13.8	13.1
1972	6,243.0	197.0	3.2	3.6
Shell:				
1952	1,142.6	90.9	8.0	15.2
1957	1,764.6	135.1	7.7	13.8
1962	1,960.7	157.7	8.0	11.2
1967	3,073.2	284.8	9.3	13.8
1972	4,075.9	260.5	6.4	8.9
Standard of Indiana:				
1952	1,592.1	119.9	7.5	8.8
1957	2,010.1	151.5	7.5	7.5
1962	2,147.8	162.4	7.6	6.6
1967	2,918.1	282.3	9.7	9.5
1972	4,503.4	374.7	8.3	9.9
Arco:				
1952	602.8	40.5	6.7	10.7
1957	565.9	25.3	4.5	7.4
1962	580.7	46.3	8.0	7.7
1967	1,276.8	130.0	10.2	10.2
1972	3,320.7	195.6	5.9	6.6
Socal:				
1952	1,015.3	174.9	17.1	15.0
1957	1,650.8	288.2	17.5	15.5
1962	2,150.9	313.8	14.6	11.6
1967	3,297.8	421.7	12.8	10.8
1972	5,829.5	547.1	9.4	10.5

Source: Moody's industrial manuals and annual Fortune 500 listings.

Footnotes at end of article.

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TABLE III.—PERCENT RETURN ON NET WORTH FOR SELECTED U.S. INDUSTRIES

Industry	1972	1971	1970	1969	1968
Soft drinks	22.4	23.1	22.7	22.5	22.7
Soap, cosmetics	20.4	19.3	18.7	18.6	18.9
Drugs and medicines	19.7	19.0	18.8	17.0	19.8
Autos and trucks	17.2	15.0	5.8	13.8	16.6
Instruments, photo goods	16.8	15.4	15.8	18.7	19.2
Tobacco products	16.2	16.6	16.4	14.6	14.6
Hardware and tools	15.9	12.5	12.5	16.5	16.7
Household appliances	15.4	12.1	11.9	13.5	14.0
Brewing	14.7	15.8	16.0	13.2	13.2
Lumber and wood	13.9	11.2	10.2	15.2	14.1
Furniture	11.6	11.9	8.4	12.4	11.3
Chemical products	11.3	9.7	9.7	11.4	11.7
Petroleum production and refining	10.8	11.2	11.0	11.9	13.1
Cement	8.8	7.6	6.1	7.1	7.5
Aerospace	8.8	6.3	6.7	11.4	13.9
Textile products	7.8	6.6	6.4	8.8	9.8
Meatpacking	7.1	7.7	6.6	9.4	8.3
Iron and steel	6.2	4.6	4.6	7.4	8.5
Total, manufacturing	12.1	10.8	10.1	12.4	13.3

Source: First National City Bank: Net income of leading corporations 1968–72.

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TABLE IV.—RETURN ON NET WORTH FOR SELECTED COMPANIES ARRANGED BY ASSET SIZE, 1972

Asset size	Percent return on net worth
$15,000,000,000 and above:	
Exxon	12.5
A.T. & T.	9.0
Bank America	13.2
General Motors	18.5
Average	13.3
$10,000,000,000 to $15,000,000,000:	
Aetna Life and Casualty	10.9
International Telephone & Telegraph	13.4
Ford	14.6
Texaco	12.4
IBM	16.9
Average	13.6
$5,000,000,000 to $10,000,000,000:	
Gulf	3.6
Sears Roebuck	13.8
Mobil	11.2
United States Steel	4.4
GE	17.2
Standard Oil (California)	10.5
Average	10.1

Source: Standard & Poor's corporation records and the Fortune 500 listings from Fortune magazine.

IV. SUMMARY

In summary it is apparent that the structure of the oil industry is little different today than it was in 1950. The top 20 companies, and in particular the largest 8, have dominated the industry through their immense size and their diversity, which has grown by vertical integration and expansion into world wide markets. Together the major companies' economic power has served to squeeze independents at all levels of the industry.

Until recently the petroleum industry has enjoyed prosperity, with earnings that have generally been above average in relation to other U.S. manufacturers. The eight largest oil companies have enjoyed profit levels generally above the overall industry, which is normal and expected in any field. The first three quarters of 1973 have been exceptionally good for oil companies, although the current Middle East crisis casts a cloud over next year's prospects.

Recently Oil Industry profits have not been exceptionally high when compared to others in the United States, and earnings of the five largest firms are only average in relation to companies of comparable asset size. Today the oil industry is thriving, but estimates of future needs and sources of capital make the picture somewhat unclear. Diversification into the production of alternative energy sources and renewed efforts to make downstream operations more profitable will surely be important to the future viability of this industry.

FOOTNOTES

[1] The growth of Integrated Oil Companies by John G. McLean and Robert Wm. Haigh. Copyright 1954, page 62.

[2] Ibid. No. 1, page 10.

[3] The American Petroleum Industry, 1899–1959. The Age of Energy by Harold F. Williamson et al. Copyright, 1963, page 12.

[4] Ibid. No. 1, page 36.

[5] The Structure of American Industry edited by Walter Adams. Copyright 1954, page 238.

[6] Investigation of the Petroleum Industry Committee Print prepared by the FTC for the Permanent Subcommittee on Investigations of the Committee on Government Operations. U.S. Senate, July 12, 1973, page 13.

[7] Ibid. No. 6, page 14.

[8] Ibid. No. 5, page 242.

[9] Ibid. No. 6, page 18.

[10] The Washington Post, November 19, 1973, "Oil Majors Squeezed at Both Ends" by Ronald Konen and David B. Ottoway. Page A10.

[11] Transport Statistics In the United States for the Year Ended December 31, 1971. Part 6, Pipelines, Interstate Commerce Commission. Washington, D.C. 1971, page 4–5.

[12] Ibid. No. 6, page 23.

[13] Ibid. No. 6, page 22.

[14] Studies in Industrial Concentration by the Conference Board, 1958–72. Copyright 1973. Appendix A, pages 42–96.

[15] Information taken from Standard and Poor's Corporation Records, 1973.

[16] 1972 Financial Analysis of a Group of Petroleum Companies: The Chase Manhattan Bank, August, 1973, page 11–13.

[17] Ibid. No. 16, page 15.

[18] Business Week magazine, November 10, 1973, "Survey of Corporate Performance: Third Quarter 1973", page 127.

[19] Ibid. No. 18.

[20] Ibid. No. 10.

[21] Ibid. No. 18, page 111.

INDUSTRIAL ORGANIZATION THEORY AND THE OIL INDUSTRY

I. STRUCTURE-CONDUCT-PERFORMANCE

Most of economic market theory assumes a premise-conclusion relationship between the structure of an industry and its conduct. Market structure is important because (the theory goes) structure determines the behavior of firms in an industry, and that behavior in turn determines the industry's performance.[1] Further the causal relationship between these three relatively distinct features is thought to be a sequential one. Hence an industry with a high degree of concentration (structure) would be expected to have a high probability of collusion on, say, output (conduct), resulting in higher prices and reduced supplies (performance).

The structural features of an industry under this system of analysis are generally described by three terms—"concentration", "product differentiation," and "barriers to entry." These terms refer, respectively, to the number and size distribution of the firms in the industry, buyer preferences for the products, and obstacles to new firms that might want to enter the industry occupied by established firms.

Measured against the test of competitiveness the significance of these features can be deduced as follows.[2] A small number of firms with a relatively large share of the market tend not to make independent decisions with respect to price and output but rather develop "oligopolistic interdependence." This phenomenon of explicit collusion or implicit understandings results from the recognition that the profits of each is dependent on the decisions of each of the others.

Briefly put, the idea is that if a firm in an oligopolistic industry (like the oil industry) with a given market share lowers its price, all others must follow it down under pain of losing their market shares. Now nobody has gained any volume (assuming an inelastic demand), and everybody is now getting fewer receipts and reduced profits. On the other hand no single firm dares raise its price unless other firms will follow, for fear of losing its entire market share. If all do follow the lead upward everybody will then have greater receipts and increased profits, though the same share of the market. The end result is that members of an oligopolistic industry are able, over time, to move prices to about the same high level that a single-firm monopolist would.

The second structural feature, product differentiation, involves real or imagined differences in a commodity as perceived by the buyer which allows a premium above the price for truly comparable products. When the differences are artificial and created by advertising the result is higher concentration and less competitive vigor. Certain stages in the oil industry (nearer the production end) can be described as an undifferentiated oligopoly, while other stages (nearer the marketing end) are best described as a differentiated oligopoly.

The third element, entry barriers, involves the ability to "over price" and thus experience supernormal profits through holding back the entry of newcomers into an industry, attracted there by the "prospect" of high profits. Erecting entry barriers can take many forms, but includes patent restrictions, withholding of facilities needed in some part of the production and distribution process, amount and availability of new finance capital, collusive agreements of various sorts with suppliers, intermediate buyers, and others.

As a system of regulating industrial organization (or even as antitrust enforcement) the "structural approach" has much to commend it. Its desirable features are seen to be relative efficiency, minimization of government interference in the management of business, enhancement of personal liberties, an emphasis on injury to consumers in terms of prices and supplies rather than on injury to competitors. It also measures up well against the tests of certainty and realism in antitrust enforcement, and offers at least two options for government. One is the traditional remedy of "trust-busting" aimed at a direct elimination of the pricing power inherent in the extremes of industry concentration. The other alternative offered by the structuralist method is focusing on the barriers to entry into an industry with an eye toward lowering them. The beauty of this last is that attacking the barriers surrounding particular industries is more feasible politically as a regulatory technique, and once the barriers have been pulled down the erosion of the oligopolists' dominance takes place "naturally" through the market's own impersonal discipline.

It seems fair to say that the era of almost total preoccupation with the "conduct approach" is rapidly giving way to one that will be dominated by the "structural approach."

Not everyone, of course, in the orthodoxy of industrial organization theory supports this apparent shift. Opponents argue that knowing the structural characteristics of a market is not enough to predict the behavior and conduct of particular firms. They cite evidence to demonstrate that a wide variety of behavioral patterns may be consistent with a given market structure. Moreover even proponents of the structural approach recognize that there may be as well a "reverse flow"—that particular kinds of conduct reflect back on market structure.

Footnotes at end of article.

i.e. causation may run the other way, from conduct to structure. Mergers and predatory practices, for example, could severely and quickly alter the structure of an industry from reasonably competitive to oligopolistic.

Perhaps the most contemporary illustrations of the two approaches—structuralist versus behaviorialist—are the report of the White House Task Force on Antitrust Policy (the Neal Report) and the report of the Task Force on Productivity and Competition (the Stigler Report), respectively.

A. Vertical integration

Vertical integration like diversification, can be a term used merely to describe the internal structure of a single business plant—its operations as a process. In this context it says nothing about power or the abuse of power and is neutral with respect to the firm's external relations.

Used in its more common sense, however, the term vertical integration describes a state which refers to activities of a company in two or more industries linking successive stages in the production and distribution of a particular product.[3] The degree of vertical integration refers to the number of stages which have become integrated under the ownership or control of a single enterprise. If the firm is primarily engaged in an earlier stage of production, then its market share of an industry at a later stage can be called an example of "forward vertical integration". It is from this same reasoning that the terms "downstream" and "upstream" expansion derive. The forms that vertical integration may take are several, varying from direct ownership by one enterprise of companies in successive stages to different kinds of contractual or other controlling devices short of outright ownership. It is widely agreed that the oil industry is a prime example of strong, vertical integration.

The effect of vertical integration on market behavior has long been a matter of interest to economists of both theoretical and public policy bent. Basically the argument centers in the effect of vertical concentration on costs, market position, and profits. The problem comes when a single firm or a group of associated businesses holds disproportionate power in its dealings with customers, competitors, or suppliers and wields it to the detriment of others and the benefit of themselves. The economic power of the vertically integrated firm (especially in an oligopolistic industry) in the most adverse case presents opportunities for unfair price discrimination, extension of monopoly power, preferential access to supplies and markets, and the squeezing of independent companies in the same or related fields.

Writing of these consequences Walter Adams states:

"Vertical power consists of market control in successive stages of production and distribution. It enables a firm or a group of firms to squeeze their non-integrated competitors, through a foreclosure of access to the market, denial of essential raw materials, or manipulation of relative prices so as to effect a simple or double squeeze. . . . It is rooted in the fact that giant companies perform the dual role of supplying raw materials to non-integrated independents, and then competing with these independents in the sale of final products. This dual role gives the integrated giants a leverage that can be exercised with deadly effectiveness." [4]

The incentive for the firm to integrate vertically is ultimately the enhancing of profits. Economists generally agree that this comes about in the following ways.[5]

1. Production costs may be cut through combining two operations under one management.

2. technological economies of scale may be allowed.

3. captive buyers may be developed, thus avoiding promotional expenses and selling costs.

4. owning several successive stages of production may permit achieving a monopoly position at one stage.

5. discriminatory pricing may be possible.

The public policy problems that surround the issue of vertical integration are not easy to resolve. Corwin D. Edwards wrote of the balance to be struck by public authority operating in this field,

It must find means to check accretions of power that end in monopoly. It must explore quasi-monopolistic relationships to determine how far intervention is desirable. It may act either by curbing objectionable behavior or by breaking up vertical integrations that lend themselves to abuse or by both methods. But it must provide satisfactory ways of limiting the private exercise of power without destroying the basic freedom of business to experiment with various types of vertical business structures.[6]

B. Concentration and scale

Most economists would say that the only long term justification for high concentration in industries is scale economies.[7] This would be the case where the technology or organization of a particular industry requires that individual firms operating there must have a large share of the total market in order to realize low unit costs and thus be able to sell profitably at a low price. To insist on deconcentration in such an industry would result in higher costs and higher consumer prices—a course which is nonsensical both economically and socially.

If it turns out, on the other hand, that the holding of large shares of an industry's total output in the hands of a few firms does not allow these efficiencies to be realized and passed on to consumers then it can be argued that there is no justification for permitting such an industry structure to exist. Unlike earlier times there now exists a substantial body of data on this matter and modern methodology allows a good bit more to be gathered and analyzed.

One approach of use here is the "minimum optimum scale" concept which attempts to measure some of the structural elements in specific industries by using a "smallest efficient" size (minimum cost) firm standard. This is the smallest size at which a single plant can be built and still realize the lowest possible per-unit costs. An early landmark study using this approach found concentration in the refining sector of the petroleum industry to be 5 times as large as it needed to be in terms of achieving all economies of scale.[8]

A later study employing a simpler technique which assumes that the "average" plant size actually found in an industry is a fair measure of "minimum efficient" size generally confirmed this finding (4.58 times as large).[9]

C. Loose and tight oligopolies

There has grown up in the literature of industrial organization the notion of "loose" and "tight" oligopolies as useful measures to apply to particular industries.[10] Loose oligopolies involve lower levels of concentration than tight oligopolies, and may lie somewhere around the point where the 8 largest firms have 30% to 45% of total sales in a market with the largest of these having individual shares of perhaps 5% to 8%. In general a tight oligopoly would be a market in which the 4 largest firms control 50% or more of total sales and in which the 8 largest control 70% or more. Table 1 applies these standards to the oil industry in its production, refining, and marketing elements.

TABLE 1.—OLIGOPOLY STANDARD OF PERCENT OF MARKET SALES APPLIED TO 3 ELEMENTS OF THE OIL INDUSTRY, 1970 DATA

Stage	Measure			
	Loose		Tight	
	Actual (percent)	Standard	Actual (percent)	Standard
Crude production	51	8 have 30 to 45 percent		8 have 70 percent plus.
	10	Largest have 5 to 8 percent shares	31	4 have 50 percent plus.
Refining capacity	58	8 have 30 to 45 percent		8 have 70 percent plus.
	9	Largest have 5 to 8 percent shares	33	4 have 50 percent plus.
Gasoline marketing	55	8 have 30 to 45 percent		8 have 70 percent plus.
	8	Largest have 5 to 8 percent shares	31	4 have 50 percent plus.

Source: Measures drawn from "The New Antitrust: A 'Structural Approach,'" by Charles E. Mueller, Antitrust Law and Economics Review, Winter 1967, pp. 116–117; oil industry data from Preliminary Federal Trade Commission Staff Report on Its Investigation of the Petroleum Industry, Committee Print, Committee on Interior and Insular Affairs, U.S. Senate, Serial No. 93–15 (92–50), GPO, Washington, D.C.

From this it can be seen that the oil industry (under this particular measure) fits on the "tight" side of a "loose" oligopoly. In all cases the actual market shares of the "top 8" firms exceed the upper range of the loose standard by a substantial margin but fall well short of the lower range of the tight standard. Also in crude production and refining the largest firms exceed the loose standard in the size of their individual shares, but in all three stages fall substantially below the tight standard of 50% of the total market.

One further point is worth noting: the same 8 firms make up the top 8 in each category of this vertically integrated industry—production, refining, and marketing.

II. SOME RELATED CONCEPTS

In addition to the above discussion of structure, conduct, and performance. vertical integration, and concentration there are several related concepts found in the field of

Footnotes at end of article.

industrial organization that should be part of any background paper considering the oil industry. Three of these are the notions of workable competition, countervailing power, and administered prices.

A. Workable competition

The emergence of the "oligopoly problem" as treated in economic literature prompted great concern over the policy implications of the doctrines propounded. A landmark article by J. M. Clark in 1940 introduced the concept of "workable competition."

In summary acknowledging that real world industrial markets don't follow very closely classical economic descriptions, the workable competition thesis holds that even these imperfectly competitive markets may in the long run work out to approximate the results of the competitive norm.[11] The forces that were seen to allow this happy outcome are the following facts of corporate life: (1) markets with only a few producers of differentiated products operating under conditions of considerable uncertainty; (2) firms with negatively sloped demand curves permitting pricing somewhat in excess of average cost; and (3) the real threat of product substitution as a force of potential competition.

B. Countervailing power

In setting out this theory J. K. Galbraith saw a self-generating offset to structural monopoly in bilateral markets. The idea is that monopoly power on one side of a market tends to beget monopoly power on the other side and hence a neutralizing effect approaching some semblance of competition results. The cases enumerated by Galbraith excepted petroleum products but included the case of oil companies as purchasers of drilling and refining equipment.

The phenomenon articulated by Galbraith while not rare is clearly not a universal occurrence and even where it does occur should not be seen as tne same thing as perfect competition. Moreover, where countervailing power situations do evolve there is a tendency to move subsequently toward vertical integration and cooperative behavior.

Perhaps more an observation than a theory, the idea of "administered prices" in economic literature is attributable to an early student of industrial organization and behavior, Gardiner Means.[12] The argument runs that the American economy since the first quarter of this century was in fact composed of two distinct parts, one reasonably competitive and the other sufficiently noncompetitive that prices could be administered rather than letting them shift with the shifting forces of supply and demand. Profit margins can be set, mark ups decided upon, and target rates of return established without "normal" regard for price/cost or classical demand/supply relationships. The degree of freedom in this regard depends on the degree of monopoly power held by the firm (or group) and its willingness to exercise it.

From the point of view of the economy as a whole the fact of administered prices is generally regarded as a major cause of "stagflation" in times of economic retrenchment and inflation in the upswing of the cycle. From the point of view of the consumer it results in a substantial loss in economic welfare.

FOOTNOTES

[1] Charles E. Mueller, "Lawyer's Guide to the Economic Literature on Competition and Monopoly", *Antitrust Law and Economics Review*, V. 5, Summer, 1972, p. 91.

[2] *Ibid.*, p. 92. Also Charles E. Mueller, "The New Antitrust: A "Structural" Approach," *Antitrust Law and Economics Review*, V. 1 and 2, Winter, 1967, p. 110.

[3] John M. Blair, *Economic Concentration: Structure, Behavior and Public Policy* (Harcourt, Brace), p. 25–26.

[4] *Ibid*, cited on p. 26.

[5] Staff of the Bureau of Economics, Federal Trade Commission, *Economic Papers, 1966–1969*, Vertical Integration and Public Policy Toward Vertical Mergers—the Economic Basis for Vertical Integration," GPO, 1969.

[6] Corwin D. Edwards, "Vertical Integration and the Monopoly Problems," *Industrial Organization and Public Policy*, a book of selected readings edited by Werner Sichel (Houghton Mifflin), p. 174.

[7] Roger Sherman and Robert Tollison, "Public Policy Toward Oligopoly: Dissolution and State Economies," *Antitrust Law and Economics Review*, V. 4, Summer, 1971, p.

[8] *Ibid.*

[9] *Ibid.*

[10] Mueller, *op. cit.*, "The New Antitrust: A "Structural" Approach, *Antitrust Law and Economics Review*, V. 1 and 2, Winter, 1967, p. 110.

[11] Robert L. Knox, "Welfare Competition and Public Policy," *Antitrust Law and Economics Review*, V. 1, Spring 1968, p. 43.

[12] Mueller, *op. cit.*, "Lawyer's Guide . . .", pp. 89–90.

SOME CONSIDERATIONS OF ALTERNATIVE MARKET STRUCTURES FOR THE DOMESTIC OIL AND GAS INDUSTRY

(By Douglas N. Jones)

This memorandum treats briefly some of the literature, statements, and proposals relative to alternative market structures for the domestic oil and gas industry. It also sets out some of the considerations surrounding these approaches designed to make the energy industries more congenial to the public interest in their operation and some of the directions hearings held for this purpose might usefully pursue.

Starting with the "extreme" end of the spectrum a literature on the specific subject of nationalizing the oil and gas industry in the U.S. case is virtually non-existent. A bibliographic computer search covering the last three years turned up nothing; review of earlier years was only slightly more fruitful.

Harvey O'Connor in *The Empire of Oil* (N.Y. Monthly Review Press, 1955) mentions that the first resolution passed by the founding convention of the Oil Workers International Union in 1913 called for the nationalization of the petroleum industry (along with other essential industries). In more recent years Benjamin C. Marsh, "the people's lobbyist," advocated the social ownership of natural resources including importantly those in the energy field (Public Affairs Press, 1953, *Lobbyist For the People*).

The Secretary of the Navy on December 17, 1920 in speaking to the American Society of Naval Engineers made a plea for the nationalization of oil for the future protection of American (defense) interests. In the same year a California senator, James Duvall Phelan, proposed a government oil company in a bill he introduced in Congress which would have put the Federal government actively in the oil business (64th Congress, 1st Session, Senate Report No. 319 to accompany H.R. 406, "Exploration For and Disposition of Oil, Gas, Etc.").

In the same general field three other sets of hearings are worth mentioning: S. 2027, "The Federal Petroleum Act", a bill to regulate commerce in petroleum, 74th Congress, 1st Session (1935); S. Res. 36, "Investigation of Petroleum Resources" in relation to the national welfare, 79th Congress, 1st Session (1945); and H.R. 7216, "To Establish the War Petroleum Corporation and To Define Its Functions" as a corporate body to provide reserves, production, refining, transportation and supplies of petroleum for any area of the United States, 77th Congress, 2nd Session (1942).

From this slim literature it seemed best to set out for you briefly the general use of public ownership in the U.S., its occasion, direction, and extent; some alternative approaches involving government participation, but something less than full ownership of an industry or enterprise; and the performance tests against which such substantial changes as here envisioned in market arrangements corporate structure might be measured. This will be presented with an eye toward what all this might say for the instant case of the domestic oil and gas industry. It is, then, an idea memo rather than an exhaustive treatment of this large issue.

I. THE GOVERNMENT ENTERPRISE SECTOR

A. The general case

For over a century governments have monopolized certain industries, operating them as businesses, in both the service and product sectors (though more in the former). Likey candidates have tended to be the fields of transport, power, and communication, water supplies, and housing. The move toward nationalization was most rapid during the 1930's and 1940's in the relatively advanced economies: in more recent times the pace and interest has probably slowed down as some disillusionment in the performance of government enterprise has set in.

The *occasion* for public ownership has varied widely from country-to-country and from case-to-case within certain countries. In Great Britain the nationalization program flowed largely from the wartime experiences and was argued on grounds of productive efficiency and public responsibility. In France the post-war nationalization program was more ideologically based and was directed at economic reconstruction, transferring economic power to the workers, and punishing wartime collaborators. In Italy industries were made public more by default as an aftermath to the depression of the 1930's. In India it was a question of a quick route to economic development. In the United States it has most often been a case of "sick industries" or activities which the private sector was unwilling or unable to undertake.

The *scope* of public enterprise worldwide is not confined to service sectors. Shipbuilding is the province of the governments of France, Italy, the Netherlands, and Argentina; Great Britain, France, and Italy operate coal mines; Turkey is in the business of mining copper, chrome, manganese, as well as coal; tin is produced by Bolivia and oil by Mexico; France and West Germany manufacture automobiles; India produces iron and steel, machine tools, locomotives and railway cars, fertilizers and insecticides; and of course the South American and Middle East countries own their oil resources and governmentally control and participate in their exploitation.

B. The U.S. case

In the U.S. as elsewhere government participation in business has steadily grown. Its motive and extent has, of course, differed from industry to industry. In some cases it has monopolized the field (e.g. postal service, until recently); in others it has competed (e.g. banking and insurance). In some it has both owned and operated productive facilities (e.g. electric light and power); in other cases it has provided facilities for others to operate (e.g. synthetic rubber and atomic energy); and occasionally assumed operation of privately owned facilities (e.g. the railroads in WWI and the steel industry and coal mines for a time after WWII.

A good bit of governmental enterprise in the case of the U.S. is at the local level. By the mid-1960's 58 cities had publicly owned transit systems, and in only two of the ten largest cities is ownership wholly private. Among cities of 5000 or more population, electricity is being sold by over 500, being generated and distributed by 300, and bought and distributed by about 240. The state of

Nebraska serves its citizens exclusively by publicly owned electrical utilities.

The Federal government itself is involved in certain manufacturing enterprises where the output is a product and not a service. It builds ships, produces paint, rope, munitions, mail bags, and owns and operates the biggest printing plant on earth—the Government Printing Office.

The causes of government enterprise in the U.S. are several and varied. They have come about through:

(1) essentiality to the national defense.

(2) pulling the country out of the Great Depression.

(3) lack of profit-making prospects, but a clearly felt need.

(4) high risks and costs unacceptable to private financing.

(5) breakdowns of operations under private management.

(6) public concern over conserving the nation's resources.

(7) abuses under private operation.

(8) social welfare considerations.

In textbooks on the subject of public policies toward business the point is often made that the expansion of public enterprise has more often been hampered by the legislatures than by the courts. The requirements that public expenditures be for "public purposes" and for "promoting the general welfare" are about all the courts have been concerned with. They have not historically obstructed public enterprise by requiring excessive compensation in the case of takeovers.

As examples in this century the Supreme Court of the United States in 1917 allowed the city of Portland, Maine to create a municipal fuel yard; allowed the state of North Dakota in 1920 to socialize banking, grain storing, and milling; allowed Lincoln, Nebraska in 1927 to initiate a wholesale and retail gasoline business; and allowed the federal government in 1936 to generate, transport, and distribute hydroelectric power.

II. SOME ALTERNATIVE APPROACHES

Focusing more specifically on the oil and gas industry and possible basic changes to its structure at least four general approaches came to mind as alternatives to the present arrangement of "unbridled free enterprise" that might be considered. These are:

(1) continued private ownership and operation but with substantially increased governmental controls and regulations.

(2) applying the public utility concept to the industry where ownership would remain private, but earnings, price levels, investment and quality of service would be governmentally regulated.

(3) creating a public/private partnership where the federal government owns 51 percent of the enterprise and the private sector owns the remainder.

(4) outright and full public ownership and operation—either industry-wide or in "yardstick" fashion.

The first alternative is undoubtedly the most likely of happening. It is increasingly clear that neither an Administration nor a Congress can execute or make public policy for the energy sector "in the blind." Information on virtually all aspects of the oil and gas industry must be made available from some reliable sources for public decision-making. Many feel the laissez-faire approach to the industry where relative government abstinence was the *quid pro quo* for ensuring a reliable energy supply stems no longer appropriate. The oil and gas industry is too important a matter to be left to corporations alone.

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A fresh twist might be, however, to require some public members on the boards of directors of each of these corporations, assuming the legal obstacles could be overcome. This at least would allow a crucial element of the public interest to be satisfied in dealing with this industry—access to corporate information not available under present institutional arrangements. And there are occasions when the Congress has an opportunity to advance such an idea as in the case, I believe, of the Penn Central and Lockheed public bail-outs. Here the seating of public members might have been the *quid pro quo* for direct public assistance to the corporations.

How well the public utility concept could be fitted over the oil and gas industry is not very clear but is surely worth considering. It would seem that its best fit might be in the refining stage which is quite analogous to the operation of the grain elevators that were the original occasion for the birth of the public utility concept. Recall that in the 1877 landmark case of Munn *vs* Illinois the Supreme Court said of the elevators along the Chicago water front that they stood "in the very gateway of commerce, and take toll from all who pass." A good description of both grain elevators and oil refineries.

In deciding to allow the regulation of charges made by the owners of these grain elevators and warehouses the Court said:

"Property does become clothed with a public interest when used in a manner to make it of public consequence, and affects the community at large. When, therefore, one devotes his property to a use in which the public has an interest, he, in effect, grants to the public an interest in that use, and must submit to be controlled by the public for the common good. . . ."

Thereafter there was a category of American business which was "affected with a public interest."

While traditionally the public utility concept was applied to service industries and not product industries, the implications of the famous Nebbia Case (Nebbia *vs.* New York) in 1934 are important to recall. In this case the Supreme Court said that whether or not the milk business was a public utility it was affected with the public interest and government, through the legislative process, could fix prices in the industry without contravening the Fourteenth Amendment. Many saw this as the death of the public utility concept but it can as well be viewed as allowing for its wide expansion into the product industries.

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Here of course some semblance of the public utility concept already can be found. Oil pipelines may be required (as in the Alaska case) to be common carriers accepting traffic from all who have it to offer and at published tariff schedules. Portions of the marine transport industry have long been under the public utility umbrella.

To the extent that oil and LNG tankers are privately owned by the oil companies themselves or contracted for in charter arrangements (and this is the typical case) the transport component of the oil industry escapes any such regulation. This segment thus becomes a candidate for making an incision into the vertical integration companies, opportunities abound for intra-corporate accounting manipulations that allow expenses or revenues to be shunted from one enterprise to another to maximize this or that financial goal.

The establishment of joint public/private enterprises as partially government capitalized corporations is another alternative. Examples abound in other western countries—Great Britain and Canada to name two.

In the case of British Petroleum the British government has a controlling interest with 51 percent of the stock. While it leaves the management and operation of the company largely to the private side the British government is obviously able to look in on its behavior and performance and ensure that public interest goals are being met. In the Canadian case Pan Arctic is a minerals exploration company with the Canadian government holding the majority interest.

At another governmental level the Quebec government in 1969 created a mining exploration company (SOQUEM) which three years later was engaged in joint ventures with some twenty private firms. Japanese mineral and trading companies have let it be know that they favor the establishment of a state (of Alaska) mineral exploration and development company which could be a partner in joint ventures for purpose of risk-sharing and the reduction of political uncertainty in doing business in Alaska. These, then, could serve as additional models for consideration in the oil and gas industry.

Finally there is the alternative of the full publicly owned government enterprise—probably the most difficult to attain in the U.S. legal, cultural, and institutional context.

A distinction should be made here between initiating a public corporation and taking over an existing private one. Some enterprises, like the Post Office and atomic energy, have been public from the beginning in our case. Others once in private hands have been socialized, urban transit systems, for example. Still others, once public, have been made private, the long distance telecommunications system serving Alaska, for example. The point is that change of ownership involves difficulties of its own and, except in the case of "sick industries", is probably harder to achieve than the initiation of a new public enterprise.

The federal government is of course a major owner of mineral resources (as are some of the states). In the energy field the existence of four Naval Petroleum Reserves should be recalled, with the largest one situated adjacent to the massive North Slope fields which have been discovered in Arctic Alaska. In this connection it is worth noting that the U.S. Navy presently is drilling a second gas well in Petroleum Reserve #4 in order to continue to supply the nearby city of Barrow, Alaska on a commercial basis. In 1972 a bill was introduced in the Senate to provide public funds to construct a federally owned oil pipeline transiting Alaska from North to South on grounds of national security needs and impending energy deficits.

In considering public ownership as an alternative market arrangement it is important to remember that one doesn't necessarily have to "go all the way" in socializing an entire industry in order to achieve a public interest outcome. There is a good bit of evidence that the "yardstick method" of public regulation is quite effective. This is the case where government owns (or controls) an enterprise, say a power generating plant or a transport system, as only one member in a larger industry. Efficient and business-like operation of that company can have a healthy effect on the whole industry in terms of prices, service, and profits consistent with the public interest. Barring collusion, one could at least picture a similar result if government were to have enterprises in the oil and gas industry. And note that the yardstick theory of regulation applies whether government was to become a partial or full owner of individual enterprises.

III. SOME TESTS FOR PERFORMANCE

Whatever form an inquiry into the market structure and performance of the domestic oil and gas industry might take, any evaluation of alternative arrangements should include the traditional elements that concern economists. These are some of the economic tests against which any substantial alteration in the structure of the industry might be measured. They are the familiar ones of ease of entry and exit, reasonableness of earnings and profitability, levels of prices, quality and reliability of service, efficiency in resource allocation (consumption) and degree of innovation and technological advance.

These tests and concepts are now capable of enough precision to be translated into

specific and agreed upon standards for purposes of assessing the implications of proposed changes in this important sector. And through all this it is important to bear in mind that what should be at issue are the *results* of market structure and not a preoccupation with degree of competitiveness under one or another arrangement.

IV. A WORD ON DISSOLUTION AND DIVESTITURE

The term divorcement, dissolution and divestiture as used by industrial organization economists does not, of course, mean the physical "busting up" of the oligopolists' physical facilities nor an "appropriation" of them with or without compensation. What it does mean is a legal rearrangement of ownership papers by which the enterprise is divided into several separate units, often with the stockholders of the original firm now owning stock in several smaller companies rather than a single large one.

If some variation of the scale economies approach is used in regulating the size and structure of industries the policy problem is in part to decide on the maximum allowable size of a firm (presumably some multiple of the minimum efficient size) in a particular industry. Their government could give the enterprise a period of time, say five years, to "voluntarily" split themselves up into separate units by a corporate "spin-off" to current stockholders or some other acceptable financial procedure. But the task is not easy.

In this connection it is perhaps instructive to recall four famous cases of divestment and how those scenarios played out. These are the COMSAT case where now all but AT&T has sold their stock interests on the open market (and AT&T has announced its intention to do so); the Ford Foundation's sale of Ford Motor stock by public offering; the du Pont-General Motors case which allowed a "pass through" of 63 million shares of GM stock to du Pont stockholders as a dividend over a ten-year period; and the El Paso case which sets up assets in a corporation to be sold through shares, not at public offering, but by negotiated sales. The famous Standard Oil of New Jersey and Alcoa dissolutions at an earlier date could also be cited as examples of spinning off whole companies to stockholders.

Recall that there is no express provision for divestiture relief in the Sherman Act, though the courts have long allowed this remedy under Section 4. The Clayton Act, however, contains specific statutory authority for divestiture under Sections 7 and 11 allowing the Federal Trade Commission (or the Antitrust Division) to order it. By 1955 after 60 years of Sherman Act history divorcement, divestment, or dissolution has been ordered by the courts in only 24 litigated cases.

Until recently the usual course of events has been for the Supreme Court to order divestiture and let the District Court work out the implementing plan. This separation of the substantive finding from the operational remedy has been widely criticized in the literature from the public policy point of view. And even when the courts have given some thought to the implications of relief at the time of finding, the actual playing out of the consequences of divestiture have often been far from what was intended. Practical problems abound.

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Finding a buyer for, say $8 or $10 billion in assets is no small task. Occasionally this problem has induced the government to agree to a sale that itself constitutes a horizontal or vertical merger (Continental Can and Crown Zellerbach divestitures might be two cases in point). A court or Commission order (or legislation) can of course designate certain purchasers to whom the sale of a divested company cannot be made. At other times (Leslie Salt case) a consent order has provided that the offending company would be relieved of the requirement of divestiture if, after a good faith effort to sell, the sale could not be made within five years.

In 1911 the Supreme Court acknowledged the practical necessary of a—proper regard for the vast interests of private property which may have become vested in many persons as a result of the acquisition . . . of stock . . . or . . . interests in the . . . combination without any guilty knowledge or intent in any way to become actors or participants in the wrongs . . . (American Tobacco Case).

The parties include, in addition to shareholders of various tenure, employees of both the "old" and the "new" entities, actual and potential creditors, and third parties having contractual and other relations with the combined enterprise. At times the Court has said that these hardships should not get in the way of a severe finding like divestiture, but generally tribunals have been rather sensitive to property rights and values.

SUMMARY OF PROVISIONS OF THE INTERNAL REVENUE CODE AFFECTING ENERGY RESOURCES, PRODUCTION, AND CONSUMPTION

(By Jane Gravelle)

This report provides summaries of the provisions of the Internal Revenue Code which directly affect energy resources, production and consumption. These provisions exist in the form of special provisions in the income tax law and excise taxes on fuels. The report is limited in scope to major Federal provisions and thus excludes any State and local taxes affecting energy and the numerous minor provisions of the Federal income tax law which relate to energy. In addition, the summary is limited to provisions affecting the production and direct consumption of energy fuels and does not cover the tax provisions relating to regulated utilities (such as special depreciation accounting requirements).

I. INCOME TAX PROVISIONS

Certain provisions of the Federal income tax law have been defined as providing subsidies to natural resources, including those for the production of energy fuels (oil, gas, coal and uranium). Other tax provisions, while not identified as subsidies have been alleged by some experts to provide special tax treatment for the oil and gas industry, because of the interaction of these provisions with certain aspects of the industry. The foreign tax credit is an example.

In addition to these special provisions, there are numerous general subsidies which are not directly related to energy resources. Perhaps the major general subsidies in terms of revenue foregone and impact on corporate production are the investment tax credit and accelerated depreciation. While these general provisions are not covered in this report, the energy industry would share in the benefits of these tax subsidies.

Identified natural resource subsidies: subsidies affecting energy fuel production

Three provisions, specifically applying to the energy industry by encouraging energy fuel production have been identified as subsidies by the Joint Economic Committee.[1] The provisions are included in the joint estimates of tax expenditures published by the Joint Committee on Internal Revenue Taxation and the Department of the Treasury.[2] These provisions are: (1) percentage depletion, (2) expensing of mineral exploration and development costs, and (3) capital gains treatment of coal royalties.

1. Percentage depletion

Allowances for the depletion or using up of mineral deposits are made in the form of deductions from gross income by owners of oil and gas wells and of mines (including coal and uranium). These deductions enable the owner to deduct his investment in the well or mine from his income over a period of years for the purposes of the income taxes, just as other business are allowed deductions for depreciation. The deduction for depletion is authorized under Section 611 of the Internal Revenue Code and must be the larger of cost depletion (Section 612) or percentage depletion (Sections 613–614). While cost depletion is quite similar to depreciation, percentage depletion is a special method which is unrelated to actual investment but is based on gross income.

Cost depletion is based on the cost of the property subject to certain adjustments. In a more technical sense it is based on the "adjusted basis" of the property which would be used to determine the gain on the sale or other disposition of the property. Depletion is generally used to recover the costs of acquiring the property (leases, geological costs, sales price of land). The cost of tangible equipment such as drilling rigs may be separately depreciated under methods allowable for depreciation or it may be written off at the same rate as items are written off under cost depletion. Certain expenses may be written off currently (See 2 below). The cost is reduced each year by any depletion deductions taken. Cost depletion is computed by multiplying the adjusted basis of the property by the ratio of the units of the product produced and sold during the year to the estimated total units that will be produced over the remaining life of the property. For example, in the case of an oil well, if the adjusted basis is $50,000, 500,000 barrels are expected to be produced over the remaining life and 50,000 are produced and sold during the year, the cost depletion would be: 50,000/500,000 times $50,000 equals $5,000.

For the next year, the $5,000 cost depletion will reduce the cost basis to $45,000 and the prior year's production of 50,000 barrels will reduce estimated production to 450,000 barrels. Assuming production of 50,000 barrels in the second year the cost depletion will be: 50,000/450,000 times $45,000 equals $5,000.

When the adjusted basis reaches zero, cost depletion ceases. In addition, at any time the property becomes abandoned, the entire cost may be written off.

Percentage depletion is not related to the cost of a property but is taken as a percentage of gross income from the property. The rates prescribed in Section 613(b) are 22% for oil, gas, uranium, and 10% for coal. Gross income is defined in Section 613(c) and means in the case of oil and gas the price at the wellhead. In the case of uranium, coal and shale certain treatment processes may be applied before sale for purposes of gross income and the ore may be transported up to 50 miles (or further if the Secretary of the Treasury determines it is necessary) from the place of extraction to treatment facilities. In the case of coal, cleaning, breaking, sizing, dust allaying, treating to prevent freezing and loading for shipment are allowed as treatment processes. In the case of uranium, crushing, grinding, beneficiation by concentration, cyanization, leaching, crystallization, precipitation (but not electrolytic deposition, roasting, thermal or electric smelting, or refining) are allowed. In the case of oil shale, extraction, crushing, loading into retort and retorting are allowed but not hydrogenation, refining or any process subsequent to retorting.

The deduction may not exceed (under Section 613(a)) 50% of taxable income computed before the allowance for depletion, i.e. after all deductions except depletion. For example, if gross income from a property is $100,000, the depletion deduction in the case of oil would be $22,000. However, if taxable income before depletion (gross income minus any other deductions) is only $40,000, then only $20,000 of the depletion deduction may

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Footnotes at end of article.

be taken. Because of this limitation the determination of what constitutes a property is important. The general rule is that each separate interest in each mineral deposit in each separate tract or parcel of land is a separate property. However, certain aggregations are allowed. In the case of oil and gas, all operating interests within a single tract may be treated together or separately. This rule is liberalized in the case of operating interests subject to a unitization or pooling arrangement. In the case of other minerals, the taxpayer may elect to aggregate one or more operating interests if the interests are in the same operating unit. However, no interest in a particular mine may be excluded from an aggregation if other interests in the mine are included.

Each taxpayer with a direct economic interest may take percentage depletion on his share of the gross income. Thus, the operator deducts royalty payments based on production before he computes his depletion allowance and the royalty holder takes depletion on his share. The same rules apply when computing the 50% limitation; i.e., the operator must exclude royalty payments from gross income.

Percentage depletion is available for both foreign and domestic production. Depreciation of tangible equipment and expensing of intangible drilling and mineral development costs, but not mineral exploration costs (described in Section 2) may be taken in addition to percentage depletion.

Percentage depletion usually results in a faster recovery of costs than cost depletion does, also the cost may be recovered many times over since percentage depletion is not limited to original cost.[3]

The excess of percentage depletion is one of the preference items subject to the minimum tax (Sections 56–58). The minimum tax is levied on several types of preference income at the rate of 10%. The taxpayer is allowed to exempt $30,000 of preference income and in addition he is allowed a deduction for regular taxes paid. The regular tax can be carried over for seven years. For example, if a taxpayer had a percentage depletion deduction of $100,000 and regular tax of $50,000, he would pay an additional $2,000 tax (100,000 minus 80,000 times 10%).

2. Expensing of Exploration and Development Costs

The income tax law allows certain expenses of developing mines and wells to be deducted currently rather than capitalized and deducted over the life of the property. The advantage of deducting expenses currently rather than capitalizing them is that current deduction results in deferral of taxes. In addition, in some cases costs which would be recovered through depletion are allowed in addition to percentage depletion. The provisions for oil and gas are quite different from those for the hard minerals.

a. Oil and gas: expensing of intangible drilling costs.

Certain expenses incurred in bringing a well into production, such as labor, materials, supplies and repairs, and considered intangible drilling costs. (Tangible expenses are those such as tanks and pipes). Although such intangible dilling costs are of a capital nature (expenses for an asset which will produce income over a number of years), Section 263(c) allows the taxpayer the option of deducting them currently (in the year the costs are incurred) rather than deducting a portion of the costs over each year of useful life. Regulations are prescribed under Section 612. If the election is not made these expenses are capitalized and either recovered through depletion, or, if they are related to depreciable assets, through depreciation. If they are currently deducted, they reduce the basis for cost depletion to the extent they would have been recovered through depletion; but they do not reduce percentage depletion except to the extent they reduce net income from purposes of the 50% limitation. If they are capitalized and percentage depletion is taken they are reflected in the percentage depletion deduction.

b. Hard minerals: expensing of exploration and development costs.

Mining exploration and development costs may be deducted currently (Section 616–617). Mining exploration costs are those for the purpose of ascertaining the existence, location, extent or quality of a deposit paid or incurred before the development stage (such as core drillings and testing of samples). These expenses are limited in the case of foreign exploration: total foreign exploration costs cannot be expensed after the taxpayer has total deduction, foreign and domestic, of $400,000. Development expenses are those incurred during the development stage of the mine and include expenses such as constructing a shaft and tunnel and in some cases drilling and testing to obtain additional information for planning operations. There are no limits on the current deductibility of these expenses.

Deduction of mining development costs are in addition to percentage depletion. Exploration expenditures subsequently reduce percentage depletion deductions. Also, there is a recapture provision for both types of expenditure if the property is sold (i.e., the deduction is treated as ordinary income.)

3. Capital Gains Treatment of Coal Royalties

Section 631 allows coal royalties to be treated as long term capital gains in cases where the taxpayer held the deposit for at least six months prior to leasing it in exchange for royalties from production. Long term capital gains are taxed at a lower rate than ordinary income. In addition, they have the option of being taxed an overall rate of 25% on the first $50,000 of capital gains. Corporations are taxed at the rate of 30% on capital gains.

Provisions alleged to result in special treatment of the oil and gas industry

Two provisions of the income tax law have been alleged to result in special treatment of the oil and gas industry because of the nature of the industry and its operation: expensing of dry holes and the foreign tax credit.

Expensing of Dry Holes

Operators in the oil and gas industry are allowed to write off the expenses of dry holes in the year the loss occurs, although they may also elect to capitalize these costs (regulations are under Section 612). This treatment is not unsual from a regular accounting standpoint nor is it different from treatment is not unusual from a regular aclaw, where losses are generally allowed to be written off. The dry hole produces no income to suggest that it should be capitalized.

However, it may be argued that such treatment provides a special subsidy for the oil and gas industry because of the nature of the industry. In oil and gas production, the success rate with wildcat exploratory holes is about one in nine; i.e. to find one producing well it is, on the average, necessary to drill about nine holes. Other exploratory wells and development wells are also dry, although there is a higher ratio of success. Presumably, the producing wells provide on the average sufficient income to recover the costs of drilling all the wells. Thus, in a sense, dry holes may be considered part of the capital cost of the producing well. If for example, it takes nine holes to produce one producing well and the eight dry holes are written off as losses, the effect is to write off almost 90% of these capital costs in the first year.

There are many objections to this line of argument, including the existence of varying success rates by different operators and by the types of holes drilled (i.e. wildcat, exploratory, development.)

Foreign Tax Credit

A second provision which is alleged to provide special benefits for the oil and gas industry is the foreign tax credit (Section 901–906). The foreign tax credit is available to all taxpayers and allows taxpayers to credit foreign income and similar taxes against their U.S. tax liability, thus reducing the U.S. tax liability dollar for dollar. The purpose of this provision is to prevent double taxation of income. The foreign tax credit is limited to the amount of tax paid on income earned in foreign countries and cannot be used to offset tax on U.S. income. Taxpayers may choose between two methods for determining the extent of the credit: the per-country limitation limits the credit for taxes paid to each country to the same proportion of total Federal incomes taxes that income received from that country bears to total income; the overall limitation limits the credit for taxes paid to all foreign countries to the same proportion of Federal income tax that all foreign income bears to total income. Allowance of the overall limitation permits the taxpayer to use excess foreign tax credits from a high tax country to offset Federal income tax on income from a low tax country.

The foreign tax credit is particularly used by the major oil companies who account for almost one half of the credits claimed by corporations. One reason for this large proportion of credit is probably the greater tendency of oil companies to operate abroad in branch rather than subsidiary form in order to be eligible for percentage depletion on foreign operations. Operating in subsidiary form generally allows the deferral of taxes on foreign income unless that income is returned to the U.S. company, so the foreign tax credit would not be applicable.

Because of the existence of percentage depletion, foreign oil operations are generally taxed at a lower U.S. tax rate, and may therefore generate excess foreign tax credits to offset U.S. tax on non-mineral income. Thus, in 1969 a provision was added to disallow the use of excess foreign tax credits arising from the excess of percentage over cost depletion to reduce U.S taxes on foreign non-mineral income (Section 901(e)). Such credits could reduce taxes on foreign mineral income which was defined to include production, refining, transportation and marketing.

However, the major method by which the foreign tax credits have been alleged to provide special benefits for the oil industry is the crediting of royalty payments in the guise of income taxes. In the foreign oil-producing countries, the rights to land are generally held by the government rather than private individuals and, therefore, royalties (which are considered deductible expenses) are paid to these governments. However, if these royalties are paid in the form of income taxes then they may be credited against income tax, rather than deducted from income, reducing taxes dollar for dollar rather than 48 cents for each dollar. In addition, if they were considered royalties, percentage depletion could not be taken on the government's share of production income; if they are considered income taxes, the oil companies may take percentage depletion on all production. It has been argued that the large income taxes paid by American companies to the petroleum exporting countries are actually royalties and that treating them as income taxes results in preferential treatment of oil production in foreign countries.

II. EXCISE TAX PROVISIONS

Excise taxes are imposed at varying rates on a number of fuels. Credits are allowed

Footnotes at end of article.

to the consumer against income tax in some cases where fuel was not used in a certain manner.

A. Manufacturer's excise taxes

Gasoline—4 cents a gallon (a credit is allowed if used on a farm for farming purposes or if used for non-highway purposes other than non-commercial aviation; a 2 cent per gallon credit is allowed for use in local mass transit) Section 4081–4084.

Lubricating oil—6 cents per gallon (a credit is allowed if not used in a highway vehicle) Section 4091–4094.

B. Retailers excise taxes

Gasoline used in non-commercial aviation—3 cents per gallon (Section 4041(c)(1)).

Fuels other than gasoline used in non-commercial aviation—6 cents per gallon—Section 4041(c)(2).

Diesel fuel used in highway motor vehicles—4 cents per gallon (a credit is allowed if used on a farm for farming purposes or if used in local mass transit)—Section 4041(a).

Special motor fuels (benzene, benzol, naphtha, etc.)—4 cents per gallon (if used in a non-highway motor vehicle or motor boat the tax is 2 cents per gallon)—Section 4041(b).

Although these taxes are imposed on the manufacturer or retailer they are generally stated in the price to the consumer. Certain types of sales are exempt such as those to State and local governments, tax-exempt educational organizations, sales for export and sales for resale.

FOOTNOTES

[1] U.S. Congress. Joint Economic Committee. The economics of Federal subsidy programs. January 11, 1972.

[2] U.S. Congress. House. Committee on Ways and Means. Estimates of Federal tax expenditures. Prepared by the staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation. June 1, 1973.

[3] Professor J. Reid Hambrick estimated in testimony before the Ways and Means Committee (Panel Discussions on Tax Reform, Part 9, Natural Resources, Feb. 26, 1973, p. 1369) that percentage depletion deductions are 16 times original cost.

The Gasoline Shortage—Rationing Versus a Higher Tax

(By Valerie Amerkhail)

The basic questions involved in the debate between proponents of a higher gasoline tax and proponents of rationing are those involved in most economic debates, which system would be more equitable, and which would be more nearly consistent with the goal of economic stability. In addition, on a longer-run view, one question is which will be more effective in bringing about the fundamental reordering of resource use, which it is now becoming increasingly evident that we must have.

HISTORICAL PERSPECTIVE ON RATIONING

World War II gasoline rationing was undertaken for the dual purpose of easing severe shortages on the east coast caused by enemy disruption of oil tanker traffic, and conserving rubber stocks by cutting down unnecessary tire use.

The system used consisted of: (1) a basic ration allotted to all applicants who were owners or users of registered passenger cars or motorcycles; (2) supplemental rations for those whose "occuptaional mileage" was greater than that assumed under the basic ration, awarded by local boards on the basis of the importance of their occupation to the war effort or the public welfare, or their participation in car pools and the feasibility of other means of transportation; and (3) several other ration categories for non-highway users, such as farmers, for service vehicles, and commercial fleets.

All rations were given in the form of booklets containing coupons authorizing purchase of so many "units" of gasoline. The supplemental, service and fleet rations were granted in terms of required mileage, on the assumption that a passenger car would get 15 miles per gallon, but in fact, the actual gallonage value of each coupon was announced by the Office of Price Administration after determination of available supply, and could be changed at any time.

Gasoline rationing was one of the most controversial of all wartime programs. When it was begun, and even more when it was extended from the east coast to the entire nation, there was widespread skepticism about even the need for it. Throughout the course of the program complaints about every aspect were so intense as to lead to comments that the American people seemed to feel that unlimited use of their automobiles was more important than food on their tables.

This kind of controversy is probably inevitable because of the nature of demand for gasoline—the fact that some people's livelihood is completely dependent on an adequate supply, while many others buy gasoline almost exclusively for recreational purposes. This makes the relatively simple rationing system which would be appropriate for such items as foodstuffs, for which real need is relatively close to the average for each individual, not only inequitable, but also harmful to the smooth working of the economy. The complicated system of World War II was designed to get around this problem by assuring that the burden of conservation would fall first and hardest on pleasure driving. While necessary, the use of a system which requires so many individual judgments inevitably leads to a situation in which many people receive more or less than their fair share, and many more feel themselves to have been treated unfairly.

ARGUMENTS AGAINST USING A SIMILAR SYSTEM TODAY

The public relations problem, which was bad enough during WWII, would be exaggerated today by: 1) the lack of a national purpose comparable to "winning the war"; 2) the current political climate; 3) the condition of public transportation systems which have been steadily declining since WWII; and 4) our present life style which involves much greater dependence on private automobiles than previously.

In addition, the whole assumption that occupationally related driving is more essential to the economy may now be suspect, since a large part of the economy is now dependent on the direct or indirect use of the automobile for recreational purposes.

Since at the present time every delay increases the seriousness of the problem, it is very relevant that any rationing program would take too long to set up and get functioning even after the basic decision was made.

The effectiveness of rationing in fairly apportioning available supplies would be severely limited by illegal activities, which even in the more favorable climate of the war were estimated to have drained off more than 2.5 million gallons daily.

Rationing might turn out to have a stronger effect on official statistics than on actual living costs, since the program would involve large administrative and enforcement costs, and also because the black market which would probably develop would increase actual expenditures.

While the extreme shortages expected this winter may be traced to the sudden embargo of Arabian oil, the problem of energy scarcity began before the latest Middle East war, and will continue after it ends. Thus, while this winter's shortages require short-term crisis-management solutions, ultimate solutions will have to improve the efficiency of energy use.

A coupon rationing system is often advocated because it can be used to channel supplies into the areas considered more socially or economically desirable. On the other hand, such actions are very noticeable, and in an atmosphere where many people feel themselves to be getting less than their due, are apt to be very controversial.

ARGUMENTS IN FAVOR OF USING RATIONING TODAY

A coupon system along the lines of the one employed during World War II would make it possible to assure continued supplies to those performing essential services and those willing to aid conservation by forming car pools and other gas saving measures. This argument gains force from daily newspaper stories indicating that in the absence of some government enforced system of allocation the first to suffer will be those people and institutions that lack the money and economic power to assure themselves sufficient supplies in scarcity situations, which is to say lower-income users, local bus lines and even some essential institutions such as schools.

Rationing is the only way to apportion a supply which falls short of demand without allowing the price to rise. If one of our highest priorities is halting inflation this will be a very strong argument in favor of rationing.

It was said that one of the advantages of rationing gasoline in WWII was that it was an easy system to get out of when it was no longer needed. To the extent that the extreme situation of this winter is expected to improve, due to improvement in the Middle East situation and long-term programs to improve supply and encourage more efficient use, this could be a great advantage, since history has shown that taxes and special welfare type programs, once instituted, are very hard to get rid of.

A MODIFIED FORM OF RATIONING

A form of rationing now widely suggested is one in which ration coupons would be marketable, so that those who did not need their whole allocation could sell it, the assumption being that this would eliminate the evils of the black market by legalizing it.

The effectiveness of this would seem to depend on the level at which the regular rations were set. If the basic ration were set high enough to produce a generous supply of coupons for sale it is hard to see how any large reduction in consumption could be achieved, though there would presumably be some net redistribution of income from rich to poor. If, on the other hand, the basic ration were set low enough to produce a real saving in consumption, the supply of extra coupons would be limited and the price accordingly high, thereby reintroducing, at least for heavy users, all the inequities of distribution, and the price inflation which the rationing system is supposed to alleviate.

INCREASING THE FEDERAL EXCISE TAX ON GASOLINE

Any judgment of the usefulness of an increase in the gasoline tax obviously depends on the estimate used for the price elasticity of demand for gasoline.

Last June, in a column for the Wall Street Journal, Walter Heller quoted an as yet unpublished Data Resources, Inc. study as finding the short-run price elasticity [1] of gasoline to be −0.4 and the long-run elasticity −0.7. Applying these findings he estimated that a 5 cent a gallon tax increase (from the pres-

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[1] Elasticity is an economic concept that measures the responsiveness of the quantity demanded (or supplied) to some change, in this case, of prices. A price-elastic demand is one in which a small change in price induces a relatively large change in demand. The study indicates that gasoline demand is highly inelastic in the short run, and relatively inelastic even in the long run.

ent Federal tax of 4 cents a gallon) would result in a saving of gasoline about equal to this year's growth in gasoline consumption (7%).

In testimony before the Subcommittee on International Finance of the Joint Economic Committee on November 8 of this year, Hendrik Houthakker mentioned that according to his calculation a 7½ cent tax imposed on July 1, 1973 would have resulted in a 1975 consumption no higher than 1973.

A Washington Post story of November 20 refers to an unreleased Treasury Department study which is expected to predict a short-run (less than a year) drop in demand of 5% and a long-run drop of 7% for every 10 cent increase in price.

The first two estimates were based on annual data, while the third, which comes from a study now being done for the Council on Environmental Quality is based on quarterly data. Thus, even though the last is a very preliminary estimate, it is probably better able to assess the short-term response of demand.

It should be noted that since we have no historical experience with sudden, sharp increases in the price of gasoline, all estimates are necessarily based on small price changes and will be even less reliable when applied to the major changes which are now being discussed.

The question of demand elasticity can be examined more productively if gasoline is thought of as two commodities—"gasoline for livelihood" and "gasoline for pleasure". In the absence of empirical studies it would seem reasonable to assume that, especially in the short-run, demand for the former will be rather inelastic at all income levels, while demand for the latter will be quite elastic at lower income levels, but will display increasing inelasticity as incomes rise. A coupon rationing system attempts both to assure equitable distribution at all levels, and to weight consumption toward the "livelihood" part. The "white market" system now being advocated would essentially maintain the WWII system for "livelihood" demand, while using something closer to the classical marketplace to regulate demand for "gasoline for pleasure".

A large increase in the gasoline tax could have much the same effect provided that the additional revenues it generated were used to offset the burden on the poor. The easiest way to do this might be to follow Walter Heller's suggestion of exempting poverty level wages from the social security payroll tax. Other possibilities might involve a food stamp type program for gasoline, and attempting to make urban mass transit more attractive and available, including reducing or eliminating fares. At the same time it would be possible to get around the high income inelasticity of demand for gasoline by using taxes and outright legislative action to discourage the production of "gas-guzzlers."

ADVANTAGES OF THE GASOLINE TAX

The strongest argument in favor of a gasoline tax is its impersonality. Admittedly it is regressive, but in a world where the appearance of fairness is at least as important as actual fairness there is a great advantage in any charge which falls automatically on any purchaser in proportion to the amount he purchases, and thus avoids all the individual decisions and administrative messinesses of rationing systems.

Virtually all advocates of a tax increase assume that something will be done to aid those who would experience genuine hardship because of it. The argument is that it is less costly and less cumbersome to fit special solutions to special problems, rather than to put the whole nation through an administrative nightmare in hopes of sparing the few who would be hurt by alternatives.

In addition, since there already is a Federal gasoline tax, the lag from approval to application could be cut to a minimum.

DISADVANTAGES OF THE GASOLINE TAX

The strongest argument against an increase in the gasoline tax is that it would place a heavy burden on the economy at the very time when the threat of a recession is increasing and there is acute concern about how deep the recession may prove to be. The importance of this argument depends, of course, on the use the government would make of the additional revenues.

There is no doubt that an increase in the gasoline tax would be reflected in the cost of living statistics. Walter Heller's estimate was that a 5-cent increase would add 0.37% to the index.

Another argument against the tax is that, in the absence of firm estimates of demand elasticity at the relevant prices, the tax level which would equate demand and supply is not known and would be chosen without any assurance of its being anywhere near the desired level.

HISTORY OF FARM LABOR DISPUTE BETWEEN THE UNITED FARM WORKERS OF AMERICA AND THE TEAMSTERS

Mr. KENNEDY. Mr. President, in a recent report to AFL–CIO affiliates, AFL–CIO President George Meany summarized the history of the farm labor dispute between the United Farm Workers of America and the Teamsters.

I ask unanimous consent that this document, which provides a detailed background to the current issues involving the Nation's farmworkers, be printed in the RECORD.

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

STATEMENT ON CURRENT STATUS OF THE FARM LABOR DISPUTE

In light of the continuing dispute between the growers and the United Farm Workers of America, AFL–CIO, over contract conditions for farm workers and the continuing dispute over the Teamsters raid of UFWA and the sweetheart contracts signed between the Teamsters and the growers, it appears useful to set forth the facts and history of these matters and bring the events up to date.

On November 15 the press reported a meeting held between the Teamsters and growers after which Teamsters' President Frank Fitzsimmons announced that the Teamsters intended to "honor" the contracts they signed with the grape growers and several wine companies during the past eight months. In a press conference on November 21, Fitzsimmons elaborated on this theme and denied there had been any agreement with the AFL–CIO to bring an end to the Teamsters raiding of the Farm Workers Union.

The story of Teamsters raids against the Farm Workers Union goes back a number of years. The Teamsters first raided the Farm Workers in 1970 and almost overnight signed 170 contracts covering workers in the lettuce fields. The first lettuce boycott grew out of that raid.

Finally, in March 1971, the Teamsters agreed not to seek to represent farm field hands and agreed to resolve its disputes with the Farm Workers Union through discussions and, if necessary, through arbitration. That agreement was to remain in effect until March 31, 1973. In fact, the discussions and negotiations which took place between UFWA and the Teamsters never resolved anything and the Teamsters maintained all of their lettuce contracts in force.

In December 1972, Fitzsimmons went to Los Angeles to address the annual convention of the American Farm Bureau Federation, the employer group. "We in organized labor," the Teamsters' president said, "welcome an alliance with farmers—whether they be of the family farm variety or the agribusiness variety—when that alliance works for mutual benefit of the farm worker and his employer."

In that same month the California Supreme Court held that the Teamsters did not represent the workers in the lettuce fields when the 1970 lettuce contracts were signed.

The Court held that the growers and the Teamsters had a collusive relationship. The Court therefore dissolved the injunctions against the United Farm Workers' picketing of the lettuce fields.

On April 15, 1973, the United Farm Workers contracts with the grape growers in the Coachella Valley expired, and the UFWA was attempting to negotiate renewal agreements. These contracts had been in effect for three years and covered all UFWA members employed by the Coachella Valley grape growers.

Within hours of the expiration of the UFWA contracts on April 15, 1973, the growers announced they had just negotiated and signed contracts with the Teamsters. With that announcement, it became clear that Teamsters representatives intended to try to destroy the UFWA. No amount of explaining after that date could wipe out the fact that the workers covered under these contracts were UFWA members, that they had been represented by UFWA for three years up to April 15, 1973, that the UFWA still had the sympathy and support of the workers, and that the actions of the Teamsters constituted an unconscionable raid.

While it is true that the Teamsters contracts provided for wage increases and other benefits for the workers, the agreements also provided for a return to the "contractor" system of employment which deprived the farm workers of any semblance of dignity or any opportunity to establish and maintain decent working conditions through the direct employment relationship.

As soon as the Teamster contracts in Coachella were revealed, the United Farm Workers struck and began picketing. Picketing was maintained in Coachella Valley and in San Joaquin Valley as the harvest moved north. Whenever pickets appeared, Teamster strong-arm squads appeared and violence flared as they attempted to break the Farm Workers strike.

At the AFL–CIO Executive Council meeting in May 1973, the Council heard a report on this situation from UFWA President Cesar Chavez and voted to raise $1.6 million through an assesment to help the UFWA carry on its strike against the grape growers and to win back the contracts which had been taken over by the Teamsters. Additionally, the Council suggested an effort be made to discuss this situation with the Teamsters, on the basis of trade union morality, to see if they would withdraw and cease their interference in the efforts of the UFWA to legitimately represent farm workers.

At the press conference following the Council session, AFL–CIO President George Meany was asked about the Council's action and said:

"The Council voted in the next three months to give Mr. Chavez $1.6 million to try to help him conduct an effective strike against the most vicious, strike-breaking, union-busting efforts that I have seen in my lifetime on the part of the Teamsters. And we're going to do that for the next three months and we're going to do anything that is necessary to keep that union alive. And in keeping that union alive, we're trying to keep

the farm workers alive. It isn't the union, it's the actual farm workers.

"What the Teamsters have done through these new contracts that they've signed, is to bring back the so-called 'labor contractor'. Now the labor contractor is the fellow that contracts for the labor, meets these people early in the morning, puts them into a carry-all truck and delivers them to the employer. It's a throw-back to the padrone system that we eliminated—or thought we eliminated—in this country 75 years ago. It means that these people are actual slaves to the labor contractor. The Chavez contracts, which expired in April, had eliminated the labor contractor and substituted a hiring hall. That is all out the window under the Teamsters' 'sweetheart' contract with these growers. So we're going to fight, not for Chavez, not for his union really, but for the workers in the field."

After the Executive Council meeting, contact was made with the Teamsters and a meeting was held on May 29 in Washington. Present for the AFL-CIO were: President Meany, Secretary-Treasurer Lane Kirkland, Vice Presidents Paul Hall and Joseph Keenan, Executive Assistant to the President Thomas Donahue and General Counsel J. Albert Woll. Present for the Teamsters were: Fitzsimmons, Secretary-Treasurer Murray "Dusty" Miller, Vice President and Western Conference Director Einar Mohn, Western Conference representative Peter Andrade, and Assistant to the President Weldon Mathis.

A general discussion of the issues was held, and the meeting lasted about three hours. The Teamster representatives, including Fitzsimmons, said that the growers wanted assurances the United Farm Workers would "behave responsibly" and not violate any agreements they might sign with the growers. Without such assurance the Teamsters said they could not discuss with the growers the possible rescission of the Teamster contracts and their replacement with UFWA contracts.

During the month of June, several discussions were held—by telephone and in meetings—between representatives of the AFL-CIO, the UFWA and the Teamsters.

On July 10, the E & J Gallo Winery, which had a contract with the United Farm Workers for eight years, signed a contract with the Teamsters. The UFW had gone on strike over terms of a new contract. While that strike was in progress, the Teamsters signed their contract with Gallo and announced the workers had voted 150 to 1 for the Teamsters. At the time, all but 27 Gallo workers were on the UFW picket lines.

Shortly thereafter the Franzia Wine Company refused to renegotiate its UFW contract and signed a Teamster contract. UFW struck Franzia and was enjoined.

In late July, the AFL-CIO representatives met with Chavez and UFWA Vice President Delores Huerta. At that time, the UFWA representatives stated their willingness to negotiate with the growers and to have the federation "settle all disputes thereafter arising". A letter, signed by Chavez, to this effect was delivered to President Meany for transmittal to the Teamsters, and, if useful, through them to the growers.

The text of that letter follows:

JULY 31, 1973.

Mr. GEORGE MEANY,
President, AFL–CIO,
Oak Brook Hyatt House,
Chicago, Ill.

DEAR SIR AND BROTHER: In appreciation of the strong support the United Farm Workers National Union has consistently received from the AFL–CIO and believing that it will greatly assist the United Farm Workers National Union in negotiating a collective bargaining agreement with the Growers, it is requested that in the event it is successful in reaching such an agreement with the Growers that the Federation settle all disputes thereafter arising thereunder by the process of final and binding arbitration conducted by an Arbitrator or Arbitrators selected by the AFL–CIO.

If such request is granted, the United Farm Workers National Union will seek to incorporate such an arbitration clause in any contract reached with the Growers and the United Farm Workers National Union pledges itself to adhere to such clause in good faith.

Sincerely and fraternally,

CESAR CHAVEZ,
Director.

On returning to Washington after the Executive Council meeting, a meeting was held August 3 with the Teamster representatives. Present for the AFL–CIO were Meany, Kirkland, Keenan, Donahue and Woll. Present for the Teamsters were Fitzsimmons, Mohn and Walter Shea, assistant to Fitzsimmons.

President Meany presented the letter signed by Chavez, and noted it should take care of the roadblocks to settlement which the Teamsters had raised at the first meeting. Mohn suggested it might now be possible to arrange a "cease-fire" and to conduct negotiations directly with Chavez in California. It was agreed the Teamsters would not sign any further farm agreements while these negotiations were being conducted.

These direct negotiations were first held in Burlingame, California, on August 9 and 10. Woll and Keenan represented the AFL–CIO in these negotiations. Cesar Chavez and UFWA Counsel Jerry Cohen represented the UFWA. Teamster representatives were Mohn, Western Conference Organizing Director, William Grami, Andrade and Al Brundage, Western Conference attorney.

During the first day of negotiations, a number of issues were raised and discussed. The parties agreed to reconvene the next morning. At that meeting, the Teamsters announced that a Teamster representative named Smith had signed 29 contracts with Delano Valley grape growers the night before. The Teamsters representatives said Smith was not authorized to sign these agreements; that it was a breach of the word which had been given to the AFL–CIO, and that the contracts would be disavowed and rescinded. Because of the signing of these agreements and the confusion which this action created, negotiations were broken off, with the hope that they might be renewed later.

Teamsters' President Fitzsimmons also repudiated these contracts on August 10, "as they were negotiated by a Teamster representative with no authority to do so." However, within a few days, some ambiguity arose on this point. The growers stated the agreements really were not rescinded but rather set aside for 30 days to see what developed.

As a result, President Meany called Fitzsimmons on August 20 and urged a meeting to clarify the situation. Meany immediately went to the Teamsters' building and met with Fitzsimmons in his office. Fitzsimmons agreed to write individual letters to the 29 Delano growers with whom Smith had signed agreements advising them that the Teamsters "disclaim and repudiate such purported agreement as being unauthorized" and adding that the Teamsters would not organize their workers. This letter, dated August 20, was sent by Fitzsimmons to the 29 growers:

DEAR SIR: We have been informed that your company claims to be a party in a collective bargaining agreement with the International Brotherhood of Teamsters, or one of its affiliates, covering your grape operation in and around Delano, California.

This letter will serve as notice to you that no person has or had been authorized to enter into any such agreement with you on behalf of the International Brotherhood of Teamsters or any of its affiliates, and we, therefore, disclaim and repudiate such purported agreement as being unauthorized. The International Brotherhood of Teamsters and its affiliates have no interest in organizing your employees in the vineyards in and around Delano, California.

Sincerely yours,

FRANK E. FITZSIMMONS,
General President.

The UFWA strikes and picketing continued through the four months from April 15 to August 17. UFWA members were subjected to harassment by the Teamster "guards," local police, growers and court injunctions. In that period there were 3,538 arrests of UFWA members and supporters—the vast majority for violation of 65 injunctions issued by local courts prohibiting picketing, use of bull-horns, unlawful assembly and a variety of legitimate picketing activities.

Kern and Tulare County deputies brutally beat pickets and failed or refused to disarm strike breakers or growers in the vineyards. A number of pickets were wounded by gunfire, hundreds were injured by rocks, clubs, brass knuckles, lead pipes, bats, chains, tire irons and belts. Two members of the UFWA were killed.

Three days of negotiations between representatives of the AFL–CIO, the Teamsters and the United Farm Workers, were then held in Washington on September 25, 26 and 27. AFL–CIO representatives in those negotiations were: Vice Presidents Hall and Keenan, Donahue and Woll. Teamsters representatives were: Mohn, Mathis and Andrade. UFWA representatives involved in the talks were Cesar Chavez, Richard Chavez and Cohen.

At the end of those three days of meetings an agreement was reached by the negotiators and was to be announced the following day by Fitzsimmons and Meany. It was a full and complete agreement and not subject to further negotiations. It is obvious that negotiators of the level indicated were operating with the full authority of their respective organizations.

At the conclusion of these negotiations, the AFL–CIO released an agreed-upon statement to the press:

"Following three days of negotiations the parties have made progress toward a resolution of the issues.

"The AFL–CIO and Teamsters negotiators will report back to their principals and we expect an announcement Friday."

The following day, Friday, September 28, Fitzsimmons advised President Meany that he wanted the Teamsters lawyers to look over the language of the agreement. They agreed that President Meany would advise the press that the Teamsters, the AFL–CIO and the UFWA had reached "an agreement in principle subject to an examination by legal counsel."

Attorneys for the Teamsters, the AFL–CIO and the UFWA met on October 2, in the office of the Teamsters Secretary-Treasurer Miller and reviewed the agreement which had been reached. They agreed to report back to their principals.

The only substantial question that was ever raised by the Teamster attorney was whether or not the AFL–CIO would agree to indemnify the Teamsters for any financial loss they might suffer as a result of law suits brought by growers.

Inasmuch as the "contracts" were never authorized by the workers involved and were agreed to surreptitiously, the AFL–CIO stated the demand was unreasonable.

The AFL–CIO attorney pointed out that this question had been raised by Teamster negotiators in the course of the September negotiations and had been rejected out-of-hand by the AFL–CIO representatives. Raising it anew was an attempt to reopen the substantive issues of the negotiations. It had been previously rejected by the AFL–CIO rep-

resentatives on the ground that they could not be asked to protect the Teamsters from the consequences of their own illegal acts. The Teamsters did not represent the workers when the "contracts" were signed. The "contracts" were invalid and not enforceable under California law, and therefore, there was neither a legal nor moral obligation arising from these "contracts".

At this time Fitzsimmons was out of the city for several days and the AFL–CIO waited for his final reply. None ever came.

Finally, after making an inquiry, the AFL–CIO was informed that Fitzsimmons intended to "take it up with his Board" when it met in late October. There was no announcement by the Teamsters following the Board meeting.

Finally, after their November 15 meeting with the growers, Fitzsimmons announced that the Teamsters intended to "honor" the contracts they had signed, including even the Delano contracts which had been specifically repudiated as "unauthorized" and as a breach of the clear agreement between the AFL–CIO and the Teamsters.

In a statement issued November 16, President Meany said:

"Obviously, I cannot know why IBT President Fitzsimmons has now chosen to renege on that agreement and he will have to explain that. It appears the Teamsters have decided that their interest lies in maintaining the alliance they have created with these employers, rather than in maintaining their integrity as trade unionists.

"For our part, we intend to continue to suppport the United Farm Workers of America as the legitimate representative of the interest of all farm workers."

The Special Committee appointed by the AFL–CIO Executive Council to assist UFWA will meet shortly to examine this situation further. The members of the Committee are: AFL–CIO Vice Presidents James Housewright, Lee Minton and Paul Hall and Mort Brandenburg, President of the Distillery Workers and Patrick E. Gorman, Secretary-Treasurer of the Amalgamated Meat Cutters and Butcher Workmen of North America.

This Committee will advise the executive officers of the AFL–CIO who have been authorized by the Executive Council to take whatever actions are appropriate to assist the United Farm Workers, including consideration of a boycott.

TOY SAFETY: A GIANT STEP FORWARD

Mr. PERCY. Mr. President, on numerous occasions I have indicated my dismay and outrage at the incredible callousness with which some toy manufacturers produce, advertise, and sell their wares, seemingly oblivious to the safety of children as consumers.

The production and marketing of toys is big business in the United States. Retail sales approach $4 billion per year. The U.S. Consumer Product Safety Commission reports that more than 150,000 different kinds of toys are sold.

Sadly, many of these purchases end in tragedy. Each year approximately 700,000 children suffer serious injury, burns, maiming, disfigurement, and death from toys, or weapons masquerading as toys. What makes these injuries and deaths doubly tragic is that most of them were foreseeable. Many could have been prevented.

One of the most encouraging signs of enlightened corporate concern was shown during this past Christmas by an areawide food and general merchandise retailer, Giant Food, Inc. Under the positive leadership of Giant's consumer adviser, Esther Peterson—whose name has become a synonym for responsible consumer concern—and with encouragement and support at the top from Joseph Danzansky, company president, Giant undertook a comprehensive toy safety program designed to assist parents and children in their toy purchases.

The company assembled an advisory group of consumers, professionals, manufacturers, and government representatives, under the able and inspired guidance of Chairman Arnold B. Elkind, former head of the National Commission on Product Safety. Combining its testing facilities with the committee recommendations, Giant removed a number of potentially dangerous toys from its shelves, even where Federal safety standards had been met. In addition, the chain published an instructive, easily readable 32-page "Consumers' Guide to Toys," and initiated a comprehensive program including:

Age labeling;

Alerting consumers to toys where parental guidance—PS—is advised;

Monitoring toy safety based on consumer and committee suggestions:

Informative advertising relating to safety; and

Working hand in hand with manufacturers and consumer groups in a year-round program to improve toy safety.

Albert Camus once wrote:

Perhaps we cannot prevent this from being a world in which children are tortured, but we can reduce the number of tortured children.

If we fail to implement the statutes that are now on the books, and if we fail to encourage companies to take initiatives as Giant Foods has done, we will have abdicated our moral responsibility as responsible citizens. Indeed, if we fail to make the most minimal of efforts to insure the safety of our children, we will at best be guilty of ignoring the torture that we know now exists. At worst, we will be condemned as accessories before the fact.

Mr. President, because I feel strongly that initiatives aimed at assuring the health and safety of consumers should be emulated, I ask unanimous consent to append to my remarks at this point excerpts from Giant's "Consumers' Guide to Toys," together with statements from Esther Peterson and President Danzansky explaining the motivation behind, and need for this kind of continuing program.

I also request that two excellent articles on the subject of toy safety—"Cracking Down on Unsafe Toys"—Chicago Today, December 4, 1973—by Sue Roll, and "Toy Safety Hazards: Real or 'Exaggerated'?"—Washington Post, November 18, 1973—by Nancy L. Ross—also be printed. Both articles provide a perspective which should be a reminder to all responsible businesses not to toy around with safety.

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

STATEMENT BY JOSEPH B. DANZANSKY, PRESIDENT, GIANT FOOD INC.

Out of all the opportunities that Esther Peterson has given us to practice what she preaches, none gives us more pleasure than the chance to bring a greater measure of safety to accompany the joys of childhood.

The National Bureau for Consumer Affairs has said, "In selecting products for sale to the public, retailers act as 'consumers' buying agents' and they have the responsiiblity to obtain only safe products." We agree with this statement. Surely nothing gives us greater pain than the thought that we might be causing injury to a young child. We are pleased that Giant's new toy safety program will bring greater peace of mind and a happier holiday season to thousands of our neighbors.

The successful development of this program is a result of our continuing faith in the goodwill and reasonableness of all our fellow citizens. We believe that it is possible to be an advocate of a viewpoint without being an adversary. To develop this program, therefore, we asked all the conflicting but interested groups to sit down together to resolve some of the many knotty problems that stood in the way of the achievement of our goals.

For months, representatives of consumer groups, child specialists, manufacturers, and government representatives labored over this problem, and today we see the beneficial results of such communication between business and the public.

In closing, I want to say that it is possible for a business to serve its community while minding the store. We have found that a responsiveness to the needs of our community is enlightened selfishness—that, indeed, consumerism is good business. We are gratified that during the past months, many companies have adopted positive programs to meet the legitimate needs of consumers. We are confident that this is the wave of the future. That can only be good for consumers, for business, and for our country.

STATEMENT BY ESTHER PETERSON, CONSUMER ADVISER

Our children—and our grandchildren—are our greatest natural resource. But, more than that, they are objects of our love. So we want to exercise judgment and care in selecting the toys we buy for them.

As part of Giant's "Consumers' Bill of Rights," we promised to work on ways "to eliminate unsafe toys, appliances, and other products from the marketplace." To help meet our commitment, we adopted the same formula used in developing other consumer programs at Giant. We invited consumers, professionals, manufacturers, and government representatives to form a committee to advise us on the right thing to do. The program we are presenting today is the result of the committee's first recommendations on toys. At a later date, we hope the committee will assist us with advice on other products for children.

We developed this program because we felt that retailers had a responsibility to provide consumers with information on toy safety. We can *never* prevent all childhood accidents, but we can help to reduce them. We hope Giant's toy program and the "Consumers' Guide to Toys" will help consumers choose toys that are safe and suited to the age and abilities of the child.

It is a beginning step and I think it is a significant one.

CONSUMER GUIDE TO TOYS

WE ARE COMMITTED TO THE CONSUMERS'

Right to safety;

Right to be informed;

Right to be heard;

Right to choose;

Right to redress; and
Right to service.

SOME INFORMATION TO HELP YOU IN CHOOSING TOYS FOR CHILDREN

Our children—and our grandchildren—are our greatest natural resource. But, more than that, they are objects of our love. So we want to exercise judgment and care in selecting the toys we buy for them.

As part of Giant's "Consumers' Bill of Rights," we promised to work on ways "to eliminate unsafe toys, appliances, and other products from the marketplace." Toward this goal, Giant has organized and obtained the assistance of a splendid Ad Hoc Advisory Committee On Toys. This booklet is the first result of that committee's work with Giant. It deals just with toys. At a later date, we hope the committee will assist us with advice on other products for children.

We hope this guide will enable you to choose toys that are not only safe but also suitable for the age of the intended recipient. You have a right to the information in this guide and Giant is glad to make it available to you.

ESTHER PETERSON,
Consumer Adviser to the President of Giant Food.

Giant recognizes its obligation as a retailer to offer you toys that are safe and suited to the age and abilities of the child. With the help of an expert advisory committee, Giant has developed a program to meet that obligation.

WHAT STANDARDS ARE USED

The federal government has set mandatory safety standards for many toys and from time to time proposes additional standards. The Toy Manufacturers of America (TMA) has also proposed safety standards for the toy industry.

Giant's toy merchandise comes only from manufacturers able to furnish Giant with a statement that their toys meet all existing mandatory federal regulations for safety.

CHECKING THE SAFETY OF TOYS

Giant constantly exercises discretion in behalf of the safety of the consumer. In its quality assurance laboratory, Giant uses both federal and TMA standards for safety when spot checking toys and testing samples of toys new to the market. In particular, Giant tests any toy not age labeled by the manufacturer.

Besides sample toy testing and suggested age labeling, Giant's toy program includes cautionary signs near products requiring parental guidance and adult supervision; continuous monitoring of toys based on consumer experience and comments, and advisory committee suggestions; and working with manufacturers to improve toy safety.

SUGGESTED AGE LABELING

Age is relevant and not necessarily indicative of maturity or physical coordination. But to help consumers choose toys considered suitable for children of varying ages, toys sold in Giant stores carry labels indicating age groups for which the toys are intended. These age labels are usually determined by the manufacturer based on considerations of safety, appeal, interest and suitability for a particular stage of child development.

This year, a few infants' toys and other toys which are being discontinued either by the manufacturer or by Giant, may not carry age labels. For the infant toys without age labels, store signs will suggest appropriate age. Toys such as stuffed plush animals, soft body and walking dolls, coloring books, crayons, and playing cards—where age is not necessarily the determining factor—will bear no age group labels and are not listed in the Guide.

Packaged toys displayed on peg boards are not listed in the Guide but are clearly age labeled.

ADVERTISING

Giant's advertising of toys will be honest, informative, and without exaggeration. Pictorial representation of package contents will be accurate. Whenever possible, Giant's advertising will include suitable age group for the toy and will note if parental guidance (PG) is recommended.

PRECAUTIONARY INFORMATION

Wherever warranted, and particularly in store areas featuring certain crafts for children, cautionary signs with the PG (parental guidance) symbol will be posted to alert consumers to the need for adult supervision or other precautions.

ELECTRICALLY POWERED TOYS

Recognizing the hazards associated with electrically-powered toys, Giant has eliminated a number of toys that plug into house current. Those remaining electrical toys (e.g. Argo popcorn maker, Argo cotton candy maker, Gilbert pottery kickwheel, Gilbert pottery craft, and Skillcraft rock tumbler) and games are sold with the recommendation of parental guidance. Other items—for example, phonographs—that are frequently purchased for use by young children are carried in the appliance department. Items such as wood burning sets or electric trains used by older children are carried in the hobby department.

YOUR SATISFACTION IS IMPORTANT

Giant's return policy—satisfaction guaranteed or your money back—applies to toys and other products for children sold in Giant stores.

CONSUMER COMMENTS

This Guide is intended to provide you with information to help you buy safe and suitable toys at Giant. Is it helpful? We'd like to hear from you. Send your comments to:

Esther Peterson, Consumer Advisor, Giant Food Inc., Box 1804, Washington, D.C. 20013.

If you have a question, comment or complaint concerning any toy product, please let us know. We will get in touch with the manufacturer and Consumer Product Safety Commission; but in addition, it would be useful for *you*, also, to send a copy of your letter to the manufacturer and any of the following:

Toys: Consumer Product Safety Commission, Washington, D.C. 20207.

Toy Manufacturers of America: 200 Fifth Avenue, New York, N.Y. 10010 (212–675–1141).

(For advertising complaints or questions): Federal Trade Commission, Attention: Secretary, Washington, D.C. 20580 (962–5025).

In Washington: Consumer Retail Credit Division, 614 H St. N.W., Room 306, Washington, D.C. 20001 (629–2618).

In Virginia: Virginia Department of Agriculture, Office of Consumer Affairs, P.O. Box 1163, Richmond, Va. 23209 (804–770–2042).

In Maryland: Consumer Protection Division, Office of Attorney General, South Calvert St., Baltimore Md. 21202 (301–383–3700).

In Prince Georges County, Md.: Consumer Protection Commission, Prince Georges Court House, Upper Marlboro, Md. 20870 (627–3000, ext. 561, 562).

In Montgomery County, Md.: Montgomery Office of Consumer Affairs, 24 S. Perry St., Rockville, Md. 20850 (340–1010).

Or call: Consumer Product Safety Commission Hotline, 800–638–2666 (Toll free number for 3 months or longer after November 1, 1973).

For Marylanders outside the metropolitan Washington area, the number to call is: 301–492–2937.

SOME POINTERS FOR THE CONSUMER

Arnold B. Elkind, chairman of Giant's ad hoc advisory committee on toys, says, "Giant's Consumers' Guide to Toys is just a beginning. Selecting toys requres good judgment rather than a generous impulse."

The following suggestions will help in the development of good judgment:

If a toy must be assembled after purchase, follow directions exactly. Consider the child's age, interests, capabilities and attention span to determine if the toy would be appropriate. Remember that playing is learning and that many toys provide educational experiences.

The recommended age range label is put on the toy by the manufacturer or by Giant as a guide to the customer. For a less mature child, the toy could be dangerous or frustrating; for a more mature child, the toy could be boring. The PG (parental guidance) notation indicates that little brothers and sisters should be protected from complicated toys and crafts that could endanger them and that the older child should be taught to put such sets out of the reach of younger children.

Because many crafts for children require close parental supervision either as indicated by the manufacturer's caution label or by Giant's Consumer Toy Guide, adults should read labels carefully to exercise proper supervision. If such labels—where needed—are not affixed by the manufacturer, Giant will post signs where the product is sold to alert consumers to the need for parental guidance.

Toys should be inspected periodically and repaired if necessary. If they become hazardous from hard or extended usage—or exposure to weather—they should be discarded.

The Consumer Product Safety Commission and other experts offer the following advice about toys for young children. Make sure that a toy for a toddler or infant:

Is not so small that it can be swallowed;

Has no detachable small parts that can lodge in windpipe, ears or nostrils;

Is unlikely to break easily into small pieces or to leave jagged edges;

Has no sharp edges (particularly metal) or points;

Has no exposed straight pins, sharp wires, nails;

Is not made of glass or brittle plastic;

Is labeled "non-toxic" (avoid painted toys for infants who put playthings in the mouth);

Has no parts that can pinch fingers or toes, or catch hair;

Has no cords or strings longer than 12 inches for crib toys.

THE TOY GUIDE FORMAT

Toy Guide information is organized as to: type of toy; recommended age groups; alphabetical listing of manufacturers.

All toys in the Guide are sold in Giant Department Stores. Items offered in Junior Department Stores carry the symbol JD beside the toy listing; items offered in Catalog Showcases carry the symbol CS. Toys sold by Giant at these stores or by catalog are listed under one of the following chronologically-listed age classifications:

Infant toys, page 8;
Preschool toys, page 8;
Games, page 15;
Action toys, page 19;
Housekeeping toys, page 23;
Crafts, page 24;
Dolls, page 26, and
Playfurniture & nonmetal wheel goods, page 29.

Toys are also listed alphabetically by manufacturer within each classification. Party goods intended for use by children are not listed in the Guide. However, Giant is testing these goods and will remove from its shelves those products which do not meet Giant specifications. Giant's advisory committee feels that party goods present special problems. Until firm guidelines are developed by the committee to cover these products, Giant recommends adult supervision.

GUIDE NOTATIONS

Because Christmas and other special holidays create greater demand for toys during certain seasons, some toys listed in the Guide may not be available all the time. But toys that are available throughout the year are marked with an asterisk (*).

A PG (parental guidance) notation in the Guide indicates adult supervision is advised.

Although Giant strives to insure that all toys marked with an asterisk are available at all times, situations such as unforeseen delivery problems or unexpected heavy sale of merchandise may make some toys temporarily unavailable.

[From the Chicago Today, Dec. 4, 1973]

CRACKING DOWN ON UNSAFE TOYS

(By Sue Roll)

Determined young women, armed with clipboards and endless persistence, are scrutinizing toy counters. But they're not taking inventory.

These women, along with students and senior citizen volunteers, are consumer deputies checking stores for any of the 1,500 toys banned from sale by the Consumer Product Safety Commission.

"It's a tedious job, but it gets easier as you go along," said Carol Einhorn, consumer deputy from the National Council of Jewish Women covering Arlington Heights. "You get to know the banned products list by heart. We've had great cooperation from the stores, and, happily, so far we've only found a couple of questionable toys."

Under 1970's Child Protection and Toy Safety Act, the commission can ban the sale of unsafe soys. Toy safety in Chicago is doubly enforced with last year's passage of a city toy safety act.

In Chicago, volunteer consumer deputies and investigators from the city's Office of Consumer Sales, Weights and Measures, the Product Safety Commission, Illinois Department of Public Health, and various other groups are checking stores for unsafe toys.

But the monitoring is a formidable task. More than 1,200 United States toy manufacturers produce 150,000 different toys and introduce 5,000 new ones each year. Thousands more are imported.

Last year, surveys of stores in Chicago, Minneapolis, Seattle, Atlanta, San Francisco, and Philadelphia by the Food and Drug Administration indicated that about 55 per cent of the stores carried unsafe toys.

But Al Limberg, assistant director for the Chicago commission office, said:

"We're not finding as many unsafe toys as we found the last two years. Retailers, manufacturers, and wholesalers are aware of the problem and as businessmen, they are reasonable people. It is in their vested interest to comply with the law—they know they can be prosecuted if they don't."

He said improvement was expected this year because toy safety laws have been in effect for two seasons, more manufacturers and retailers are taking their own safety steps, and shelves are being checked before the Christmas rush.

"There has been a big improvement over the last two years," said Terry Hocin, chief consumer service supervisor for Chicago. "The federal program really became effective last year. And with the added local emphasis of the city's ordinance, I think there is more awareness of toy safety here than in most other cities."

Only 2 of 12 stores checked so far this year by commission deputies were selling banned toys. In 550 investigations conducted last year by the city, 20,000 toys were ordered off the shelves.

Enforcement of the city ordinance has been handled on a complaint basis this year, pending settlement of a suit filed against the city by the Toy Manufacturers Association concerning the city toy ordinance, Hocin said.

He said since the city has agreed to clarify its ordinance, to bring it more in line with federal guidelines, that the suit should be dropped next month. However, the department investigators began full-scale examinations last weeek, he said.

Hocin said distinguishing the packaging of banned toys from their modified versions is a problem: The labeling can be the same altho the toy now complies with the law, or the labeling may change while the hazard remains.

Another problem comes from the flow of new toys each year. Toys judged safe by the commission have passed a rigorous set of tests, but the commission has no authority for pretesting new toys before they are placed on the market.

However, the commission does screen new toys at the annual toy fairs, Limberg said. In support of the toy safety provisions, the toy manufacturers, with the guidance of the Bureau of Standards, drew up a set of voluntary safety standards for the association. Some manufacturers test their own toys, and others send them to the commission and city consumer office for screening and approval.

Both city and commission officials say the response of most toy manufacturers and retailers has been good.

"We are making a maximum effort to comply," said a spokesman for one of the largest Chicago-area toy dealers. "But each time a new [banned products] list comes out, here we go again. We have to move at the expense of almost everything else to make sure we don't stock those toys. We want our customers to feel our store is safe and clean."

The commission says banned toys will more likely be found in small toy outlets where buyers may be less familiar with the list and where unsold toys are usually kept for two or three years.

If the deputies find banned toys, they ask the retailer to remove them from the shelves. Most retailers cooperate, Limberg said. Deputies also are instructed to report any questionable toys that are not on the banned list. The commission will do preliminary tests and, if necessary, send the toys to its national laboratories for complete evaluation.

"It's the manufacturer's responsibility to comply before putting the product on the market," Limberg said. "He knows what tests the toy must pass to be judged safe."

But while authorities are working to make this year's Christmas toys safe ones, the process is not infallible. "If a toy passes the tests, it is relatively safe, but safety is not an absolute," Limberg said. "What is safe for a 12-year-old is not necessarily safe for a 5-year-old."

[From the Washington Post, Nov. 18, 1973]

TOY-SAFETY HAZARDS: REAL OR EXAGGERATED?

(By Nancy L. Ross)

Thirteen-month-old Nanette picked up a peg from the board and put it in her mouth. It lodged in her left bronchial tube, causing an infection, according to the doctor who pronounced her dead two days later.

Sam, 3, trying his new tricycle, turned sharply to the left, fell over and suffered a fractured right elbow. An investigator found that the tricycle tipped over easily.

As Paul, 11, tried to start his model airplane, the fuel line touched the hot cylinder housing and burst into flames. Paul was treated for second-degree leg burns.

The names are fictitious but the accidents are real, taken from the files of the National Electronic Injury Surveillance System (NEISS). Based on computer projections from injury records filed by 119 hospitals across the country in the last fiscal year, emergency room treatment was required in 143,000 toy-related accidents and 372,000 bicycle-related injuries.

Emergency room treatment accounts for only part of medical assistance—other cases are treated in physicians' offices or homes.

According to the government's NEISS program, roller skates were shown to be the single most dangerous toy, accounting for 36 per cent of the injuries reported. Tricycles were second, followed by toy cars, trucks, airplanes and boats. Gasoline-powered toys caused the severest injuries.

More boys than girls were hurt last year, with cuts to the head and neck as a result of falls being the most common injury.

Edward M. Swartz, a Boston trial attorney and author of "Toys That Don't Care," says that from his 15-year experience with product injury cases there are "as many, if not more" toy-related accidents now. He recently obtained a $1.4-million settlement against a toy manufacturer on behalf of two children seriously burned when their polyester comforter caught fire. Swartz says the same type of fiber "burns like napalm," and is still being used in play sleeping bags.

Still pending is a $5 million suit against a major toy manufacturer in western New York State. The cap of one of its wooden figures lodged in the windpipe of a small child who suffered permanent brain damage from lack of oxygen. The toy met existing safety requirements. The company's president, Henry Coords of Fisher-Price, at the time of the accident headed the safety committee of the Toy Manufacturers of America, a trade association representing producers of 85 per cent of the dollar volume of toys sold in the United States. He declined to discuss the case.

Now president of TMA, Coords believes the unsafe toy issue has been "much exaggerated and blown out of proportion." TMA's general counsel, Aaron Locker, points out that half of the actual injuries reported by NEISS involved balls or ride-on toys—bicycles, roller skates, etc.—which present an inherent danger in the course of normal play. He also notes the few examples of injuries caused by electrical toys, previously thought to be very dangerous. The most dangerous toy—roller skates—placed 42d on the list of 369 hazardous household products, and the median toy ranked 230th.

The commission figures it a different way however. If the 39 categories of toys are taken as one, toys rank sixth on the list of most hazardous household objects. Bicycles, incidentally, rank number one.

All these figures notwithstanding, it cannot yet be stated with certitude whether there are really as many—or more—injuries as originally predicted, or whether the number has decreased with the increased emphasis put on safety in the past two or three years. So a multi-pronged toy safety campaign—incorporating consumer education, industrial redesign and governmental enforcement—continues.

Not all toy-related injuries can be blamed on unsafe toys. In many cases they result from carelessness on the part of the child or on the part of the parent in selecting the wrong toy for the child's age or not exercising adequate supervision. TMA estimates only 15 per cent of toy-related accidents are caused by faulty toys.

To increase public awareness, an independent governmental agency, the Consumer Product Safety Commission (CPSC), which has charge of toys, has produced radio and television public service announcements in English and Spanish, a color film entitled "Can You Pass the Toy Safety Test?", leaflets, an information hot line and a complete list of 1,500 banned toys.

Swartz believes the emphasis on the banned toys is giving the public a false sense of security by implying that the government has removed all the dangerous toys and that anything left on the shelf must be safe. This is untrue for several reasons.

First, each year there are about 150,000 toys for sale, 5,000 of them new models.

Since pre-marketing clearance is not required, some new ones may have undetected hazards. Moreover, it is often hard to distinguish between new, redesigned and old models.

For example, the outside temperature of electrical toys, like ovens and irons, shipped after Sept. 3, 1973 must by law not exceed about 200 degrees. Older models still on sale with temperatures ranging from 300 to 600 degrees can cause painful burns. The new models may have the same appearance, so one must check for cautionary labeling to assure that a model is new.

Second, because certain toys are "banned" does not necessarily mean they cannot be sold under prescribed conditions. For example, lawn darts have been declared hazardous. But instead of being prohibited outright, it is now illegal to sell them in toy shops. They can still be purchased in athletic equipment stores. The danger to children remains.

Third, some banned toys may escape notice by merchants and customers and be sold inadvertently. The CPSC plans to make 300 inspections of retail stores between now and Christmas to search for banned toys. In addition, the commission is recruiting 1,000 volunteer citizen inspectors in 14 cities across the country.

Local consumer groups also have been active. In the Washington metropolitan area, the Virginia Citizens Consumer Council sponsored a day-long session on toy safety last month at Springfield Mall. A slide show, "Toy Safety—Ignorance Is Not Bliss" was shown and toy buying guidelines distributed free. Committees inspected toys in the stores and displayed examples of ones they found hazardous.

TMA's Aaron Locker believes "enormous progress" has been made by industry in the past year in furthering toy safety. TMA has safety film for distribution, but most of its actions, he says, are "deeds, not words." Recently, the industry commissioned an engineering study from Arthur D. Little company that has now been presented to the National Bureau of Standards for its approval as a voluntary toy standard.

Malcolm W. Jensen, former director of the Product Safety Bureau and now a member of the board of the Ideal Toy Corporation, feels that manufacturers, importers and marketers are now aware that consumers, as well as government, care about toy safety.

Progress on the governmental level was slowed this year by the transfer in May of responsibility for toys from the Product Safety Bureau, part of the Food and Drug Administration, to the independent Consumer Product Safety Commission. Still in the shake-down phase, the new authority has not yet shown itself to be as aggressive as its predecessor.

Since CPSC took over, it has banned 141 toys (the Product Safety Bureau banned about 250 earlier this year) and issued only one final standard (electrical and thermal toys) plus several testing protocols. Only one manufacturer is currently under criminal prosecution for making or selling unsafe toys (he risks up to one year in jail and up to a $50,000 fine if convicted).

Safety standards for toy chests, glass objects, vacuum bottles, cribs, tricyles and bicycles are expected to be completed next year, some of them in time to make safer Christmas presents in 1974.

Also in 1974 the CPSC hopes to flex enough muscle to put through a mandatory generic manufacturing standard of its own that would affect all toys, not just selected categories as in the current piecemeal approach. Industry would prefer, if any standard is to be made mandatory, that its own (now) voluntary, laxer standard be selected.

Will toys ever be made completely safe? Unfortunately no, say industry and government alike. There will always be flukes, cheap novelties that can maim horribly. And, so long as there is public apathy, ignorance and carelessness, there will continue to be accidents like these:

Stephanie, 21 months, fell down while she was tootling a plastic flute. It shattered, cutting her mouth in many places. One piece lodged in her palate and had to be removed by a surgeon.

Mrs. F. tripped on a roller skate in a dark hallway and fell against a space heater, sustaining first and second degree burns on her left arm.

A widowed grandmother was babysitting for her 2½-year-old grandchild. While they played, the child shot her in the eye with a rubber dart gun. The victim was treated for an eye hemorrhage.

RECOMMENDATIONS FOR REDRESS OF CONSUMER GRIEVANCES

Mr. PERCY. Mr. President, as I, and other members of this body have continually pointed out, the American consumer must be afforded protection from faulty and falsely-advertised goods and services.

Unscrupulous and/or negligent businessmen are a very small minority. But, when the health, safety, and economic welfare of the citizens of this Nation are deceptively preyed upon, a great injustice is perpetrated both on the consumer and on the reputation of American business.

Our system of free enterprise can achieve prosperity only if trust between buyer and seller is at its foundation. To insure that trust, efficient and expeditious methods to redress the legitimate grievances of consumers are needed.

In this connection, the National Institute for Consumer Justice has made some extremely worthy recommendations in the receently published report, "Redress of Consumer Grievances."

A few of those that make particularly good sense to me, include:

That arbitration be considered as a means of settling consumer disputes that cannot be resolved by private negotiation or mediation;

That all States adopt a uniform arbitration act;

That a small claims court be made available and easily accessible to every consumer in order to provide simple, speedy, and inexpensive justice;

That, in addition to being a consumer's court, the small claims court be made a part of the regular court system and have the same subject matter and personal jurisdiction as a regular civil court in the State where it is located;

That small claims courts have the power to order repairs, to repeal a sale or contract, or to take other actions to resolve disputes;

That the monetary ceiling in the court's jurisdiction be high enough so that most cases, which could not be economically carried to the regular civil court, could be heard;

That a small claims court should have evening and Saturday hours;

That neighborhood small claims courts be established, particularly in urban areas;

That fees be low and that the court have the power to do away with fees;

That Better Business Bureaus require their members to establish effective internal grievance procedures;

That the handling of consumer complaints be swift, personalized, courteous and effectively managed by the private sector. This should include complaint followup and appropriate involvement by senior management; and

That the money-back policy be fully explored by companies not now offering it. It should be adopted wherever feasible as a means to summariy settle disputes with consumers.

These measures would go far toward the resolution of legitimate consumer grievances. Their implementation would help to curtail the current downward trend of confidence in American business.

But even they are not enough.

With consumerism, as in medicine, preventative action is the most efficacious remedy. The consumer must have a permanent voice and presence within the structure of our Government to protect the consumer to the greatest extent possible.

To this end, legislation to create a Consumer Protection Agency is presently before the Government Operations Committees of both Houses. Sponsored in the Senate by Senators RIBICOFF, JAVITS and myself, the CPA would represent the interests of the consumer in deliberations before Government agencies and the courts. Its role would be to compile information, present relevant facts, supply testimony, rebut contrary evidence, submit briefs, conduct research and investigations—in short, to be concerned.

An active CPA, combined with implementation of the measures NICJ has suggested, would eliminate a great number of consumer problems in this country. It is my fervent hope that the Congress, the courts, the appropriate agencies of Government, and the private sector will all do their part in realizing this end.

TOM SCOTT

Mr. BIBLE. Mr. President, it is with both honor and regret that I join my colleagues in paying tribute and farewell to Tom Scott. This man of great ability, who has played such an influential role in congressional appropriations for the past 30 years, is retiring. He richly deserves the rewards of retirement, but we shall all miss him—not just on the Senate Appropriations Committee but in the Senate and the House of Representatives, on both sides of the partisan aisles. His services, for that matter, will be missed all across the Federal Government and throughout this Nation to which he dedicated some 40 years of his life.

I shall not attempt to repeat the highlights of Tom Scott's fine career, which were so ably summarized by the chairman of the Senate Appropriations Committee (Mr. MCCLELLAN). Suffice it to say, Tom served with great distinction first with the Federal Bureau of Investigation before joining what was then a small Appropriations Committee staff in 1943. He was an old hand in the Senate when I was first elected to this body in 1954 and, like others on the committee, I relied heavily on his experience, judgment, and honesty. None of us has ever regreted that trust.

While we relied on Tom for his professional excellence, we regarded him

first as a close friend. For Tom, as a human being, is one of the finest persons it has been my privilege to know during my 20 years in the Senate.

Tom's career in the Senate spanned a period of unprecedented national growth that was accompanied by increasingly complex responsibilities in the appropriations process. The staff of three principal clerks, who handled appropriations bills when Tom joined the committee, has increased 10 times over, and the processing of appropriation bills is now a year-round, unending task. Tom took this growth and its challenges in stride. We are fortunate that a man of his capability was available, a man who grew in stature as his duties expanded.

It is perhaps sufficient tribute in itself to note that Tom served under seven different chairmen and a total of 89 different committee members and earned the trust and respect of them all. The committee's resolution giving official recognition to the invaluable services of Tom Scott has my enthusiastic endorsement.

To Tom I extend my own personal best wishes for continued success and achievement. May he and his wife, Mary, enjoy the many years of happiness that are so richly deserved.

POSSIBLE NEW MEDICARE HELP FOR MASTECTOMIES

Mr. PERCY. Mr. President, I recently became aware that medicare does not provide coverage for breast prostheses for women who have undergone mastectomies. Until now, the Social Security Administration has considered such prostheses as cosmetic devices and has not, therefore, provided payment for their cost.

A volunteer group in Illinois known as Reach for Recovery has brought to my attention, however, that breast prostheses do not fundamentally serve a cosmetic function, but rather perform the medical and physical functions of providing for weight distribution and balance; the physical comfort required for mastectomees to resume normal activity; protection to the site of surgery; and vital psychological restoration.

I discussed this problem with the Senate Finance Committee staff, who in turn contacted the Social Security Administration. I wish to commend the staff for its fine work, for through its efforts, I have received assurances from the Social Security Administration that current medicare policy will be reconsidered. Consequently, I anticipate some modification in the administrative decisions concerning breast prostheses for mastectomees.

I bring this possible change in medicare policy to the attention of my colleagues so that they may share this information with their own constituents who may also express concern about medicare coverage of breast prostheses for mastectomees. As soon as a final decision on the pertinent medicare regulations is made by the Social Security Administration, I will be pleased to notify my colleagues.

VOTER REGISTRATION

Mr. McGEE. Mr. President, while the Voter Registration Act (S. 352) which the Senate passed last May 9 has not yet been enacted into law, it is interesting to note that an increasing number of States and local jurisdictions are turning to simplified voter registration via the U.S. mail to insure that qualified citizens have ready access to the polls on election day. This is a welcome trend indeed, and one I hope will be noted in the other body as it nears consideration of the Voter Registration Act.

Very recently, election officials in Montgomery County, Md., unveiled their plans for a new system of registration by mail—a plan authorized by the Maryland Legislature. Under this system, local election boards and public libraries will make registration forms available. All the qualified would-be voter needs to do is obtain the form, fill it out, and mail it to the election board. Formerly, the Montgomery County voter had to appear before two registrars, each of whom was required to record the necessary information. The election board, of course, still obtains the information pertinent to each voter and still retains the power to register voters. What has been eliminated by this plan, or will be, is the discouragement to vote which was visited on citizens who encountered long lines at the registration table.

Mr. President, I ask unanimous consent that an article on Montgomery County's new voter registration system, which appeared in the Washington Star-News for January 8, be printed in the RECORD.

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

VOTER REGISTRATION BY MAIL

Montgomery County election officials have unveiled plans for a new system of voter registration that will permit qualified residents to register by mail to vote.

The new program, slated to go into effect also in Prince Georges, Harford and Howard counties and Baltimore City, will make "voter registration as easy and convenient as mailing a letter," the Montgomery County elections board president, Felix M. Putterman, said.

Under the old system, Maryland law required qualified residents 18 years or older to appear before two registrars, each of whom was required to record the necessary voter information on a registration card. However, some elections officials felt this method tended to discourage last-minute registration before elections. If often led to long lines of registration tables.

Under the new system, qualified voters will be able to obtain application forms from the elections board or local library, fill them out at home and mail them to the elections board.

CYNICISM AMONG THE YOUNG

Mr. PERCY. Mr. President, during the last hectic weeks of the 1st session of the 93d Congress, an unprecedented amount of mail poured into my office, as it did into the offices of all my colleagues in the Senate. In some ways, that mail was no different from the mail that I have received in the past. Most letters addressed themselves to the issues of the day, some containing recommendations, some stating opinions, others merely asking for help.

But in reading my mail during the last few months, I have found that an increasing number of my correspondents despair for America's future. In their view, the events of the fall—the revelations of crime high within the administration, the criminal indictment of Cabinet officers, the resignation and conviction on criminal charges of the Vice President of the United States—seem to stand as omens of America's fall from grace. They see a nation beleagured by the problems of fuel shortages, inflation, unemployment, political corruption, crime in the streets—and it does not seem to them to warrant the boastful old title of "The Greatest Nation in the World."

Nothing brought home to me this message of frustration and despair more forcefully than a batch of letters I received last month from a class of high school students in Batavia, Ill.

The class, a senior group studying American problems, wrote to ask me what was being done about the problem of organized crime. Evidently, they wrote only after repeated urging from their instructor, feeling that any letters they sent would go unread and that any opinions they expressed would go unheard. The class was demoralized by the events of the fall, especially by the Agnew resignation, and most took a dismayingly cynical attitude about every aspect of American political and governmental institutions.

The point is made eloquently by the instructor, Mr. Schwob, in the cover letter he sent me with the students' letters. He wrote:

Having been a teacher of seniors for quite some time, I've noticed many attitude changes through the years. The attitude of this group and my junior group has alarmed me, however. If you read through these letters, as I hoped and promised you would, you will notice an air of cynicism. It is becoming an extremely pronounced attitude throughout all of the Batavia's young people.

Although the letters themselves address the problem of organized crime, they also reflect a much deeper, much more profound problem that plagues America today. They are the letters of young Americans on the verge of becoming voting citizens who have lost their faith in their leaders, their institutions, and in the ideals of their country.

Mr. President, I ask unanimous consent that five of the letters that I received from the Batavia High School seniors, which illustrate this point, be printed in the RECORD.

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

DEAR MR. PERCY: Our American Problems class is studying organized crime and I would like to know how you stand on that issue. Have you got any solutions? What can we, as citizens, do about it?

If you are going to send me back a mimeographed letter, don't bother. You are supposed to be working for the people, and I want to know your views on organized crime. How can we stop it?

Sincerely,

DALAS BROWN.

HONORABLE SIR: I am a senior at Batavia High School and will be eligible to vote in less than one year. Since crime is a very extensive problem in our country I would like to know what is being done to stop it. The slums in the large cities are where most of crime takes place. Is anything being done there to stop it? It seems that people are not safe to walk down the street at night without worrying about being mugged or raped. Do you have any solutions as to how to stop this fear and get rid of crime? Is anything being done to stop organized crime? It seems that they get richer and richer and the average middle-class man gets poorer and poorer because we pay our taxes and they don't.

An answer to these questions would be appreciated. Thank you.

Sincerely,

JANE OLSON.

BATAVIA, ILL.

Hon. CHARLES PERCY:

What the hell is going on? Here I am, one of the voters who put you in office to protect my rights, and what happens, nothing. Crime is running rampant through our streets and to my knowledge I see or hear of nothing being done to stop organized crime. As far as I am concerned the efforts being put forth are practically nil. You probably won't see the letter, or any like it anyway, so how can you tell if your public is concerned? I would definitely like to see some action on this and a reply of what is going on in Congress right now to stop this threat. Thank you for your time.

Sincerely,

BOB CASTNER.

NOVEMBER 14, 1973.

DEAR MR. PERCY: We are studying organized crime in our American Problems class. We, as students, would like to know your views on this issue. Also, what is being done to prevent this disease from spreading.

Our teacher says that you're going to read and consider our letters. I, and my friends, feel that you can't be bothered and that you're going to throw these all away.

What can we do to help stop organized crime? We really do care about it but we really don't know what we can do.

Sincerely yours,

SANDY GLADD.

DEAR MR. PERCY: I really doubt that you will ever read this but here I go anyways. We have been discussing the problem of organized crime in America and what we can do about it. We came up with a few ideas but we couldn't find any solid ways of getting rid of it. Any suggestions that you can give us will be appreciated.

Yours truly,

BILL PECRON.

Mr. PERCY. Mr. President, how are we to combat such cynicism? It is not enough just to answer these letters, to tell the students what is being done about crime, and let the matter go at that. Mr. President, it is up to all of us—in the Senate, in the House, and in the other branches of Government—to reinspire in all Americans, especially the young, a belief that the United States is a just country, that our people are a fair people, and that our Government is still rooted in the Constitution, the rule of law, and the principle of individual and corporate integrity.

This cannot be done through words alone. In this case, the old cliche is true: Actions will speak louder than words.

The 93d Congress in its 2d session must take up the troubles that face the United States today—energy, the economy, crime, campaign reform, congressional budget reform, consumer protection, national health insurance, care for the elderly, to name but a few of the most important. We must find solutions to these problems—workable solutions that will demonstrate to the American people that their Government can do the job they expect it to do and do it right.

Let the letters from the Batavia High School students serve as a constant reminder of what is at stake in the new session we begin this week. The very future of our participatory democracy depends on the active involvement of all citizens in the governmental process. The extent to which our citizens continue to participate will depend in large measure upon our performance here in Washington in the year ahead. It is a fact all of us should bear in mind.

SALUTE TO JOE BELARDI

Mr. CRANSTON. Mr. President, on the 24th of next month the San Francisco trade union council will sponsor a dinner to honor my friend Joe Belardi, one of the leading trade unionists in California.

The proceeds of the dinner will go to establish a Joe Belardi-Histadrut scholarship for the children of Israeli trade unionists.

It has been my pleasure to know Joe Belardi for many years. He has been active in the trade union movement since the 1930's when he was an active participant in the San Francisco hotel strike of 1937. He was first elected to union office in 1939 when he became business agent for cooks, local 44. Since that time he has devoted his life to labor.

In recognition of his outstanding leadership in the trade union movement, Joe recently was appointed an international vice president of the Hotel and Restaurant Employees International Union. Joe also works as executive secretary of the San Francisco local joint executive board of culinary workers and as president of the San Francisco labor council.

Joe Belardi is one of the men who have made San Francisco a great city. It is fitting that he will be honored with a testimonial dinner on February 24, and with a scholarship in his name for the children of Israel Histadrut.

HIGH STANDARDS

Mr. BROCK. Mr. President, events in the past several years have made us all painfully aware that legislation cannot be effective in producing high ethical standards. The need for more honesty and integrity is apparent, not only in Government, but throughout the Nation as a whole.

Kickbacks to company executives and public officials for influencing contracts are shaking the public's confidence in their Government and free enterprise system. Shoplifters and employee theft rings are robbing consumers of their hard-earned dollars at the marketplace. As a result, the American people are becoming cynical and mistrustful of even the most honest of their fellow men.

We must work to restore our faith in each other, in our institutions and national goals. Disillusionment is draining our resources at a time when we desperately need to work together. In a full-page advertisement in the December 14, Wall Street Journal, American Viewpoint, Inc., set as its aim, "to make honesty a working principle, rather than a moral issue apart from our daily lives." This vital endeavor by a nonprofit organization served largely by volunteers deserves our praise and encouragement.

American Viewpoint, working with established organizations, seeks to reverse the trend that has made dishonesty fashionable, to study conduct codes and means of enforcing them, and to assist authors and educators in developing new methods of teaching ethics in our schools. Such an effort has long been needed, and I would ask unanimous consent that this plea for support be printed in the RECORD.

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

[From a full-page advertisement in the Wall Street Journal, Dec. 14, 1973]

WANTED: BUSINESS LEADERS WITH THE COURAGE AND FAITH TO SUPPORT A MOVEMENT TO MAKE AMERICA MORE HONEST

You will be accused of being a starry-eyed idealist, held in contempt by the fast-buck operators, suspected of ulterior motives, and discouraged every day by the headlines.

But if we care about our economic and political freedoms, somebody's got to start working for better ethics in America. And start now, before public awareness recedes into public apathy.

A Chicago meat packer handles $15 million worth of meat a month and can't show a profit because of an employee theft ring.

In New Orleans an architect tells reporters that public officials consider a 10 percent kickback the normal 'finders fee' for public work.

In New York a bright little outfit makes a young fortune cranking out theses for graduate students in search of advanced degrees.

A hot insurance company collapses after inventing thousands of fictitious policy holders.

In every American city the busy little boosters are clipping department stores for billions upon billions in shop-lifted suits and coats and fancy leather goods and Patek Phillipe watches.

In Maryland the system of payoffs is so pervasive that it breeds high officials who can see nothing wrong with receiving regular payments from contractors.

Disk jockeys are rewarded by record companies with cash, women and hard drugs.

Kickbacks to purchasing agents are becoming inventive in the extreme. Free goods, paid vacations, unsecured loans, scholarships for the kids and country club dues are just a few of the goodies a purchasing agent may now receive for buying from the right supplier. Along, of course, with time-honored cash.

In Washington the rings on the waters of Watergate grow wider, ever wider.

And it seems to be everywhere. The cheating. The dishonesty. The lack of ethics.

And all the while the American people become less trusting, more cynical.

And all the while the common faith in each other, in our institutions and goals, weakens and weakens.

And the glue holding the American repub-

lic together in freedom and mutual respect is more and more eaten away.

Maybe it's too late. Maybe there are already too many people who simply don't care about having a bundle of freedoms. Maybe faith in one another is a thing of the past.

But we don't think so. And we propose to help bring back honesty, ethics, and self-respect.

Because when we can't believe in each other, in our institutions, we'll have to find something else to believe in. Like authority. And blind force.

Maybe nobody cares. But we don't think so.

WHO ARE WE? AMERICAN VIEWPOINT, INC.

In 1922, as the American Viewpoint Society, we began our commitment to maintain the American ideals and principles of citizenship.

Our first step was the publication of a series of textbooks for junior high schools, including: "We and Our History" and "We and Our Constitution" by the great Harvard Professor of American History, Albert Bushnell Hart; "We and our Government" by Jeremiah Jenks, Professor of Education, and Rufus Smith, Dean of the School of Education, both of New York University; "The Spirit of America" by Angelo Patri, known as the beloved School Master of New York. These books were a landmark in the teaching materials of the time.

In the 1920's we pioneered in the publication of health and safety education books. During World War II American Viewpoint produced a series of morale booklets, including "We Prayed" by Captain Eddie Rickenbacker, "Bataan and Corregidor" by General Douglas MacArthur, and "Can We Have Peace?" by Walter Lippmann.

In the 1950's American Viewpoint instituted a successful college lecture series and engaged in research and writing in the field of juvenile delinquency. In recent years, in spite of an almost total lack of funds, we have kept at the task of trying to get more elementary schools to teach ethical and moral values.

We are non-profit, non-political, non-sectarian, tax-exempt. Simply concerned. Profoundly convinced that something precious exists in this nation. Something too precious to dissipate or to give up with scarcely a whimper.

So the time has come for American Viewpoint to be reborn. To restaff. To exchange the tradition of 42nd Street in Manhattan for the vitality of University Square in Chapel Hill.

We have a new President, who will serve full time at no salary. And a new challenge to meet.

Our paid staff will be small, with help from volunteers in the university community.

Our method will be to serve as a catalytic aegnt, working through established groups in education, advising media, labor, business and government.

That's why our first objective is to let the entire American business community know our goals, and how we hope to achieve them.

WHAT WE WANT TO DO

If ever there was an opportunity to reverse the drift toward sleazy ethics and pervasive dishonesty, the time is now.

A lack of faith is steadily sapping the resources of our entire nation.

People are fed up, disillusioned by the liars. Sick of the exploiters.

People want faith instead of anxiety. Faith in their employers, faith in their unions, their schools, their government. Faith in each other.

They are ready to believe in ethics and honesty. But to improve our system, we must improve ourselves. That's the challenge.

Now we must meet it.

IT WON'T BE EASY

Our society has changed. What worked before doesn't work so well any more.

In our interdependent, super-technological society, the need for honesty is critical. The tolerance for individual irresponsibility becomes narrower.

The ethic for one person to an acre is different from the ethic for one thousand to an acre. We must recognize the inadequacies of the past to survive in the future.

A THREE-PART PROGRAM

American Viewpoint has a simple idea about ethics. We think most people agree on what's right or wrong. Otherwise we would have no order.

We believe the heart of ethics is the Golden Rule. It illustrates the concept of cooperation and sharing common to all major religions.

That's about the extent of our doctrine. We won't get involved in the maelstrom of philosophical, linguistic or situational ethics. We won't set up any system, scientific, or otherwise, to validate any moral code, to determine what's right or wrong.

Our simple aim is to make honesty a working social principle, rather than a moral issue apart from our daily lives.

1. Debunking dishonesty through mass media

Shoplifters steal $12 billion worth of merchandise a year from the nation's stores, raising prices drastically for all. That's bad news. White collar crooks are getting away with more than some companies make, costing jobs, contributing to inflation. That's bad news.

Crooks in politics raise our taxes painfully. That's bad news. Workers who dog it deliver products that don't work. That's bad news.

Businesses that cut corners for plusher profits short change the public and make them cynical. That's bad news.

And all of this bad news, converted into a continuing program of material for newspapers, magazines, TV and radio can work powerfully to debunk dishonesty, to make it unfashionable. To turn the guy who puts something over into a bum, not a hero.

Because nobody admires the person who hurts them when they understand what he's really up to.

2. A new relevancy for ethics education

Certainly most of us have always told our children to be ethical and honest. Obviously many didn't listen.

We need to make ethics more than a lecture. More than high-sounding words on a printed page. We need to recognize that the hustler is often the folk hero in today's culture. Then find ways to puncture him in the classroom.

We want our education to make a case for ethics and honesty in the real world of today. Not the fantasy world of yesterday.

American Viewpoint will assist authors and publishers in developing teaching aids that reflect a new relevancy to the real world the student faces.

We'll provide incentives to stimulate creation of new and more workable methods of teaching ethics at all levels of education—from kindergarten to graduate school.

And lest our ethics become dogmatic, we will encourage a continuous re-examination of our values in high school, college and graduate school seminars.

How to cope with the increasingly difficult social problems of our society should not be left only to the random qualifications of parents. Or the random interest of teachers.

3. Taking codes of ethics out of the frame on the wall

American Viewpoint plans to study codes of ethics to find out how well they work. To find ways to make them work better.

We want to encourage all professional and trade associations, corporations, and labor unions, to develop their own codes of ethics. Codes that spell out the honest person's right to be honest without suffering for not condoning the cheats.

If such a code already exists, we'll suggest means to enforce it. It's not doing anybody any good just hanging on the wall.

We think the legal and medical professions, for example, should make it clear that shady practitioners are almost certain to get into trouble.

We think that labor unions are most successful when they make it clear that an honest day's work won't get a man in trouble. Because the surest way to prosperity is through productivity.

We think that Rotary, Kiwanis, Lions and other great service clubs that have pioneered in establishing ethical standards should reenergize their codes of ethics. And thus reinforce their prestige in the community.

The ethic of "going along" plagues our corporate and government bureaucracies. And now is the time to start changing the duress of team play for personal gain into cooperation for total corporate and social goals.

IDEALISTIC? YES, BUT PRACTICAL TOO

What if political chicanery were cut in half. Shoplifting by thoughtless kids were cut by a third. Loafing on the job were cut by a third.

How much could be saved if we increased national honesty just 25 percent? Would we save $25 billion a year? $100 billion?

Sure, it's idealistic to want to make people more honest, but it's also very practical. And very hard.

But what can we look forward to if we don't try?

9nd then there's the Golden Rule. It's a little tarnished. But if we can persuade a person to care about others, he'll find he's treated more fairly in return. When you come right down to it, it's selfish to be honest.

WE NEED YOUR HELP—WE ADMIT IT

American Viewpoint has studied ethics and honesty for 50 years. We think we have a very realistic grip on the subject.

We think we can make things change for the better. With your help.

Whose help?

We are not going to ask the "average" American for funds. There are many worthy organizations that he is already supporting. We want our financial support to come from the business community, corporate foundations, labor unions and other organizations. While our program to extend economic and political freedom by promoting better ethics should directly benefit every citizen, the greatest benefits will accrue to those in America who have obligations to many and responsibilities for much.

The leaders of American Viewpoint are businessmen, by and large. We feel at home with the challenge to show a good return on investment. But we also realize that today, intangibles are as pragmatic as tangibles. Which is why the maxim "idealism is long-range realism" currently rings so true.

Since we will be working through established organizations, American Viewpoint can be effective with a fairly modest budget. Most of the funds required will be used for "seed" money to stimulate the broader programs outlined above.

We are planning our budget over a three-year period, 1974 through 1976. We estimate that our minimum effective requirements for this strategic three-year period should be at least $750,000, allowing $350,000 for the first full year and $200,000 for each of the next two years. From the $350,000 first-year budget, we would allocate $200,000 for the cost of production and distribution of creative materials for a mass media campaign. Any substantial special project may be funded separately. To all contributors, members, directors and any other itnerested parties, we shall make available detailed quarterly financial and activity statements.

Needless to say, any funds we receive will

have to be accepted with no limiting conditions, save one. That we do the best job we can.

So we do want your help—not casual help. Not just a bill and a good-bye. If you are interested we ask you to write us. Right away, of course. Then well be in touch as you direct us; and provide any additional information you may request. Please contact: Ivan Hill, President, American Viewpoint, Inc., University Square, Chapel Hill, North Carolina 27514.

Robert E. O'Connor, Chairman.

Dr. Herbert C. Mayer, Honorary Chairman.

Max Chopnick, Chairman of Executive Committee.

HEALTH CARE IN AMERICA

Mr. RIBICOFF. Mr. President, on January 17, 1974, our distinguished colleague from Maine, Senator MUSKIE, delivered the keynote address to the Northeastern Pennsylvania Regional Governor's Health Conference and Hearings in Wilkes-Barre, Pa.

Senator MUSKIE's speech includes a broad and careful analysis of the problems—and some possible solutions—in our development of health resources, health delivery systems, and equitable health care financing.

Senator MUSKIE's speech serves as a thoughtful background for the important debate on health issues which we expect this year. I commend it to my colleagues and ask unanimous consent that it be printed in the RECORD.

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

KEYNOTE ADDRESS BY SENATOR EDMUND S. MUSKIE

JANUARY 17, 1974.

The core of our concern about health care has been well expressed by Governor Shapp: "To insure that every Pennsylvanian"—and, I might add, every American—"has access to high quality, comprehensive health care at a reasonable cost, regardless of geographic location or socioeconomic status."

We have a long way to go to achieve that goal. Our system is a success in many respects:

The dedicated men and women of the health professions have made great strides in the techniques of preventing and treating illness, injury, and disability.

Those who support and work with our health care system—those in research, health insurance, and government—have similarly labored to bring good health care to all Americans. Many Americans, as a result, receive excellent health care, at a cost they can afford to pay.

But too many Americans do not share that privilege, and the deficiencies of health care delivery and financing in America are grave enough that the system as a whole must be judged a national failure.

II

Let us take a look at it:

On the average, each American each year is disabled from some cause for about 15 days, and loses over five work days—and one out of ten spends time in a hospital.

Modern American living has created modern American health epidemics—like heart disease, which now is our number one killer, accounting for 750,000 deaths each year.

Increased awareness of our environment has brought with it awareness of environmental health hazards.

Inattention to health conditions in our places of work has led to the national disgrace of black lung, brown lung, grey lung.

And despite our rich resources, the traditional index of comparative national health—infant mortality—shows the U.S. lagging behind 14 other nations.

We have failed to provide adequate health manpower to serve our needs. Increasingly we have relied on graduates of foreign medical schools, who now make up almost 20 per cent of all physicians in America.

Although we may have made progress toward closing the manpower gap, we are still short some 50,000 physicians. And other health personnel are in short supply: overwork and understaffing divert scarce nurses from lifesaving tasks, and inadequate numbers of emergency personnel literally may mean the difference between life and death in some areas.

More critical than the absolute supply of health personnel is their "maldistribution": Some rich communities have more doctors than they can reasonably use, while other areas—central cities and rural communities—are drastically "underserviced."

In an increasing number of counties in the country—140 in 1972—there is no physician actively performing patient care. For the over one half million residents of these counties, a visit to the doctor—for a routine examination or for an emergency—requires a trip of perhaps hours to the next county.

Our programs to build health facilities have too often missed the real target. We have succeeded in building hospital beds to theoretically serve every American. But the fact is that they do not. Hospitals are overconcentrated in wealthy areas, with many communities shortchanged.

There is disproportionate construction of high cost facilities to service the patients of high-priced specialists, and too little support for serving community health needs through adequate outpatient and emergency care.

And when health care services are available in theory, they may not be available to the patient in fact. In many metropolitan areas, for instance, there may be no counterpart to the friendly care and advice of a competent local general practitioner, backed up by a well-equipped local hospital. Instead, comprehensive health care requires a dizzying array of specialists, clinics, financial bureaucracies and social service agencies—each in a different location, each with their own forms to fill out, each able to deal with only a part of a patient's health needs. For some Americans this fragmentation of the health care delivery system makes it too inefficient and complicated to receive complete care. Indeed, the patient in effect must diagnose his or her own illness, before calling the physician. The result is spotty care, or no care at all—when all the elements are potentially within reach.

And as dramatic as any other national failure is the scandal of the cost of health care in America. As a symptom of health cost inflation, our annual national health expenditures between 1950 and 1971 increased by $55 billion—but half of this increase went to pay rising costs, beyond the cost of providing for more services, and more patients.

These increasing health costs have created dramatic human tragedy. The pain of seeing a loved one paralyzed, or living out a terminal disease, compounded by the prospect of financial ruin and long life debt as hospital and medical bills mount to the tens of thousands of dollars.

Or escalating health costs can force a choice between health and other necessities. One elderly woman, testifying before the Senate aging committee's subcommittee on health of the elderly, which I chair, told how she budgeted her annual income of $2,295.80: after rent of $1,104 per year, and telephone, medicare, transportation, washing, insurance, and $15 per week for food—she had a total of $20.54 for all her needs for the entire year: social expenses, dry cleaning, clothes, furniture, houshold items, shoes—and also for drugs and the doctor's fee—and today—the increased cost of heating her home.

Her very human comment. "I am not a statistic. I am a senior citizen, and I want the same good health care that everybody else would like to have."

Another senior citizen, on social security told the aging committee a similar story in more concise, graphic terms. "My medicine runs about $50 a month," he wrote. "I am afraid I will either stop eating or taking medicine prescribed for me. I can't make ends meet now. I am not living, just existing. . . . As they say, it is hell to be poor."

These stories tell us that our health system is a failure. With our resources, it is fundamentally wrong for good health care to be assured to the affluent, but denied to less fortunate Americans.

The advances of medical science, the pleasant new hospital, the well-planned regional health delivery system, and the actuarially sound financing system are failures if sound, reasonably priced health care is still beyond the reach of the isolated rural resident, the elderly and poor without direction, the middle income family facing the financial reality of serious health problems, and the American without funds to buy the services of America's health care system.

III

Much of the challenge of solving our health care problems must be met at the local, regional, and State levels.

But the basic causes of national health care failures transcend local and State boundaries. A national commitment—at the Federal level—is required.

Much of what we have done at the Federal level has been useful and has achieved important successes. But there have been gaps in those efforts—and disappointments.

IV

1. For example, our health research effort has always focused on "hard" medical science. We have been inattentive, however, to less glamorous but equally pressing research needs, such as the relationship of the environment and our health, and the value of public health education.

2. Our programs to develop health manpower have been disappointing. We have enacted legislation to expand medical schools and to subsidize medical students themselves—most of whom, soon after graduation, enter the highest paying profession in America, with an average per capita income over $40,000. One of our purposes in providing a subsidy was to encourage young doctors to locate in medically-underserved areas. The program has not served that purpose.

3. We have made little progress in promoting the development of medical paraprofessionals. One promising concept, at work in my home State of Maine, is the use of medics—Vietnam-trained medical professionals—to provide patient care.

Another is the utilization of nurses as physicians' assistants and mid-wives. But some physicians are jealous of their exclusive prerogative to administer even the most simple patient care, and some nurses fear the increased responsibility of an expanded role. Increased reliance on the non-physician professional is necessary to utilize doctors' skills efficiently. The physician, the nurse, and the public must begin to accept new concepts and a wider range of skills in the uses of medical manpower—and those concepts must receive Federal support which has so far been inadequate.

V

We need to reform our health delivery system. Not long ago, most Americans assumed that the "delivery system" had something to do with obstetrics. Now we are familiar with the charges that the way doctors and hospitals are paid is outmoded, and

that they are inefficient. And we fear that our health care system will become as impersonalized as a mail order catalogue.

No one has proposed doing away with the family doctor—in fact, the general practitioner is in short supply, and as a newly recognized specialty is receiving new emphasis.

But it is also a fact that the traditional system of the doctor practicing alone—specialists as well as GP's—has failed to provide adequate health care to millions of "under-serviced" Americans. It has made health care uncoordinated and fragmented. And it is costly in manpower and money.

What we do need is an alternative to solo practice—such as the Health Maintenance Organization, or HMO. HMO's consist, simply, of a group of doctors, with their assistants, who provide patients—or "members"—all basic health services in return for a periodic enrollment fee. Because any single visit to the doctor does not involve a large fee, and because HMO physicians have an incentive to keep members healthy to keep costs down, HMO members generally receive better preventive health car, and require less hospitalization, and less surgery, than the general population. And to the patient shuttled from one specialist to another under our current system, or unable to find comprehensive health care at all, an HMO can provide more personalized care.

Congress endorsed the HMO concept last month by enacting a program to give Federal financial help to approximately 100 new HMO's over the next five years.

This legislation will create a nucleus—on which I hope we can expand—of health delivery organizations which can serve some of our population with great success, and provide a competitive alternative to encourage other health providers to give increased attention to cost savings, preventive health, and comprehensive services.

Other selective improvements in health delivery are also needed. I have introduced legislation, for instance, to make available additional home health care for the elderly. My bill would allow home health agencies to be reimbursed by medicare when their elderly patients can not care for themselves, but do not require constant skilled care. It would double the number of days of home health benefits available under medicare. It would correct the current situation where home health coverage is so limited that some patients are given the "medicare cure"—a few expensive but unnecessary days in the hospital, merely to qualify for additional benefits.

HMOs, and home health care, are two examples of how our health delivery system could be improved. Essential to both is the concept of expanding the alternatives available to the consumer, encouraging in the health delivery system the same diversity and innovation that exists in the rest of our economy.

But improving mechanisms for delivering health care won't provide enough help unless we improve our programs for paying the bills.

To do so on a scale which will—in Governor Shapp's words—provide access, for every American, to high quality comprehensive, reasonably priced health care, will require that we establish goals beyond those we have been discussing.

VI

One goal should be to increase Federal responsibility for the health costs of the elderly, the poor, and low-income Americans, who are denied good health because they cannot pay its price; and of the catastrophic victim, whose tragedy may mean financial ruin and debt.

The cost of medical care is particularly a burden on the elderly, who now pay out-of-pocket health costs higher than before medicare was enacted. Inflation in health costs has also meant inflation in medicare: Eight years ago, the initial hospitalization deductible the elderly paid before medicare took over was $40; by last year, it had increased to $72. Last month, I proposed legislation to prevent still another increase in the deductible and coinsurance. My proposal was adopted by the Senate, but did not receive final approval by Congress.

As a consequence, medicare deductibles and coinsurance increased on January first by 17 percent.

The elderly on fixed income, already burdened by inflation, are hard hit by escalating medicare costs, and the high price of items like drugs not covered by medicare. Medicare now protects the elderly from health care costs about as well as a leaky umbrella. I am hopeful that in the coming session of Congress we can adopt measures—like the medicare deductible freeze provision I have proposed—to patch some of those leaks.

The coverage of government health insurance for the poor—medicaid—also must be expanded. Medicaid eligibility, and benefits, vary inequitably from state to state. To allow the "working poor"—who now have minimal private health insurance—access to health care, Federal responsibility and standards for the program must be strengthened.

Also among our goals must be a program to provide effective catastrophic health insurance—security for all Americans from the threat of multi-thousand-dollar costs of serious illness or disability.

VII

But our goals must go beyond simply increasing the amount of health care costs for these individuals assumed by the government.

We must alleviate the burden of health care costs for the majority of Americans—by providing them with an equitable health financing system, and by putting a lid on uncontrolled cost increases.

Attaining this goal will require wholesale reform: a national health insurance system which not only includes full health coverage for all Americans, but at the same time forces those who provide health care to be fully accountable for the cost and quality of the care they provide.

VIII

The American health care system is an addict. It has an ever increasing appetite for money. And as we satisfy that appetitie by paying for rising health costs without forcing basic reform, we run the risk that health care costs will bleed dry the financial resources of the majority of Americans.

Our experience with medicare and medicaid demonstrates that federally guaranteed reimbursement of health costs not only allows more Americans to receive more health care, but also artificially raises the price of health. As more people seek health care, doctors and hospitals raise their fees.

There is no effective mechanism—through the free market, or through the financing system itself—to check health cost increases. Since price increases are paid by insurance, and not by the patient directly, there is no immediate decrease in demand. And so price increases become fixed at higher and higher levels.

Resulting inflation not only threatens the federal treasury with spiraling costs, but also aggravates the burden of health costs for the majority of Americans, since private health insurance pays only part of their bills.

Expanding insurance also encourages doctors and hospitals to provide the most expensive (and profitable) kinds of care, instead of the comprehensive, low cost preventive services most effective in protecting good health.

We have made some progress toward instituting cost controls under medicare and medicaid. And by establishing regional professional standards review organizations of physicians, we hope to improve the quality of care financed by these programs. But only by establishing cost and quality accountability for our health care system—through national health insurance—can we bring costs under control for the majority of Americans.

IX

Cost accountability under national health insurance should include advance budgeting—so doctors and hospitals will plan how to provide the most health care for the money available. It should encourage HMOs and other less expensive forms of care for all communities. It should include incentives to coordinate health delivery, encouraging hospitals and nursing homes to combine their services, giving more options to the public and to physicians.

And a basic element of national health insurance should be coverage of all Americans, for all health care. Removing the price tag from health, while improving the quality of care, through national health insurance, must remain our central goal.

X

The more limited reforms we consider in Congress this year should be evaluated against that the central goal.

We should continue to improve Federal support for research in the traditional medical sciences, and expand our effort into new areas of inquiry like environmental health.

We must give more encouragement to improving health manpower, where it is most needed.

We should continue to support health care delivery innovations, like HMOs.

And we should place a high priority on expanding financing coverage of health costs—for the poor, the low income, the elderly, and the catastrophic victim.

Progress will depend upon public awareness and public support. I hope that as we debate health legislation, we will hear from all of you about your concern for comprehensive reform.

We have created great health resources in our nation: dedicated professionals, concernized citizens, and committed political leaders. But we must aim high to attain our goal of assured, accessible, high quality health care—for all Americans.

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ROBERT J. WAGER

Mr. JAVITS. Mr. President, on behalf of myself and Senator PERCY, the ranking minority member of the Government Operations Committee, I wish to note that Robert J. Wager, the able staff director and general counsel of Government Operations Subcommittee on Reorganization, Research, and International Organizations, last week left his position to accept another challenging job in Washington.

We and the other members of the subcommittee, of which I am ranking minority member, will miss his talent, insight, and commitment to the important responsibilities of the subcommittee. He has contributed greatly to the success of its work and to that of the Senate as a whole.

Since 1970 when Mr. Wager assumed his present responsibilities, the subcommittee has engaged in a wide ranging number of legislative initiatives. Among others, these have included efforts in the areas of consumer protection, drug abuse

law enforcement, the creation of the Environmental Protection Agency, and most recently the Federal Energy Emergency Administration bill passed by the Senate, and the Energy Research and Development Administration proposal.

Prior to becoming our chief counsel, Mr. Wager had served in the Department of Justice, at the National Labor Relations Board and as a legislative assistant to Representative JAMES C. CORMAN of California. He joined the subcommittee staff in 1966 and subsequently had an important impact upon every major executive reorganization proposal submitted to the Congress by both Presidents Johnson and Nixon.

Mr. Wager has made a substantial contribution to the Nation during his 7 years of public service to our subcommittee. During that time he has served both the minority and the majority with great distinction on a bipartisan basis. Senator PERCY and I will miss his blend of competence and dedication and we wish him well in his new career.

PRESIDENT HAROLD B. LEE

Mr. MOSS. Mr. President, on December 26, 1973, a distinguished American, a beloved Utahan, the 11th president and a spiritual leader of the Church of Jesus Christ of Latter-day Saints—Morman—died. The death of President Harold B. Lee was entirely unexpected and was a stunning shock to all who knew him. To the 3 million Mormons who referred to President Lee as prophet, seer, and revelator, his death meant a time of reflection on the tremendous impact of this unusual man at the highest levels of responsibility. President Lee will be remembered as a noted church leader, educator, businessman, civil leader, and public official.

His influence was far-reaching. As a general authority of the Latter-day Saints Church for 32 years. President Lee was responsible for many of the present programs of the church. These programs include the giant welfare program of the church, training programs for bishropics, the home teaching program, the family home evening program, and the teacher development program.

President Lee, during the relatively brief period of 18 months while he was president, instituted significant changes in church administration. Among these changes were reorganization of the youth programs with special emphasis placed on the widely held priesthood, creation of a broad program for unmarried adult members, restructuring of general auxiliary boards, and creation of internal and external communications committees.

In an editorial, the Deseret News states that—

President Lee to his worldwide responsibilities as president, has brought the wisdom and spiritual strength developed in a lifetime of service in the church, including more than 30 years as a member of the Council of the Twelve.

The Salt Lake Tribune, in an editorial, calls attention to the true record of President Lee, as stated in his own words. "The only true record that ever will be made of my service in my new calling," said President Lee upon being sustained as prophet of the Mormon Church, "will be the record that I have written in the hearts and lives of those with whom I have served and labored within and without the church." That record is one that can certainly be emulated.

Mr. President, because of the greatness of this man, I ask for unanimous consent that two editorials regarding President Harold B. Lee be printed in the RECORD. One is from the Deseret News of December 27, 1973. The second is from the Salt Lake Tribune of December 28, 1973.

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

DEDICATED SERVICE MARKED LIFE OF PRESIDENT HAROLD B. LEE

When President Harold B. Lee, who died Wednesday evening, was sustained as a prophet in the Church of Jesus Christ of Latter-day Saints, he offered the 142nd semi-annual conference a humble formula for assessing his accomplishments.

"The only true record that ever will be made of my service in my new calling," he said, "will be the record that I have written in the hearts and lives of those with whom I have served and labored within and without the church."

As the praise of those who knew him well so convincingly attests, what President Lee called his "true record" was an enviable one. But it was not the complete record of his long and eminently useful life.

President Lee, as other LDS leaders before him, came out of the real, everyday world of people. As teacher, city commissioner, businessman and churchman he built a distinguished record of accomplishment.

His ability to organize new ventures, to reorganize existing programs was widely respected both in the church and in the community at large. Under his guidance a variety of LDS home studies, women's and youth organizations, publications and sports programs were meshed for greater efficiency and service. And he was credited with shaping the church's widely known welfare program under which members contribute time to aid the poor. During the depression he headed a work program which aided thousands.

But his efforts, and their considerable influence on the community, were not restricted to religious activities even after he left public life in 1937 to become managing director of the welfare program. His work with youth, for instance, was recognized by such national organizations as the Boy Scouts of America. And, commenting on his untimely death, leaders of other faiths stressed President's Lee's "community leadership" and his "warm response to those with other religious beliefs."

In view of the unusual ability demonstrated before becoming the LDS Church's 11th president in July, 1972, the brief time he was permitted to serve in that capacity is doubly regrettable.

NOT DESPAIR, BUT TRIUMPH

If ever a man made an endursing impact in a comparatively short span of time at the pinnacle of responsibility, it was President Harold B. Lee.

In contrast to the marked longevity of most of his predecessors, President Lee was a comparatively young and vigorous 74 when he died Wednesday evening after only 18 months as Prophet, Seer, and Revelator of The Church of Jesus Christ of Latter-day Saints.

But the sorrow and profound sense of loss occasioned by President Lee's death are softened by the knowledge that his passing represents a mission completed.

Those who worked in close association with President Lee are warmed by many personal memories of his love and kindness not only as the spiritual leader of more than three million people throughout the world but also as a devoted husband and father, friend and neighbor.

Who can forget the way his life-long concern for strengthening the family unit was expressed in his insistence on being with his own family on Christmas day despite fatigue and other appointments—or that the last words he uttered before retiring for his last night's sleep involved loving advice for his family's future well-being?

Who can forget the humble but powerfully moving way he bore his testimony, in his own ward chapel as well as before large congregations, to the living reality of good and evil and to the truth and efficacy of the gospel? He understood the full meaning of his calling, accepted it, and publicly acknowledged it.

Who can forget the firmness and resolve with which he pioneered a prolific variety of innovations whose impact in improving church organization and programs will continue to make themselves felt in the lives of individual church members for ages to come?

To these and other fond memories we add the comfort of the certain knowledge that the men whom the Saviour calls to lead the church—in days to come as in the past—are those who combine great spirituality with great ability to work with and through people.

So it is an outstanding measure with President Harold B. Lee. Though his tenure on earth as Prophet, Seer, and Revelator is measured only in a few months, the impact he made in terms of innovations in church programs and administration must be measured in terms of eternity.

Long before he became President of the church, Elder Harold B. Lee's greatness of mind and character was manifested in pioneering the unique church welfare program. As one of his colleagues has written, "While government relief programs are under constant attack, the church program continues to win the plaudits of men the world over. Taxpayers have been saved millions of dollars because of the welfare burdens assumed by the church. Profitable employment has been found for thousands of men and women . . . whose dignity and self-respect have been preserved."

Likewise before becoming president, he was a key figure in spearheading the correlation work which has had such a profound impact on the church during the past decade or so.

To his world-wide responsibilities as president, he brought the wisdom and spiritual strength developed in a lifetime of service in the church, including more than 30 years as a member of the Council of the Twelve.

That wisdom and spiritual strength were clearly reflected in his direction by which the youth program of the church have been brought under the priesthood. As a result, more leadership responsibility has been placed on the youth of the church with emphasis on service rather than mere entertainment.

The same wisdom and spiritual strength were also abundantly evident as President Lee conducted church conferences in Europe and Mexico that both emphasized and furthered the global scope of the LDS Church.

Under his direction, too, the church's social services, health, and welfare operations were merged into a single operation.

In this and other reorganizations, he moved firmly and surely to make sure the church was equipped with the flexible and streamlined administration needed to respond to the amazing growth that is constantly reflected in added buildings, added members, an added faithfulness.

Within the LDS Church it is often remarked that the church is provided with the kind of leadership that's particularly suited to meeting the challenges of a given era. In Harold B. Lee, the church was provided with a president who combined the imagination of the bold innovator with the firmness of a loving but demanding father.

In emphasizing his qualities as an administrator, we should not overlook his work in ministering to the spiritual needs of many church members on an individual basis. Out of the sorrows of his own life, he so often brought to others a depth of understanding and helpful assurance that were particularly solacing. As he comforted so many others during a time of grief, so do our sympathy and love go out to his lovely wife and his family at this time of sadness in their lives.

But any words written or spoken of President Harold B. Lee should end not on despair but on triumph. His entire life was a triumph of spirituality and faithfulness. During the last days of that outstanding life he spoke repeatedly of this nation's enduring ability to triumph over the adversities besetting all of us now. Certainly his life is a testimony to the ultimate triumph of the gospel he served.

As we join with church members everywhere in expressing gratitude that President Lee lived and worked among us, the Deseret News pledges to keep his message of confidence in America and in the gospel vibrantly alive.

S. 2495, TECHNOLOGY RESOURCES SURVEY AND APPLICATIONS ACT

Mr. MOSS. Mr. President, at this date we should be well on our way toward achieving independence from foreign energy sources. Steps could have been taken at least as early as 1968, when we had everything we needed to avoid the energy crisis; except a means of matching available scientific resources, national priorities and domestic problems.

Instead of applying the men and women with great scientific and engineering talent that were available, to the development of new energy sources and new energy conservation techniques, we laid them off. In some cases we even encouraged them to take jobs in non-technical fields. The fact that eventually we were going to have an energy problem was understood by many in 1968, but no action was taken.

A means of matching available technical resources with national priorities and domestic problems on a continuing systematic basis still does not exist.

To resolve this problem, my colleague, Senator MAGNUSON, introduced S. 2495, the Technology Resources Survey and Applications Act, for himself, Senator TUNNEY, and me. This bill has been referred jointly to the Aeronautical and Space Sciences Committee and to the Commerce Committee. Hearings are being planned.

An article in the January issue of Astronautics and Aeronautics, "Engineering Manpower—A Washington Concern," discusses the importance of S. 2495. I ask unanimous consent to insert this article in the RECORD.

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

ENGINEERING MANPOWER—A WASHINGTON CONCERN

(By Marcia Smith)

Recent recommendations by the National Academy of Engineering and S-2495, a "Technology Resources Survey and Applications Act," could go a long way toward shaping a sane national engineering-manpower policy.

Ever since the massive cutbacks in the space program, engineers, and especially aerospace engineers, have been having a hard time getting jobs. The latest figures from the Department of Labor (DOL) put total engineering employment at 1,102,000 and total engineering unemployment at 1.9% of this figure (22,000).[1] But these figures do not reflect engineering *underemployment*. In 1971 the Engineers Joint Council estimated that "the inclusion of engineers employed part time in engineering but seeking full-time work as well as those employed in non-engineering work [underemployment] would add another 1.7 percentage points [19,771] to the official 3 percent [unemployment] figure."[2]

Few data describe employment in specialties such as aerospoce; but a 1972 DOL report gave the statistics in the table opposite.[3]

Two recent studies, along with numerous articles in engineering publications, address themselves to engineering manpower: *Engineering and Scientific Manpower: Recommendations for the 70's*, by the National Academy of Engineering (NAE), and *Science Indicators 1972*, the Fifth Annual Report of the National Science Board (NSB). The NAE report gives recommendations on developing valid data for forecasting the demands for engineers, national plans for utilizing scientists and engineers, and several topics—as will be summarized here in a moment.

The NSB study gives background on the course of many areas of science and technology during the past decade, including manpower, but concludes that ". . . It was not possible to devise reliable indices of the future demand for and supply of [science and engineering] personnel . . . Improvements in both data . . . and methodology . . . are required for more reliable forecasts of the supply-demand situation"[4]

NSB reports, though, that "unemployment rates for scientists and engineers . . . declined to early 1970 levels by late 1972." To some this decrease in unemployment for engineers (from 3% in 1971 to 1.9% in 1972) suggests a coming shortage of engineers.

John D. Kemper, Dean of the College of Engineering of the Univ. of California at Davis, states that by 1975 there will be a shortage of BSs in engineering—only 32,000 graduates but a projected 48,000 demand.[5] Conversely, Milt Alpern, of Alpern and Soifer Consulting Engineers, says "college people are shouting engineer shortage in order to fill half-empty college classrooms [and] the industrial leaders are shouting engineer shortage to ensure . . . an employer's buyer's market in [the] future. . . ."[6] Alpern adds this: "We must recognize that the only way to ensure the development of a stable, strong . . . engineering profession . . . is to keep the supply of engineers equal to or less than the demand."

The questions of engineering unemployment yet potential engineering shortages involve skill obsolescence. "The rate of technological change has been so fast that serious gaps have been created in the armament of skill and knowledge that engineers and scientists bring to bear on their jobs."[4]

In response to these problems and the recent debate over them, NAE made the following recommendations:

1. Develop a systematic and timely accounting of the effective use of engineers, scientists, and related personnel.

2. Develop further concepts, techniques, and analytical methods for gauging the manpower consequences of both public-private-sector programs.

3. Develop models that may help anticipate the effect of actions in the manpower field.

4. Regularly take into account the direct and indirect manpower effects of government policies and programs as part of the annual budget cycles of cabinet departments and major agencies.

5. Make special mention of the importance of this kind of review both at the executive and legislative levels.

6. In all these deliberations, involve the engineering and scientific community.

7. Responsibility for implementing Government manpower policies be assigned to a central point, such as the Executive Office of the President.

8. The Government, in consultation with industry and professional society groups, move a plan for research, development, and exploration from the perspective of long-range national goals.

9. Improve the programs of industry, educational institutions, and Government for enabling engineers and scientists to re-enter formal education and training.

10. Professional societies take the lead in analyzing termination and unemployment benefits and vesting practices . . . and investigate alternatives and coordinate development of improved unemployment insurance benefits.

Besides these suggestions by NAE, Senator Warren G. Magnuson (D-Wash.) recently introduced a "Technology Resources Survey and Application Act" (S-2495) that seeks to establish, among other things, a National Technology Resources Council. Among its duties this Council would "develop a comprehensive program to identify in advance scientific and technological resources, including manpower, which are available for the resolution of critical domestic problems but which are not being fully utilized for such problems."[7]

If S-2495 becomes law, it could help institutionalize some of the Academy's recommendations, and so go a long way toward providing a sane national engineering-manpower policy.

OFFICIAL MANPOWER PICTURE

Field of engineering	Employed engineers	EJC survey, June–July 1971: Percent unemployed	EJC survey, June–July 1971: Percent share of engineering unemployed
Total	1,100,000	3.0	100
Aerospace (aeronautical	60,000	5.3	12
Electrical and electronics	235,000	3.7	20
Mechanical	220,000	2.8	9
Chemical	50,000	1.9	2
Civil	185,000	1.2	4
All others	350,000		53

Source: "Employment of engineers, U.S. total," Occupational Outlook Quarterly, spring 1972, EJC survey results: Science Resources Studies Highlights, National Science Foundation, Sept. 23, 1971.

FOOTNOTES

[1] Stenson, John, Department of Labor, by phone conversation Sept. 7, 1973.

[2] National Academy of Engineering, *Engineering and Scientific Manpower: Recommendations for the 70's*, (Washington, D.C.: National Academy of Engineering, 1973), p. 9.

[3] Naughton, Kathleen, "Characteristics of Jobless Engineers," *Monthly Labor Review*, Oct. 1972, p. 17.

[4] National Science Board, *Science Indicators 1972*, (Washington, D.C.: U.S. Government Printing Office, 1973), p. 48.

[5] Kemper, John D., "Future Outlook for Engineers: Shortage or Surplus?," *Professional Engineer*, June 1973, p. 50.

[6] Alpern, Milt, "'Engineer Shortage:' A Myth That's As Bad As A Guile," *Professional Engineer*, June 1973, p. 47.

[7] S-2495, Section 4 re Title IV, Section 402 (b) 2 of National Aeronautics and Space Act.

SHILOH BAPTIST CHURCH CENTENNIAL

Mr. ROBERT C. BYRD. At the request of the senior Senator from Indiana (Mr. HARTKE) I ask unanimous consent that a statement and some material be printed in the RECORD.

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

The statement and material follows:

SHILOH BAPTIST CHURCH CENTENNIAL

Mr. HARTKE. Mr. President, I am proud and honored to have this opportunity to call to the attention of my colleagues in the Senate, a most historic event for the Shiloh Baptist Church, Ordrick's Corner, McLean, Virginia. Shiloh Baptist Church commemorated its first century of Christian involvement in October of last year. The Pastor of this great Church is a member of the Veteran's Affairs Committee which I chair. His name is Reverend Ronald Winters, originally from Indianapolis, and I am proud to say that Ron has been associated with me for over 12 years. At this time I commend this young man and the Shiloh Baptist Church in commemorating their 100th Anniversary of service to God and this nation.

I add a short history of Shiloh Baptist Church which was printed in the Centennial Journal commemorating this event:

HISTORY OF SHILOH BAPTIST CHURCH

The record of the past, full with the blessings of the Lord.—Deuteronomy 33:23.

For thou are a holy people unto the Lord thy God, and the Lord hath chosen thee to be a peculiar people unto Himself, above all the nations that are upon the earth.—Isaiah 43:1.

As many as are led by the Spirit of God, they are the sons of God.—Romans 8:14.

In this Centennial Booklet commemorating the 100th Anniversary of Shiloh Baptist Church, it is rewarding to reserve a space in which a brief history can be given. We shall give the major developments of our church during the past ten decades. The facts concerning the embryonic stages of the church are taken from the records as recorded by Brother Richard Jackson, who served as Church Clerk for many years.

According to the records, the Shiloh Baptist Church was organized in 1873 with seven members under the leadership of Rev. Cyrus Carter. (Rev. Carter, who was Haitian born, had already organized First Baptist Church, Lincolnville, Va., now known as Chesterbrook.) Services were held in the Odricks Public School. The name Odrick was derived from the Odrick family who took great interest in the church and community.

The first deacons were Brothers Willis Gaskins, Henry Brooks and Edward Thompson. The church membership increased rapidly under the fiery influence of its pastor and deacons. The members became interested in purchasing a lot to build a church. A committee of three which included Brothers Henry Brooks, Titus Milner and Edmond Thompson was appointed to purchase a quarter of an acre of land from Mr. Charles Eglin to erect an edifice.

The spirit of the Lord was visible among the members and the church prospered spiritually and financially. On September 25, 1887, the cornerstone was laid by Rev. Cyrus Carter who was assisted by Rev. Jenkins of Alexandria, Va. The church was immediately enclosed by Mr. Christopher Walters at a cost of two thousand dollars. The families who took an active part in erecting the building were the Turners, Milners, Brooks, Waynes, Days, Thompsons, Carters and Kellys. The windows in this church ever remind us of our founders: Rev. Carter passed away two months before the church was dedicated.

The dedicatory services were held October 11, 1891 and were conducted by the Rev. Robert Woodson from Oak Grove, Va. Rev. W. H. Scott of Boston, Massachusetts, was called. He served only a short time and Rev. J. I. Loving was called to serve. Under his leadership the church was spiritually led and the membership increased. After eleven years of service, Rev. Loving resigned to accept a call to Enon Baptist Church, Washington, D.C.

On February 1, 1905, the church extended a call to Rev. Lewis of Charlestown, West Virginia. Due to ill health, Rev. Lewis served only one year.

In September, 1907 the Rev. William Jones was called. Under his leadership the church prospered and all of the members held him in high esteem. Rev. Jones resigned in 1914. Rev. Jerry Fields of Friendship Baptist Church, Washington, D.C., was elected February 15, 1915. He served two years and ten months. He passed away February 16, 1918.

The next pastor called was Rev. W. T. Downs on November 23, 1919. Under his leadership the members worked hard and much work was done on the building.

April 1926 opened a new era in the history of Shiloh Baptist Church. The late Rev. Oliver Hall was called on April 15, 1926, and only three days later the church was destroyed by fire. Rev. Hall took leadership on May 1, 1926, again in the Odricks Public School. It was there the pastor and members manifested a strong interest in raising funds to rebuild some of this present structure. Two years later on the third Sunday in August 1928 the cornerstone was laid under the auspices of the Grand United Order of Odd Fellows. The services were conducted by Brother A. T. Shirley of Oak Grove, Va., who was assisted by Rev. Sheridan Carter.

When Rev. Hall was called to this church, he had strong faith in God and having that faith he led us prayerfully and successfully for twenty-three years and six months. During the leadership of Rev. Hall, our church grew spiritually and financially. Not only were many souls brought to Christ, but many of our present organizations were formed. Some of these organizations were the Usher Board, Senior Choir, Willing Workers Club, Never Idle Club, the Pastors Aid Club, Young Peoples Club, the Missionary Society, the Faithful Few Club, and there was an increased interest in the Sunday School.

These clubs were responsible for such contributions to the church as the central heating plant, plumbing, carpet, bell, cross, communion service, gas stove and the beautiful shrubbery and flowers on the grounds. It was during his tenure that we obtained our present cemetery.

We feel that the Missionary Society is a wonderful asset to the church. They have done a wonderful work in cheering the sick and helping the needy both at home and abroad.

We resolved that Rev. Hall's life had not been in vain; that the high principles which activated him shall forever have an uplifting influence upon us; that the good which he did may endure forever. At the passing of Rev. Hall, Rev. Carter Taylor served us faithfully for one year.

On Friday, October 29, 1950, the Rev. Roger V. Bush was elected as our pastor. He took charge on November 12, 1950, at which time plans were in the making for an addition to the edifice. Rev. Bush had a great interest in the building program and as a result he suggested the Captain-Lieutenant Drive which has remained an annual success. This suggestion has created a wonderful spirit of giving, not only at home but to foreign missions. It was during this period that a window was dedicated to Rev. Hall. Rev. Bush showed enthusiasm, wisdom and vision to speak the word of God to the people in the name of Jesus Christ.

We are thankful to God that on Sunday, November 10, 1963, we burned our mortgage.

During the twenty-one and one half years that Rev. Bush served, many accomplishments were realized, such as organizing the Young Men's Chorus, Bible Class and a Junior Choir. A Benevolent Fund has been set up in the memory of the late Brother William H. Carter. The donors were Sis. Annabelle Robinson, Sis. Edna Woolridge and Sis. Bertha Johnson. The Constitution and By-Laws were revised, a new organ installed, a tractor and ground equipment purchased and a garage to store this equipment has been built. From funds raised by Sis. Esther Honesty to help our high school graduates in continuing their education, the Esther Honesty Scholarship Fund has been set up. The Rev. Dalvin Brent, a son of the church, has been licensed to preach.

As a young and capable minister in Northern Virginia, Rev. Bush served in many capacities including religious and civic organizations. We were very proud when he was elected Moderator of the Northern Virginia Baptist Association. The passing of Rev. Bush in April 1972 ended a long and historic period in the Shiloh Baptist Church. Rev. Dalvin Brent, son of our church, served us spiritually and faithfully until a minister was elected.

The election of the Rev. Ronald Winters and the ordination of Rev. Dalvin Brent in December of 1972 marked the beginning of a very significant and important period in the life of the church. The impressive installation service, followed by a lovely reception for Rev. Winters on March 25, 1973 were ceremonies long to be remembered by the congregation and friends. The dignified manner in which the church conducted the selection, election and installation of the new minister drew admiration and praise from everyone.

From this brief history of the Shiloh Baptist Church, from its earliest beginnings in 1873 to the present, we hope to set high goals with regard to Christian education, participation in community and civic affairs, and spiritual growth.

Many important eras in the life of the church are yet to come. Certainly a very challenging period is approaching for Rev. Winters. It is evident that his strong faith in God assures him that the church in every effort will lead him on to ultimate victory.

Wherever the church may be in the future, it will carry with it its glorious tradition and present long range objectives that will bring the whole world to Christian living.

NIGERIA

Mr. BROOKE. Mr. President, on several occasions I have called the Senate's attention to the promising developments in Nigeria and the firm, wise leadership of the head of its government—Gen. Yakubu Gowon. A recent article in Time magazine summarizes both the problems and prospects of Nigeria and I recommend it to my colleagues.

I call specific attention to the commitment by General Gowon to hold elections by 1976 in order to return Nigeria to civilian rule. He has also stated his intent to retire from public life at that time. However, as the Time article points out:

> In a nation desperately short of political leadership, such a prospect does not strike many observers as likely.

Should Nigeria need General Gowon's leadership as Nigeria's first civilian President in more than a decade, I have no doubt that he will be equal to the task.

Mr. President, I ask unanimous consent that the Time article entitled "Nigeria: Winning Peace and Prosperity" be printed in the RECORD.

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

NIGERIA—WINNING PEACE AND PROSPERITY

At the end of the Nigerian civil war four years ago this week, the Ibo people of rebellious Biafra feared that defeat would bring genocidal vengeance from the victorious Nigerian army. Instead, the Ibos are prospering as citizens of a federated Nigeria. The credit goes in large part to the young head of state, Major General Yakubu Gowon, who decreed a policy of "no victor and no vanquished" after the savage civil war that took at least 1,000,000 lives.

"Jack" Gowon, 39, turned his 250,000-man army into a well-disciplined reconstruction corps and put it to work helping the Ibos bounce back. To set an example, he hired Ibos who had fought for Biafra and made them his personal pilots and bodyguards. He gave Ibos federal jobs and saw to it that they got their fair share of senior positions, including posts as army officers. "He won the peace," says a British diplomat in Lagos, "by not acting as if he had won the war."

Long the best-educated and most industrious of Nigeria's tribes, the Ibos have used their resources to rebuild their war-torn region instead of carrying on a vendetta. When the war ended, the defeated Biafran leader, Colonel Odumegwu Ojukwu,* bitterly boasted that the Ibos would rebel again. He turned out to be wrong. Ibos these days rarely speak of Biafra or of secession. "We tried and lost," says an Ibo businessman in Ibadan. "That finishes it. From now on, we are all Nigerians."

Though the Ibos no longer dominate Nigerian commerce or the civil service as they did before the war, they are reconciled to the new order. Gowon is determined that neither they nor any other tribal group shall ever again attain such a preponderant role. "That is the road back to regional rivary and despair," he says. "We must be proud of our origins, but work for true nationhood as Nigerians all together."

That is no easy prescription for Africa's most populous nation. Its nearly 70 million people are divided into three major ethnic groups—the Yorubas, Hausas and Ibos—and some 250 tribal offshoots. To reduce the power of the dominant tribes, Gowon, who belongs to the small Anga tribe, split Nigeria's four federal regions into twelve states. He allows them to handle their internal affairs but intervenes discreetly to make sure all tribes are consulted on local government decisions. Although Gowan rose to power as strongman of an army coup eight years ago, he believes that "you must bring all factions into the process, consult them, advise them, prod them, but above all, make them part of things. It is the only way to build a true nation."

OIL DISCOVERIES

Along with peace, Nigeria is also gaining a bit of prosperity. Oil was discovered in the Niger River delta in 1966, and production has reached 2,200,000 bbl. per day, roughly 25% as much as Saudi Arabia was producing before its cutbacks. Gowon has followed the example of the world's major oil exporting nations and announced a 77% increase in the posted price of Nigerian crude, making it $14.69 per bbl. The new price is expected to earn Nigeria some $7 billion this year. In addition, the government currently is mulling over offers, mostly from American firms, to exploit the 2 billion cu. ft. of natural gas that now are flared daily as waste.

With a per capita annual income estimated at $125, Nigeria needs all the oil and gas revenues it can get. But Gowon has no intention of rushing the oil bonanza. To husband reserves, he is limiting production increases to the 1% per month maximum he decided was prudent long before the energy crunch. Moreover, the oil revenues give Gowon a strong hand in keeping the twelve states in line. By doling out profits to all, he keeps a firm grip on the purse strings and the pattern of economic growth.

That growth could get out of hand. The overcrowded capital of Lagos (pop. 1,500,000) is expanding its population at a rate of 20% a year—so fast, in fact, that the city is now considered almost ungovernable. Its open sewers and traffic jams are among the worst in the world. The chaos is so frustrating that Gowon recently threatened to move the federal capital to Kachia in central Nigeria.

In the context of Black Africa today, Gowon is a rarity. His personal honesty is unquestioned, and his prestige as an African spokesman is high among neighboring countries. Patient, soft-spoken and modest, he does not drink, smoke or swear, and lives quietly in a converted army barracks near Lagos with his wife and two children.

He has been criticized for moving too slowly, for failing to galvanize his people into any sustained effort at economic development, and for tolerating a certain amount of influence peddling among his subordinates. It is also true that he has not made much headway against the endemic corruption that pervades every aspect of Nigerian life. Yet, given the fanatical tribal hatreds and the incrusted corruption he faces, Gowon has proved to be an effective and sympathetic leader. To his critics, he promises that he will hold elections and return the country to civilian rule in 1976. Then, he insists, he will retire to private life in his barracks.

In a nation desperately short of political leadership, such a prospect does not strike many observers as likely. In fact, there already is a groundswell, particularly among the young, for Gowon to shed his uniform and stay on after 1976 as Nigeria's first civilian President in more than a decade.

*Now in exile in the Ivory Coast.

U.S. MARINE CENTER IS AN EXCELLENT EXAMPLE OF BLIND VENDING PROGRAM

Mr. RANDOLPH. Mr. President, the Subcommittee on the Handicapped, of which I am chairman, has concluded hearings on S. 2581, the Randolph-Sheppard Act Amendments of 1973. On the basis of a General Accounting Office report, I have expressed my disappointment with the performance of the armed services in the promotion and establishment of blind vending facilities on military installations.

As a result of a Navy Times article on this issue, I received a letter from Col. William Weise at the Marine Corps Supply Center in Albany, Ga. Colonel Weise assured me of the interest of his installation in the blind vendor program.

Further investigation demonstrated that Colonel Weise and the Marine Corps Supply Center have more than a passing interest. Colonel Weise has arranged with the Georgia Department of Human Resources to install no fewer than three blind vendor operations—two snack bars and a cafeteria—at the supply center. These are in full operation and are very successful. The officers and personnel at the center are so pleased with the operation that Colonel Weise is working to open two more blind vendor facilities.

This proves, Mr. President, that where there is the will and the interest, the program for the blind will expand and flourish.

I ask unanimous consent that an exchange of correspondence on this matter be printed in the RECORD.

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

U.S. MARINE CORPS,
Albany, Ga., December 21, 1973.

Hon. JENNINGS RANDOLPH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR RANDOLPH: I noted in a recent issue of Navy Times (21 November 1973) that you are displeased with the progress being made in providing opportunities for the visually handicapped.

I thought you might like to read about one Marine Corps activity, our Supply Center at Albany, Georgia, which has recently made great progress in using visually handicapped people. Attached is a copy of our Center paper, The Emblem, which gives a quick rundown on progress to date.

We also plan to open another cafeteria operated by blind persons in January 1974, and hopefully, another snack bar in the near future. All these are being done under the auspices of the Act which you sponsored 37 years ago.

Very respectfully and sincerely,
WILLIAM WEISE,
Colonel, U.S. Marine Corps.

[From the Albany, Ga., Emblem, Nov. 21, 1973]

CENTERITES REACT FAVORABLY TO "BLIND MAN" CONCESSION OPERATIONS

In a concerted effort to provide gainful employment to blind persons, the Supply Center has recently opened two snack bars and one cafeteria which are owned and operated by blind persons. Another "blind man" cafeteria with full food services is planned for December.

These blind operations, the first of which opened September 17, have been enthusiastically received by Marines and civilian employees here. A frequent comment made about their operations by many Centerites is that, "We're getting better service than ever before."

The Center's Commanding General, Brigadier General F. W. Vaught, has indicated that he would like to see even more "blind man" operations; and the Center in cooperation with the Georgia Cooperative for the Blind and Department of Human Resources is exploring other areas where the blind could be purposely employed.

The direct result of opening these operations is that three visually handicapped have moved from the welfare rolls to the taxpayer ranks. And four more are expected to earn their own way when the Center's large cafeteria becomes a "blind man" operation next month.

The blind persons currently employed at the Supply Center are Ida Mitchell who runs the Repair Division Cafeteria; Bob Pharis, operator of the snack bar in the Bldg. 3500 and Sandra Fuller, who works the Maintenance Branch snack bar.

Col. WILLIAM WEISE,
U.S. Marine Corps,
Marine Corps Supply Center,
Albany, Ga.

DEAR COLONEL WEISE: I very much appreciated your recent letter and newspaper article describing the fine efforts expended at the Marine Corps Supply Center to actively promote the establishment of blind vending facilities there.

It is my understanding that you, personally, sought out the Georgia state blind licensing agency and asked that blind vendors be placed in three locations at the Supply Center. Agency representatives further informed my office that you and the administrative personnel at the Center have been totally cooperative and have, in fact, "bent over backwards," in their terms, to be helpful.

As chief sponsor of the Randolph-Sheppard Act, and as Chairman of the Subcommittee

on the Handicapped, I applaud your outstanding efforts on behalf of the blind. The attitudes of the heads of Federal installations have a great deal to do with the success of the Federal blind vendor program. If every military and other Federal installation were blessed with the leadership of persons such as you, there would be no need for concern about the future of the Randolph-Sheppard Program.

With best wishes for continued success, I am

Truly,

JENNINGS RANDOLPH,
Chairman, Subcommittee on the Handicapped.

U.S. MARINE CORPS,
Washington, D.C., January 17, 1974.

Hon. JENNINGS RANDOLPH,
Chairman, Subcommittee on the Handicapped, U.S. Senate, Committee on Labor and Public Welfare, Washington, D.C.

DEAR SENATOR RANDOLPH: Many, many thanks for your recent letter on Colonel William Weise and his commendable efforts in behalf of the blind at Albany, Georgia. Your comments are cause for justifiable satisfaction for both Colonel Weise and for the entire Corps. We take pride in our motto, "The Marine Corps Builds Men," and we choose to believe this means not only those actively serving with us but also those with whom we come in contact. We consider it an honor to be able to help the physically handicapped in any way possible and we shall continue to expand our contributions to such praiseworthy programs as yours.

Most sincerely,

E. E. ANDERSON,
General, U.S. Marine Corps.

JANUARY 9, 1974.

Gen. EARL E. ANDERSON,
Assistant Commandant, U.S. Marine Corps, Washington, D.C.

DEAR ANDY: I thought you would be interested in having a copy of a letter I sent to Colonel Weise at the Marine Corps Supply Center in Albany, Georgia.

As the original sponsor of the Federal blind vending stand Act, and as Chairman of the Senate Subcommittee on the Handicapped, I recently expressed my disappointment that such a limited role had been assumed by the Department of Defense in this program.

Colonel Weise can be justly proud of his accomplishments at the Supply Center. To my knowledge, the blind vending facilities there are the only ones under Marine Corps jurisdiction—Colonel Weise has instituted three, and is planning two more. And, he says, morale at the Center has never been better. The blind vendors have taken over some Exchange facilities, and the Center personnel say the service is excellent.

Hopefully, Colonel Weise's "experiment" can be emulated not only at other Marine Corps installations, but at military facilities of other service branches across the country.

With best personal regards, I am

Truly,

JENNINGS RANDOLPH.

GEORGIA DEPARTMENT OF HUMAN RESOURCES,
January 11, 1974.

Mr. ROBERT HUMPHRIES,
Special Council, Committee on Labor and Public Welfare, U.S. Senate, Dirksen Office Building, Washington, D.C.

DEAR MR. HUMPHRIES: In following up on our telephone conversation concerning the Marine Corps Supply Center, Albany, Georgia, I contacted our representative in that area about the information you requested.

Currently we are operating two snack bars and one cafeteria at the base. The locations and number of military and civilian personnel they serve are as follows:

1. Maintenance, Building 5500, serves approximately 200 people. The stand employs one blind person.

2. Repair Division Cafeteria, Building 2200, serves approximately 640 people. This stand employs one blind person and two sighted helpers.

3. Main Administration Building, Building 3500, serves approximately 450 people. The stand employs one blind person.

We plan to open one more location at the main base cafeteria.

Our office was approached five months ago by Colonel William Weise, Director, Personnel and Administrative Division, Marine Corps Supply Center, for the purpose of establishing vending stands at the Marine Corps facility. He stated that the intention of the command was that we assume total responsibility for the snack bars and cafeterias that were then operated by the post exchange.

All of our blind operators at the base are receiving good incomes and are happy with their operation. They all state how nice everyone is to them and that they have had nothing but splendid cooperation from everyone connected with the operation.

Colonel Weise has advised us that our blind operators have contributed immeasurably to the morale of the total military and civilian community, first by providing longer hours of operation at the location, next by opening these facilities to *all* civilian and military personnel and also enlarging the number of items sold and by their example in showing to the base community what handicapped people can do if given the opportunity.

In closing I would like to say that we received splendid cooperation from everyone on the base, and they all seemed to go out of their way to help with the installation of these vending stands.

If I can be of further assistance, please do not hesitate to call on me.

Sincerely yours,

JAMES G. CAMP,
Supervisor of Business Enterprises.

THE COMPETITIVE MARKET SYSTEM

Mr. JAVITS. Mr. President, periodically our country is benefited in the public service by talented Americans of exceptional vision. C. Jackson Grayson, former Price Commission Chairman, is one of those Americans.

Chairman Grayson has written a very provocative article in the most recent issue of the Harvard Business Review. Judging from Chairman Grayson's background, his demonstrated intellect and his obvious sincerity, the article is one which should be read by all interested in the future of our economic system.

Chairman Grayson warns us that this system is shifting from a free market economy to one that is centrally directed and under public control. This change, he asserts, is not so much the result of revolutionaries and radicals as it is of Congressmen and even business and labor leaders themselves. We seem to have talked ourselves into a mentality under which Government is expected to protect business from competition, rather than foster it, Chairman Grayson implies; he sums up this attitude with the phrase that many businessmen "prefer regulation to the problems freedom poses."

If this is the case—and Chairman Grayson makes a strong case—then we should be seriously concerned. Competition and free enterprise are actually sophisticated devices for setting prices, allocating resources and labor, and "regulating" a nonsocialist economy. As Chairman Grayson points out, it is virtually impossible to devise any controls system which is free of distortions and inequities; and the free market system is the best system of "controls" we have under normal conditions.

Chairman Grayson lists 10 ways we can make our private competitive system function better, and how we can make what public control there is better quality control. I commend his article to the Senate's attention and ask unanimous consent that it be printed in the RECORD.

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

[From Harvard Business Review, November–December 1973]

LET'S GET BACK TO THE COMPETITIVE MARKET SYSTEM

(By C. Jackson Grayson, Jr.)

(NOTE.—For years, some economists and historians have been predicting the eventual collapse of capitalism in the United States, and the emergence of a perfectly planned government-regulated economy. We have already reached the stage where private enterprise has surrendered much of its freedoms to public authority. And, with the aid of inflation and price controls, we are quickly approaching the point where it will be too difficult either to give up the controls or to manage the economy that has been created. This is a problem not only for businessmen and labor leaders but also for each individual who is concerned to preserve a way of life that is worth caring about.

Mr. Grayson writes about his beliefs in the private enterprise system, having observed our economy from a unique point of view. He served as Head of the Price Commission in Phase II of President Nixon's Economic Stabilization Program, and is now Dean of the School of Business Administration of Southern Methodist University in Dallas, Texas.)

For almost 15 months during Phase II of the Economic Stabilization Program, I served as the chairman of the Price Commission. Exercising control over most of the nation's price system, I saw this complex, capitalist economy from a most unusual observation post.

From this experience, and from what has happened since, I am personally convinced that our economic system is steadily shifting from a private enterprise, free-market economy to one that is centrally directed and under public control.

Price and wage controls such as we have experienced in Phases I through IV have helped to extend the degree of public control and to accelerate the rate of change. At some point—and I predict that, at the present rate, this point may be reached in about 15 to 20 years—the essential characteristics of a competitive, private enterprise system (nonregulated prices, profit motive, risk taking, collective bargaining) will no longer make up the economic engine that drives our system.

I am not saying that there is and will continue to be public regulation of the private enterprise system. Since 1930, we have had that—a mixed public-private system. But, in the 1970's, the pendulum of the mix

has been swinging further, and faster, toward central control.

Call it what you will—managed capitalism, socialism, a planned economy, a post-industrial state—the end result will be the virtual elimination of the free-market system as we now know it. There will be no signposts or traffic lights. We will simply shift over to another kind of system.

The resulting system will probably not have widespread public ownership of production and distribution; but it will have public control. General Motors will not die; but neither will it remain a capitalistically motivated and directed enterprise. Rather, it will operate as an organization designed to implement *public* economic, political, and social policy.

Impetus for this trend has not come from a group of revolutionists, and only partly from leftists, liberals, youth, intellectuals, and socialists. Instead, it has come from the public at large, from the Congress, and, perhaps most surprisingly, from the actions of many labor and business leaders.

I feel that this current threat to our free, competitive economy should seriously concern us, not only because I strongly believe in that system, but also because of the effect its loss would have on the social character of the United States.

In this article I attempt to identify what the current shifts away from freedom are and why they are a cause for alarm, and to suggest courses of action that businessmen, labor leaders, and legislators could take to help reverse the clear and present trend.

WARNING SIGNS

The trends I see can be summarized as follows:

Business and labor are too often seeking to reduce rather than to encourage competition in their markets.

Continuing price and wage controls are leading the public to believe that central planning and control are superior, mandatory, and desirable.

Americans, in distrusting the market system, are demanding more economic benefits from the federal government and are seeking ways to insulate themselves from the impact of economic change.

In addition, international economic interdependencies are complicating our privately controlled market system. As recent balance-of-payments and exchange-rate problems demonstrate, closed economies are a thing of the past. Inflation can be exported and imported, increasing the call for more centrally coordinated economic policies between and inside nations.

BUSINESS SEEKS PROTECTION

Consciously and unconsciously, businessmen themselves are adding to the probability of greater centralization of economic control by seeking ways to reduce market competition—the very keystone on which the capitalist system rests.

Normally, competition is curtailed either by private monopoly power or by government protection. It is still unclear whether large corporations have sufficient power to control markets, reduce competition, and "administer" prices. Our internal studies at the Price Commission did not provide any evidence that prices were being administered by corporations. But, clearly, we did not have sufficient time to make a full study of this issue.

We did have time, however, to observe innumerable instances in which business turned to government to seek forms of assistance which, in effect, would reduce competition—for example, asking for imposition of subsidies and tariffs, occupational licensing, fair trade laws, and import quotas.

Excerpts from letters written to me at the Price Commission by businessmen serve as illustrations:

"I do not advocate any program of isolation, but I do think it is good business for us to protect our national economic situation in the face of stiff and competitive foreign trade." (A steel company)

"We need government protection because we can't compete against the big companies." (A consumer goods company)

"If you break our fair trade laws, the market will be chaotic." (A cosmetics company)

"We can't survive if you let cheap products in from foreign countries." (A shoe manufacturer)

"We must have minimum milk prices if we are to have an orderly market." (A dairy products company)

"If we allow liquor prices to fluctuate freely, competition will be ruinous and the Mafia might move in." (An alcoholic beverages company)

Another way some businesses are hampering the free-market system is by not using the age-old competitive tool of reducing prices as a way to increase their sales.

Again, to quote from my 1972 mail:

"In all my years in business, I have never reduced prices to hurt a competitor." (A retail food supplier)

"Why did I raise my prices? My competitor did. I always go up when he does." (A chemical company)

Of course, this attitude is not shared by all businessmen. After the Price Commission authorized a cost-justified price increase, one businessman told me, "You gave us a price increase. I wish the market would."

My point, however, is that far too few companies are exploring market flexibility by reducing prices. And yet, when we ordered some companies to reduce prices because they had violated regulations, several reported that they experienced increased volume and a higher total profit.

But the reluctance to reduce prices is also understandable. Several heavy-industry companies reported that they feared competing too aggressively on price because they would capture a larger market share, drive out smaller companies, and be subject to Justice Department or competitor antitrust suits. Efficient stevedoring companies argued they would drive out smaller businesses if they held prices down. And after the Russian wheat sale drove flour prices up, small bakeries urged us to force large bakeries to raise their bread prices.

The threat of continuing price controls has compounded the price-reduction problem. Many companies report hesitancy to reduce prices for fear of being caught with a low "base price" in future freezes and phases. This was clearly demonstrated in Phase III, when freeze "talk" actually accelerated price increases.

Finally, I was surprised to find that the majority of businessmen with whom I talked wanted Phase II controls continued. The most commonly stated reason was fear of union power. The argument was that the balance of power has swung so far toward the unions that businessmen feel they can no longer negotiate successfully. Accordingly, they choose price controls over wage disputes; they prefer regulation to the problems freedom poses.

SO DOES LABOR

In the model of the free market, it is axiomatic that competitive behavior is required not only of business but also of labor. There must be competition in wages as well as in prices. More and more, however, it's not turning out that way.

Like big business, big labor tries to use government or private power to protect itself against such natural effects of competition as layoffs, dislocations, wage reductions, and advancement by competition.

Whether labor has too much power was not an issue we studied at the Price Commission during the control period. But many instances in which noncompetitive labor practices were driving costs up were reported to us as justifications for price increases—featherbedding in railroads and docks, restrictive work rules in construction and shipping, and rules barring more efficient methods in construction and printing.

An October 1971 staff report of the Bureau of Domestic Commerce estimates such extra costs in construction at $1 billion to $3 billion annually, in railroads at $700 million to $1.2 billion, in printing at $400 million to $600 million, in supermarkets at $250 million to $400 million, and in trucking at $275 million to $400 million.

These restrictive, noncompetitive work practices are usually defended by labor on humanitarian grounds. Without judging the merit of that position, I can definitely say that these practices drive costs up and usually result in higher unit labor costs, higher domestic prices, and reduced competitive abilities abroad.

Just as business often does not see price reductions as necessary and competitive, so labor does not see wage levels as connected to successful or unsuccessful competition in the free-market system. Nor does labor see the natural relationship between productivity and the wages that a company can afford to pay. Companies report mounting pressure from labor for increased compensation, regardless of the productivity of individual workers or of the nation as a whole. Labor's typical demands include increased minimum wage levels, "catch-up" wage increases, fixed productivity rates, tandem wage agreements, and annual pay increments.

For example, in late 1971, workers in the coal industry, which has had productivity decreases in recent years, received nearly a 14% wage increase settlement. The Price Commission, in one of its most important decisions, ruled that this practice would lead to further cost-push inflation and despite the 14% wage settlement, allowed the coal industry to submit only a 5.5% wage cost as justification for price increases. This practice was then followed for all companies throughout Phase II.

As a result of this "5.5 rule," two things happened. Some companies suffered reduced profits. But other companies bargained harder at the table because they knew they could not "pass on" more than 5.5%. In fact, some companies reported privately that they were pleased with the rule because it gave them a bargaining weapon greatly needed to withstand labor's pressures.

There is little question that if labor settlements, on the average, rise faster than overall productivity, the result will be inflation, unemployment, or both. Our 5.5% limitation was an attempt to crack into the wage-productivity imbalance by forcing price increases to reflect no more than the long-term national productivity gain of 3%, plus a 2.5% inflation goal. The 5.5% was a national procrustean bed that served a crunching purpose in the short run.

We've also heard arguments by labor that economic justice demands wages be increased—a growing egalitarian ethic that wages be based on need rather than on competitive reality.

But those who argue this line sometimes end up taking contradictory positions, as was illustrated during the debate over the minimum wage. At the same time that many labor leaders and members of Congress were loudly protesting price increases in Phase II, they were also fighting equally hard for increased minimum wage levels and extended coverage. Without entering into the merits of the economic justice argument, the commission computed that the various proposed bills on the minimum wage before Congress in 1972 would have increased the Consumer Price Index anywhere from 0.3% to 0.8%. Since no productivity gains would have ensued, the increased costs would have either come out of profits or been passed on in prices.

In summary, I can only point out to labor and to business that any time they seek,

through private market power or government help, to reduce the effects of competition, they invite the danger of permanent central control over the economic system. Without competition, public controls may become, not an option, but a necessity.

WAGE-PRICE CONTROLS DISTORT

True, wage-price controls help attack inflation in the short run by (a) reducing inflationary expectations, (b) intruding on discretionary market power of business and labor, and (c) influencing the timing of price and wage decisions.

But, by their very design, such controls interfere with the market system and hasten its move toward a permanent central one. I can spot seven ways this occurs:

First, wage-price controls lead to distortions in the economic system, which can be minimized only in the short run. The longer controls are in, the harder it is to discern real from artificial signals. No matter how cleverly any group designs a control system, distortions and inequities will begin to appear. It happened in European control programs; it was beginning to happen in Phase II.

For instance, lumber controls were beginning to lead to artificial middlemen, black markets, and sawmill shutdowns. Companies trapped with low base-period profit margins were beginning to consider selling out to those with higher base periods, sending their capital overseas, or reducing their efforts. Instances of false job upgrading—which were actually "raises" in disguise—were reported on a scattered but increasing basis. To keep away from profit-margin controls, companies were considering dropping products where costs, and thus prices, had increased. And shortages of certain products (e.g., molasses and fertilizer) were appearing because artificially suppressed domestic prices had allowed higher world prices to pull domestic supplies abroad.

Exceptions and special regulations can handle some of these distortions, but the task grows more difficult as each correction breeds the need for another.

Second, during controls, the public forgets that not all wage-price increases are inflationary. In a changing, competitive economy, wage and price increases occur because of real consumer demand shifts and supply shortages. The resulting wage and price increases signal to business, "Make more"; or to labor, "Move here"; or to the public, "Use less."

Controls interfere with the signaling mechanism. A good example of how an artificially suppressed price-signal leads to eventual shortages is natural gas. Similar examples can be found in labor where suppressed wages do not attract labor to areas in which there are shortages of skills or of workers.

But with wage-price controls in place, the public believes that all increases are inflationary—almost antisocial—and the clamor is for no, or very small, increases.

The sense of the statement, "You can eliminate the middleman, but not his function," applies equally to our economic system. We live in a world of scarce resources, and, as much as some would like to repeal the laws of supply and demand, it can't be done. Some system must allocate resources, we hope to the most efficient use for society: If wage-price controls, other government regulatory rules, or business-labor monopolies prohibit the price system from performing its natural function, then another rationing system (central planning and control) must be used. You can eliminate the price system, but not its function.

Third, during a control period, the public forgets what profits are all about. Even before wage-price control, the public believed profits were "too high," even though they have actually declined in the past few years, from 6.2% of GNP in 1966 to 3.6% in 1970, and increasing only to 4.3% in 1972. And, with profit increases raised to the top of the news during the recovery of 1972 and early 1973, the negative public sentiment against profits increased. Why? The control system itself heightened the public's negative attitude toward profits at a time when capital regeneration, the fuel of the capitalist engine, was already alarmingly low.

Fourth, wage-price controls provide a convenient stone for those having economic or political axes to grind, particularly those interested in promoting a centralized economic system. For example, in 1972, Ralph Nader argued that auotmobile companies should not be allowed to raise their prices to reflect style changes. Others argued that price increases should not be given to companies that employ insufficient numbers of minorities or pollute. Nor should wage increases go to uncooperative unions.

Fifth, wage-price controls can easily become a security blanket against the cold winds of freemarket uncertainties. They tell people what the limits are; they help employers fight unions, and union leaders to placate demands for "more" from their rank and file. The controlled tend to become dependent on the controllers and want regulations continued in preference to the competition of a dynamic market. At the same time, the controllers themselves can become so enamored with their risk that they also don't want to let go. The public begins to fear what will happen when controls are ended, and seeks continuance. Witness the recent fears of moving from Phase II to Phase III, and the public (and Congressional) pressure for the freeze to replace Phase III. Even Wall Street seems terrified at the thought of returning to supply and demand in the market. All of this proves that it is much easier to get into controls than to get out.

Sixth, under controls, business and labor leaders begin to pay more attention to the regulatory body than to the dynamics of the marketplace. They inevitably come to the same conclusion, summed up by one executive: "We know that all of our sophisticated analysis and planning can be wiped out in the blink of a Washington controller's eye."

Seventh, and most dangerous, wage-price controls misguide the public. They draw attention away from the fundamental factors that affect inflation-fiscal and monetary policies, tax rates, import-export policies, productivity, competitive restrictions, and so on. The danger is that attention will become permanently focused on the symptom-treating control mechanism rather than on the underlying problems.

THE PUBLIC VOICE

The public is also adding to the probability of more central control of our economic system. I can cite several basic attitudes at work to explain this phenomenon:

Increasing loss of faith in the ability of both business and labor leaders to operate our economic system.

Increasing expectation of greater economic benefits.

Intensified search for stability and egalitarianism.

In recent years poll after poll has quantified the growth of these trends in public opinion. For instance, over the last seven years, Louis Harris and Associates has been asking the public about its degree of confidence in the leadership of our institutions, and has made these discoveries:

Corporate executives share with bankers and educators the largest loss in public respect, declining from 55% in 1966 to 27% in 1973.

Confidence in labor leaders shrank from 22% to 15% in the same time period.[1]

And a 1971 Opinion Research Corporation study revealed that 62% of the public favored governmental controls over prices, 60% of all stockholders believed competition could not be counted on to keep prices "fair," and fully one third of the public believed that Washington should set ceilings on profits.[2]

In general, my personal mail and my experience in numerous interviews with newspaper editorial boards and others confirmed that the public feels there should be more, not less, control of business and labor. And Congress reflects this mood in asking for more controls, tighter regulations, and more public agencies. Time and again, when I was testifying before congressional committees, I was told that we had to have more controls because the private enterprise system "didn't work." Such a sentiment does not make me optimistic about continued public support for our free enterprise economy.

Nevertheless, the growth in the public's disenchantment with the private enterprise system has been matched by an increase in the public's demands on that system. The public wants, for instance, higher pay for teachers, policemen, and women; a clean environment; better schools and medical care—and all without increases in prices or taxes.

At various Price Commission public hearings and in meetings with public groups and congressmen, I heard demands for increased pollution controls but, at the same time, for lower transportation prices, increased health benefits but lower hospital costs, increased mine safety but lower coal prices, decreased insecticide usage but lower food prices, protected forests but lower lumber prices, and so on. The demands are outrunning what we, as a society, can afford.

We cannot have it all ways without increased productivity. And, more and more, the public is not willing to wait for the market to provide remedies but is seeking centralized solutions to obtain the desired benefits now.

Finally, the move toward a central system is being aided by the public's desire to make people the same, both in ability and in susceptibility to economic change. The market system is conceived on the concepts of competition, monetary reward, excellence, and change. The current attitude stresses stability, cooperation, egalitarianism, and income equality enforced by a central authority.

"Can we be equal and excellent too?" queries John Gardner in the subtitle to his book Excellence—a question which he discusses extensively but does not answer.[3] Everyone might like both, but the competitive system is built on the notion that those individuals and institutions outperforming others are not and should not be rewarded equally. But now, more people are seeking and getting protection, through tax reform, income redistribution plans, promotion by seniority, and so on, against "differences" generated by the operation of the competitive system.

And society's insistent cry for economic stability poses two dilemmas for our capitalistic system.

First, if the business cycle can be sufficiently dampened by government policies to avoid the unpleasant by-products, we might also run the risk of removing some of the essential features of capitalism, principally the ability of the capitalist system to adapt to changing circumstances and to encourage risk taking. That is, if we remove the valleys, do we not also remove the "mountains of incentive" for risk and change?

Second, the goal of "maximum employment" has been interpreted to mean low unemployment and the arguments have centered on definitions of "low" (3%, 4%, 5%) and "unemployment." But stimulating demand to achieve low unemployment risks inflation. And moderating demand to reduce inflation risks high unemployment.

This unemployment-inflation trade-off is

Footnotes at end of article.

becoming more difficult to manage centrally. If low unemployment is government's primary goal, as it has been in recent years, inflationary pressures are created and fixed incomes become vulnerable. In turn, there are more cries for wage-price controls and greater planning.

Central economic planning holds a great deal of logical appeal for many economists, intellectuals, and businessmen. They conclude that, if businesses plan, governments should—or that somebody should be in charge of the economy.

While their arguments are appealing, to date no one in any society has been able to come up with a central planning model that is more efficient and effective than the seemingly uncoordinated actions of the marketplace. I do not believe it is possible to construct one. In the Price Commission, almost every time we tried to adjust our economic system to correct one problem, two or three more were created, and the more we felt the temptation to "control."

In the end, I believe that any extended control system would disrupt the free-market system. At worst, the market would break down, at best, it would be highly ineffective and subject to bottlenecks, quotas, and black markets. The trade-offs in our extremely large and highly interdependent economy are too complex to be done efficiently on a centralized basis. And then there is the question of who would supply the value judgments for the operations of such a system. Why not return to the one planning system we have that works—the price system.

POINT OF NO RETURN?

What does this all add up to? Where are we headed? Is our private enterprise system actually doomed?

There are many who have said yes. Karl Marx predicted that capitalism would destroy itself; Joseph A. Schumpeter flatly stated that capitalism cannot survive; [4] and Robert L. Heilbroner concluded: "The change [away from capitalism] may require several decades, perhaps even generations, before becoming crystal clear. But I suggest that the direction of change is already established beyond peradventure of doubt." [5] Even 'Adam Smith' observed in Supermoney that "the consensus is moving away from the market as decision maker and from the business society." [6]

Clearly, the factors I have cited are carrying us further and further away from the market system and toward a central economic one. I cannot prove we have gone or will go "too far," but I can point to figures substantiating the trend: our national income accounts show a shift in governmentally directed expenditures from 15% in 1930 to about 40% today. And the federal proportion has risen from 5% to 26% in the same period.

I am not saying, however, that the private enterprise system is doomed, nor that continuance of the trend toward central control is inevitable and irreversible. Nor do I feel that government has no role in the economic allocation system. It clearly does and should. I believe, rather, that we are very near the point where further centralization will change our present system into one that can no longer perform its function efficiently.

I view this trend with alarm because I favor retaining the very powerful features of the market system. I hold this position, not out of blind faith in an ideology, but for these reasons:

Demonstrated economic superiority.—The economic record clearly reads that the U.S. free-market, private enterprise system has produced the highest standard of living in history and has demonstrated a remarkable ability to adapt to changing conditions.

Political freedom.—The principles of democracy and personal freedom are most compatible with a decentralized market system.

Personal experience.—I have witnessed the difficulties of trying to allocate resources by centrally directed price controls. These difficulties have convinced me that it is impossible to improve on the system in which billions of daily market decisions by the public determine our resource allocations.

Before some brand me a chauvinistic throwback to Social Darwinism, let me quickly add these points.

I am aware that our present system has competitive imperfections on both the price and the wage sides. It has never been, and never will be, as theoretically competitive as Adam Smith's description. Government vigilance and action are required to prevent the natural monopolistic tendencies of the system.

I am also aware that there are social problems and inequities in our present system which need correction, and that the central government should play a role in this task.

The difference between the centralists and myself is that I do not think the best solution is always to increase the size of the central system. Rather, it is in a better functioning of our private competitive system and a better quality, not quantity, of public control. The question remains: How can this be accomplished?

BACKING UP

It is obvious from the foregoing that I strongly believe the trends toward a centralized, or goverment-controlled, economy should be halted. I believe the survival of almost our total economy is at stake.

Businessmen, labor leaders, government legislators, and administrators have the power to slow or alter the trends I've cited. By doing so, we may be falsely labeled right-wingers or reactionaries, but we should not be daunted. If a goodly number of us do not try to stop the present trends, we may, even within this decade, end up with an economy we cannot manage.

Recommendations on how to halt the present trends are discussed below. I do have one comment that applies to all of them. I do not believe, as some free-enterprisers do, that any of the suggestions I make should do away with the social achievements of the past 40 years. I believe that much, if not most, of the social legislation passed by the U.S. Congress protects the unprotected and provides social equity in economic terms that are consonant with the spirit of our political life and the protection of the individual by law. I deeply believe in equity.

I do not believe, however, in inequity. It is the inequities, rigidities, bureaucratic stiflings, and actual absurdities that we must attack. But again it is a question of how.

Selective deregulation

Obviously, not all regulation in the public interest should cease—for example, in the areas of safety, product quality, pollution, and health. But many economists can make a good list of those regulations that are interfering excessively with the competitive model, such as subsidies, quotas, tariffs, and competition-limiting labor and business practices referred to earlier in the article.

Monopolistic vigilance

Both business and labor have innate tendencies to seek monopolistic positions, and therefore they must be restrained. The same message also goes for professions (e.g., medicine and law) and trades (e.g., accounting and investment) that build up anticompetitive practices in the name of "professionalism."

The Sherman, the Robinson-Patman, and the Clayton acts, all designed to bring about these goals, were written many years ago. Each needs continued enforcement and should be examined for revisions and oversights in its application.

Three-branch overhauls

Just as physical systems need periodic checks and overhauls, so do our social institutions. Government is no exception. Many of our procedures and institutions at the local, state, and federal level were designed for an agrarian society with slow communications and an isolated domestic economy.

At a minimum, I suggest a regularized public review, say, every three years, of the organizational and administrative procedures of government.

Political involvement

We live not just in an economy but in a political economy. Our economic system does not operate according to the classical laws of supply and demand but through the interaction of power and politics with economics. If business and labor leaders wish to steer the system in the direction they believe best, they cannot simply deplore, fume, curse, and hire a Washington lawyer or lobbyist. They must get directly involved by holding public office, personally visiting regulatory bodies and Congress, participating in citizens' affairs groups, and allocating time for employees to participate in local, state, and national politics.

Public advocacy

Related to the need for political involvement is the need for public advocacy of all views about our economic system. Those supporting increases in government's role are currently more vocal than are the advocates of the private enterprise system. The reason, I suspect, is that advocacy of private enterprise is often ridiculed as mossback in viewpoint, anti-intellectual, socially insensitive, and on the side of vested interests and "fat cats."

Nevertheless, those believing in the private enterprise system must speak out, not bombastically but intelligently. Every avenue should be utilized—speeches, articles, participation in local affairs, appearances at schools, employer-employee discussions, and so forth.

Economic education

If people are to make intelligent choices, about the nature of our economic system, they must understand more economics. My experience at the commission has convinced me that economic understanding in this nation is low, much lower than it should be for people to make wise choices.

Education to promote understanding should begin with our young people and extend through adult life, emphasizing not a partisan view but a clear presentation of various economic fundamentals and systems.

Better economic tools

The economic policy tools of taxation, budget, and monetary supply, by which government manages the overall economy, are very crude and require overhauling. The economic models are weak, the implementation process rigid, and the needed data often not available. For instance, decisions were made in Phase II with a frightening paucity of economic information. At the very least, this situation could be corrected by funding the many excellent economic organizations to enable them to come forward with recommendations for the Congress and the President.

Business schools

Business schools should turn out students who understand both the strengths and the weaknesses of the private enterprise system, as well as its responsibilities to society. Too often, technicians are being graduated who are narrow professionals and blind ideologists.

One particular recommendation is that more schools encourage entrepreneurs. The entrepreneur is the lifeblood—the innovator, creator, pusher—of the private enterprise system; without him, the system will tend to become change-resistant and bureaucratic.

Department of Economic Affairs

Part of President Nixon's proposed departmental reorganization program is the creation of a new Department of Economic Affairs.

In the Price Commission, we saw numerous instances in which the dispersal of economic policy matters in various parts of government inhibited the formulation of an integrated and consistent program.

I support the proposed new department, which would gather together under one head the economic branches of various departments and agencies, e.g., Transportation, Commerce, Labor, the Small Business Administration, and others.

Productivity

A strong, increasing productivity is one of the best preventives against inflation and one of the strongest assets of a private enterprise system. Therefore, business and labor must work together to shore up our lagging productivity, particularly as we shift to a more service-oriented, and hence lower-productivity, economy. Government can also help in this area through policies that stimulate capital investment and R&D.

In addition to the National Commission on Productivity in Washington, there should be a private sector productivity institute, like those in Japan, Germany, and Israel, which would be a clearinghouse of information and source of help and education.

A DIFFERENT KIND OF ROAD

My recommendations advocate continuation of a private enterprise, free-market system with these essential features:

The price system;
Private ownership;
Collective bargaining;
The profit motive; and
Freedom of entry.

Capitalism is more than a system of economic voting by buying a can of peas. It is also a system of values and attitudes, a way of life that permits individual motivation, excitement, personal freedom, variety, and excellence. I do not see these attributes flourishing in centrally planned and controlled systems.

Yet I am not denying a role to central government. Government can help to ease transitions caused by change through stimulating or contracting the economy and informing the public of the cost and benefits of various alternatives, e.g., pollution control versus higher prices, caribou protection versus energy supply, unemployment versus inflation. Government also has the extremely important function of setting and monitoring the rules of the economic game through antitrust laws, product quality standards, pollution controls, and so on. These restrictions are set principally to keep competition alive and to protect the general public.

The key issue is at what point do such activities and restrictions on the private enterprise system inhibit it to the point of rendering it effectively inoperative?

The tug between laissez-faire and state regulation has been going on for centuries. They are contradictory, but both are valid approaches and applicable under appropriate conditions. Yet neither is of universal application for all purposes.

We seem to advance by overaccentuation of one principle at a time, like a sailing vessel that is first on one tack and then on another, but is making to windward on both. It is important, therefore, not to hold too long on the same tack, not to believe too strongly that either principle is absolute and universal.

For the real danger is that people will strive for the triumph of a particular philosophy and will refuse to consider the limits of proper application of their particular point of view. In the heat of debate, the advocate often asserts extreme opinions and demands action more drastic than he would call for if he reflected more calmly.

I submit that what we must do is seek the balance between these opposing principles, realizing that it is almost as impossible to frame a comprehensive and universally applicable economic system as it is a political one. In making our Constitution subject to amendment, our forefathers showed they were aware that the best solution will not be found in one principle but in a set of ideas determined by experiment and observation of practical results. And it is extremely likely that the chosen path will not be the same forever, but will shift from time to time.

Phase IV could be a return trip to the relatively free-market system and, I hope, a reversal of the trend I have observed. It could be an opportunity for labor and business to demonstrate that the private sector can manage the market and fight inflation without further government intervention. If not—then I don't think that either labor, business, or the public will like the controls that will be imposed on our freedoms in the future. And we will have helped to build our own cages.

This is not a pessimistic view, for, as Schumpeter stated, a report that a ship is sinking is not defeatist. It is only defeatist if the crew sits and drinks. They can also rush to man the pumps.

In every sense it's up to each of us.

FOOTNOTES

[1] Louis Harris, "The Public Credibility of American Business," *The Conference Board Record*, March 1973, p. 33.

[2] Thomas W. Benham, "Trends in Public Attitudes Toward Business and the Free Enterprise System," *White House Conference on the Industrial World Ahead* (Washington, Government Printing Office, February 1973).

[3] New York, Harper & Row, 1961.

[4] *Capitalism, Socialism and Democracy*, 3rd edition (New York, Harper & Row, 1962), p. 61.

[5] *Between Capitalism and Socialism* (New York, Vintage Books, 1970), p. 31.

[6] New York, Random House, 1972, p. 266.

A NATIONAL FOOD POLICY

Mr. MONDALE. Mr. President, an excellent article, entitled "Needed: A National Food Policy," appeared in today's edition of the New York Times. Written by Tony Dechant, president of the National Farmers Union, this article points out the perilous scarcity of food in the United States and the disastrous policies of the administration which have placed us on the brink of a national food shortage.

As Mr. Dechant warns,

A short grain crop anywhere on earth—or a natural disaster anywhere on earth—or a military crisis anywhere on earth—would catch America short of one of its most valuable resources.

How did the world's leading agricultural producer come to find itself in the midst of a food crisis? N.F.U.'s President Dechant explains that the administration set out to destroy two longstanding and indispensable tools of an adequate farm program. According to Dechant,

It wrecked the "ever normal granary" machinery for building and managing reserves of basic farm commodities, by forcing commodity-loan rates far below the level of viable returns to producers, and by "dumping" the last remaining Commodity Credit Corporation-owned stocks onto the market in a ruthless effort to break farm prices.

Thus the administration destroyed the Federal Government's reserve of storable commodities, a reserve that has through the years enabled us to stabilize food supplies and costs at levels which are both reasonable and acceptable.

Next, during the 1972 election year the administration set about to withhold record amounts of land from production, and Secretary of Agriculture Earl Butz freely boasted of being able to spend money like a drunken sailor.

The disastous world grain crop of 1972 and the resulting upsurge in demand for American farm products greatly reduced stocks of food available to meet the needs of American consumers. Continuing heavy demand now threatens to wipe out by summer the small margin of carryover stocks that still exist.

The potential for new and even more dramatic increases in the price of food illustrates the pressing need for a national food policy. Such a policy would be designed to insure adequate supplies of food at prices that are stable and reasonable for both the consumer and the farmer. A primary tool in helping to carry out our food policy would be a national consumer and marketing reserve along the lines proposed by Senator HUMPHREY and myself in S. 2005.

Our proposal would provide for a reserve of 600 million bushels of wheat, 150 million bushels of soybeans and 40 million tons of feed grains to be purchased at a time when supplies are ample and to be used in time of shortages. The bill is formulated in such a way as to avoid the price depressing effect and the increased storage costs of past reserve programs; and it would benefit America's farmers, consumers, and taxpayers.

Mr. President, as evidence of the need for a realistic national food policy, coupled with a reserve program, I ask unanimous consent that today's article by Tony Dechant be printed in full in the RECORD.

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

NEEDED: A NATIONAL FOOD POLICY

(By Tony Dechant)

Our country desperately needs a national food policy. The United States today is dangerously short of food. What is worse, we are dangerously short even of farmers. We are dangerously short of farming capacity—of machinery and breeding stock and production supplies. We are dangerously short, above all, of morale among our farm people. All this portends that our danger will grow worse unless we correct its cause.

In just a few short years, the regime of President Nixon and Secretary of Agriculture Butz has wrecked our national farm programs, built with bipartisan support and leadership during the past forty years. This has brought the nation, and farmers and consumers together, to the food crisis.

The first major blow was enactment of the 1970 Farm Act after a bitter fight in Congress. This legislation was engineered by the White House with ruthless use of the veto threat. It empowered the Administration to further erode farm prices and to complete the wrecking of two indispensable features of an adequate farm program:

It wrecked the "ever-normal-granary" machinery for building and managing reserves of basic farm commodities, by forcing commodity-loan rates far below the level of viable returns to producers, and by "dumping" the last remaining Commodity Credit Corporation-owned stocks onto the market in a ruthless effort to break farm prices.

It wrecked the Government's capability to

manage supplies of storable commodities so as to keep reserves at reasonable levels at costs that would be reasonable and acceptable.

The next step was the recruitment by President Nixon of Earl L. Butz, a long-time agribusiness politician, as Secretary of Agriculture.

Mr. Butz set out with flamboyant vigor to exploit the programs of the Department of Agriculture to further the Nixon election campaign.

It is fair to wonder what a long-time enemy of farm programs, as Mr. Butz has been, would find to do during an election year that would be helpful to the Administration's cause among farmers who overwhelmingly believe in farm programs. But Earl Butz showed that he is not a man to be swayed by principle when he has a political motive to satisfy.

In the 1972 election year, Mr. Butz spent more money than any Secretary of Agriculture in history to pay farmers to idle the biggest acreage of land ever kept out of production under Government programs.

The extent of today's food shortage is being understated and covered up by the Department of Agriculture.

The department continues in public to uphold its estimate of 250 million bushels as the total amount of wheat that will be left over at the end of this marketing year next July 1. This would be the smallest reserve since the world food emergency at the end of World War II. But then America's and the world's populations were far smaller.

A careful search and review of the Government's own reports on wheat production, wheat stocks, domestic consumption estimates, shipments already made overseas, and reports of overseas sales shows that the total wheat supply in the United States will be down to the vanishing point by the end of this marketing year. Indeed, these detailed reports show that the entire United States supply of three of the five major types of wheat have already been oversold, and this includes our main bread-wheat type.

The total carry-over that is indicated by these Government figures is around fifty million bushels. This would be by far the smallest ever recorded in the United States. It is less than the practical minimum, beyond the point at which the trade and processors' "pipelines" can really be cleaned out.

A short grain crop anywhere on earth—or a natural disaster anywhere on earth—or an international military crisis anywhere on earth—would catch America short of one of its most valuable resources. A world grain crop like that of 1972 would doom millions to starvation.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, if there be no further morning business, I ask that morning business be closed.

The PRESIDING OFFICER. Is there further morning business? If not morning business is concluded.

WATER RESOURCES DEVELOPMENT AND RIVER BASIN MONETARY AUTHORIZATIONS ACT OF 1973

The PRESIDING OFFICER (Mr. HATHAWAY). Under the previous order, the Senate will now proceed to the consideration of S. 2798, authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 2798) authorizing the construction, repair and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRAVEL. Mr. President, I ask unanimous consent that during consideration of and voting on S. 2798 the following staff members of the Committee on Public Works be granted the privilege of the floor:

M. Barry Meyer, John W. Yago, Philip T. Cummings, Wesley F. Hayden, Ann Garrabrant, Leon G. Billings, Bailey Guard, Hal Brayman, Rick Herod, Steven Swain, and Ann Brown.

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

Mr. GRAVEL. Mr. President, I offer for the Senate's consideration S. 2798, the Water Resources Development and River Basin Monetary Authorizations Acts of 1973.

As that designation suggests, the bill addresses itself to two distinct purposes and objectives. On one hand, in title I, it provides for new project starts and modifications and for policy changes which are of the type usually incorporated in what has been known in the past as omnibus rivers and harbors legislation. Title II has been added in this instance to provide additional authorizations for work in 16 of the 29 river basins for which development plans were approved under the Flood Control Acts of 1936 and 1938 and amendments thereto.

Under usual procedure, the two elements in S. 2798 would have been handled as separate bills in alternate years.

In this instance, however, it was necessary to combine them into one measure because of the White House veto of the Flood Control Act of 1972 after adjournment of Congress which precluded passage of any water resources legislation for that year.

Without the combination which S. 2798 provides, the consequent lack of funding would have seriously curtailed essential elements of the Nation's civil works program or even halted some aspects of it at the very time when we are desperately trying to develop new energy sources including additional hydroelectric power.

In drafting the legislation which is now being presented, the Public Works Committee brought together features of S. 606, the Flood Control Act of 1973 adopted by the Senate last February 1, of H.R. 10203 as enacted by the House of Representatives on October 16, and of certain proposals offered in the Senate subsequent to its action on S. 606.

Total cost of the bill as reported is approximately $1.28 billion, of which about $780 million is attributable to the river basin authorizations in title II and about $508 million is authorized for projects and provisions outlined in title I.

I emphasize that the latter figure represents the estimated 5-year costs of major programs provided under that title and that it is, at the same time, substantially less than the $593 million proposed for similar purposes under the 1972 bill. The latter measure would if approved, have been the most modest omnibus bill of its type since 1948.

At this point, I also stress another feature of the bill—that is the amount of attention its various provisions received during the preparation process.

First of all, there were 6 days of hearings in Washington on new elements of S. 2798 during April, May and June of last year to supplement information developed during 12 hearing days in 1972 on items which subsequently became a part of S. 606 and have now been incorporated in this bill. In addition, the Water Resources Subcommittee conducted hearings in Indiana in May 1973, and in Louisiana in September, to determine whether certain proposals involving those States should be included in this legislation.

The bill which eventually evolved was also the product of detailed examination in numerous conferences with both majority and minority staff, frequent and indepth consultation with Corps of Engineers experts on technical points, and full discussion in half a dozen executive sessions of the subcommittee before the bill was adopted there.

It is appropriate to note that each of the nine subcommittee members participated at some point in one or more of those executive sessions and that eight of them took part in the meeting at which the bill was approved for full committee review.

Each of them contributed in an important and significant way to the form and substance of the legislation, and I want to express my personal appreciation to them now for their support and very vital help in this task.

Great credit is also due the extremely able and distinguished chairman of the Public Works Committee and our esteemed colleague, JENNINGS RANDOLPH, for the role he played in bringing this legislation into being.

His wise counsel, suggestions and expert knowledge on critical issues and policies with which we were dealing were of invaluable assistance throughout the preparation and review process and, as always, he gave that help unstintingly. He thereby made the task of a first-year subcommittee chairman easier and more rewarding, and I am indebted to him for it.

The measure we have reported represents the best efforts of many who contributed to it, and I consider it a sound, realistic, and workable bill. It meets both the civil works program needs of the present and the requirement for new and imaginative approaches to some of the problems of the future which must be solved to insure maximum public benefit from utilization of our priceless resources.

A substantial number of the provisions in title I of the bill relate to major policy or procedural changes designed

to improve the economy, effectiveness, and efficiency of the Corps of Engineers civil works program and to make it more responsive to public interests and requirements in today's society.

It is to them that I will address myself first in describing the legislation.

TWO-STAGE AUTHORIZATION

The first, and perhaps most significant, of those changes is a provision which would allow for two-stage authorization of new projects as an alternative to the practice of single-stage approval previously followed.

Under the new plan, a project would be authorized only through what is known as the phase I design memorandum stage of advance engineering and design—A.E. & D. The fully designed project, with any modifications, would be brought back to the Congress, together with the completed environmental impact statement, and authorization of the construction phase could then be considered.

The proposal is substantially in line with a practice initiated by the Corps of Engineers some 18 months ago, except that reports on the A.E. & D. phase would be submitted to the Congress for consideration of further authorization rather than being prepared and handled as an internal matter within the corps.

The new procedure will be primarily utilized for consideration of major projects costing many millions of dollars and to be developed over a long period of years.

It would not be intended to replace the section 201 procedure under which projects with a total Federal cost of less than $10 million can be authorized under simple resolution by the Committees on Public Works of the Senate and the House of Representatives, and it would not preclude single-stage authorization where such a course appeared appropriate due to the relatively modest cost of the project or special circumstances pertaining to it.

DEAUTHORIZATION

Section 66 of the bill provides for annual preparation and presentation to the Congress by the Secretary of the Army of a list of water resources projects which are at least 8 years old, for which no construction funds have been appropriated during that 8-year period, and which the Secretary feels should no longer be authorized.

Once submitted to the Congress, the list would be reviewed by the Committees on Public Works of both the Senate and House. Projects which the committees agreed should be deauthorized would be incorporated in a resolution adopted by both committees to complete the deauthorization process. Any other projects on the Secretary's list on which such action has not been taken would remain authorized.

The committee feels that the deauthorization language in this bill provides the additional congressional control needed while not detracting from the objective of the concept as a means of clearing out deadwood from the Corps of Engineer backlog and enabling the list of authorized projects to be more realistic and meaningful.

Corps records show there are now 218 projects which are at least 8 years old and on which there has been no construction as of this date.

PRINCIPLES AND STANDARDS

A third major provision—section 65—is addressed to the proposal by the Water Resources Council for imposing a higher interest-discount rate in computing project benefit-cost ratios.

The Council proposal, accepted by the President, would establish a discount rate based on the Federal Government's average cost of borrowing in the prior year. This would mean a 6⅞ percent rate now, with a possible increase or decrease of one-half of 1 percent each year.

H.R. 10203, a similar bill passed by the House, would bar any change in the discount rate which had prevailed before the October 25, 1973, effective date of the new principles and standards, except by act of Congress and would provide for use of the pre-1968 discount rate for projects authorized prior to 1969 which have assurances as to non-Federal payment of project costs.

In considering this issue, the committee concluded that the House position posed a high veto risk and that, in addition, it was perhaps more rigid than was in keeping with the realities of the situation. We therefore wrote into S. 2798 a provision which would allow application of the interest-discount rate determined under the Water Resources Council formula for all future projects. That provision would, however, bar application of the new formula to projects previously authorized or to be authorized under the legislation now being presented for consideration and debate.

NONSTRUCTURAL MEASURES

Among the most innovative of the provisions in this bill is that directing the corps or other Federal agencies to give full consideration to the feasibility of nonstructural alternatives in the design and planning of flood control or flood protection projects.

The committee feels that that provision would encourage wiser use of flood-prone land, the preservation of open space, and protection of the environment in many cases in a way superior to flood control structural methods.

The bill also provides for such nonstructural development in three specific cases—Charles River, Mass., Prairie du Chien, Wis., and Chatfield Dam, Colo.

SHORELINE AND STREAMBANK EROSION

Aside from a continuing concern with the problem of flood control, the legislation also addresses itself to the complex problems of shoreline and streambank erosion.

Section 11 authorizes establishment of a shoreline erosion control demonstration program to include pilot projects at selected points for development and testing of low-cost means of preventing or controlling erosion. The section would specify no less than two projects each on the Atlantic, Pacific and Gulf Coasts, and the Great Lakes area, at two sites on the coast of Alaska, and at designated sites on the Delaware Bay. An authorization of $8 million would finance the program for 5 years.

Section 12 establishes a program of evaluation and demonstration projects for streambank erosion control.

The 5-year authorization would be $25 million for projects at multiple sites on the Ohio River, the Missouri River in North Dakota below Garrison Dam, the Missouri River between Fort Randall Dam, South Dakota, and Sioux City, Iowa, and the hill and delta areas of the Yazoo River Basin.

OTHER PROVISIONS

Among other general provisions in title I of the bill which warrant at least some mention are those which would:

Establish a policy on Federal replacement of roads in water resources project areas which would permit upgrading of the construction specifications above the replacement standard if required by the State, but providing for State payment of any additional costs which result from such upgrading (section 79).

Authorize a program of general assistance to States in planning for development, utilization and conservation of water and related resources, with $2 million authorized to fund it (section 72).

Allow the Corps of Engineers to accept non-Federal cash contributions in annual installments during construction of water resources projects rather than requiring an advance lump-sum payment. This would apply generally only to projects on which construction had not been started, in the absence of a specific request from a non-Federal body with reference to a project already under construction (section 70).

Permit the corps, after consultation with officials of the Environmental Protection Agency, to participate in the cost of constructing regional sewage treatment facilities to handle waste from corps recreation areas where such procedure is deemed more suitable and economical to the Government than construction of its own facilities for the purpose (section 71).

PROJECT AUTHORIZATIONS

There are 18 new project starts authorized under the A.E. & D. concept in section 1 of this bill, with that procedure permitting a first-phase examination of the entire group with an initial commitment of only $11.7 million, contrasted to a total of nearly $519 million which would have been needed for full authorization.

The A.E. & D. concept also would apply to two other major projects which would be initiated under the bill.

They are the Lower Rio Grande flood control project in Texas—section 2—and the Sixes Bridge and Verona Dam projects in Maryland and Virginia—section 3—which, in combination, would be designed to provide an adequate municipal water supply source in the Potomac River Basin.

The initial outlay for the Texas development would be $600,000 against a total estimated cost of $21 million, and the cost of the A.E. & D. phase for Sixes and Verona developments would be about $1.4 million against a total cost of about $70 million.

Six other projects are scheduled for initiation under the bill, with full funding authorized because of realtively low

cost or because of special considerations involved.

The latter list includes the Four Mile Run flood control project in Arlandria which was initially approved as a section 201 project but which had to be refigured and given new authorization because of a significant cost escalation.

Most of the other project provisions in title I involved modification of existing authorizations to meet expanded needs or to provide for mitigation of damages resulting from prior Federal activities.

RIVER BASIN AUTHORIZATIONS

As I noted at the outset of my remarks, this legislation is somewhat unusual in that it deals with two distinct purposes and objectives which are normally handled in separate bills in alternate years.

Let me comment briefly now on the second of those objectives—river basin authorizations.

Title II of S. 2798 proposes allotment of an additional $780 million to finance further project developments in 16 of the 29 river basins for which general plans were authorized under the Flood Control Acts of 1936 and 1938 as subsequently amended.

The amount authorized under this section of the bill is the figure needed to keep work on schedule through calendar 1975 and is substantially in line with that which the administration had requested when it submitted its own bill (S. 603) to the Senate earlier this year.

In summary, the list of basins and allotted amounts proposed includes:

[In millions]

Alabama-Coosa River	$31
Arkansas River	14
Brazos River	19
Central and southern Florida	15
Columbia River	94
Mississippi River and tributaries	211
Missouri River	72
North Branch, Susquehanna River	64
Ohio River	120
Ouachita River	4
Red River Waterway Project	9
San Joaquin River	83
South Platte River	15
Upper Mississippi River	4
White River	9

That list accounts for $764 million, with another $16 million earmarked for the second phase of a bank erosion control project in the Sacramento River Basin.

A detailed statement of the specific need for each of the basin allotments was submitted by the Corps of Engineers in committee hearings last spring. I will not attempt to duplicate that testimony here, but I will be glad to respond to specific questions which any Member may have about one or more of them.

SUMMARY COMMENTS

Having discussed in some detail the major provisions of S. 2798, I think it is appropriate at this stage to touch on the question of what was left out of the bill, and why.

First of all, the committee found it necessary in preparing the bill to defer for future consideration a number of proposals which came to its attention too late to allow full examination on their merits.

It also voted to set aside for later discussion and disposition a number of items which were subjected to challenge as representing deviation from national policy in favor of specific local interest.

While recognizing the vital importance of the issues involved, the committee likewise concurred with the objection of the Corps of Engineers and the Office of Management and Budget to specific proposals for dealing with Great Lakes shoreline erosion problems. It was the conclusion of the committee after examination of the proposals that the public interest would best be served by adoption and implementation of the shoreline demonstration program otherwise proposed in the legislation.

These decisions in no way foreclose the opportunity for further examination of any, or all, of the omitted proposals.

The committee plans new hearings as early as possible in this session in order to give those items, and others which may be offered, the attention they warrant.

With adoption of the new A.E. & D. two-stage authorization concept, it is probable that an omnibus bill will be necessary annually, starting with this year. Thus, proposals left out of S. 2798 need not be long deferred if they stand the test of feasibility and public necessity.

I recognize that S. 2798 is not going to satisfy everybody.

I feel very strongly, however, as the committee does, that it is an effective, well-balanced bill which also takes into account the fiscal realities.

As it stands, the $508 million price tag for title I is $85 million under the figure of last year's flood control bill, and that measure, had it not been vetoed, would have been the most modest omnibus bill since 1948.

I know I speak for all of you when I voice the fervent hope that this legislation can become law, since many vitally needed projects have already been too long delayed.

I feel strongly that seeking to change the character or scope of this bill by floor amendment would be prejudicial to its chances for final passage and to that degree a self-defeating exercise.

I am convinced that it would best serve the purposes of all concerned if this legislation is adopted as reported by the Public Works Committee, with any differences then resolved in conference with the House rather than in floor debate here.

It is in that spirit that I will oppose amendments which have been, or may subsequently be, proposed to S. 2798.

Mr. ERVIN. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. GRAVEL. I yield.

Mr. ERVIN. Mr. President, I ask unanimous consent that during the debate on an amendment I shall offer to this bill on behalf of my colleague Senator HELMS and myself, a member of my staff, William E. Percy, be allowed the privilege of the floor to assist me.

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

Mr. WILLIAM L. SCOTT. Mr. President, I voted to report the Water Resources Development Act of 1973 to the Senate although I do have reservations about some portions of it. Before commenting, however, I wish to express a particular word of commendation for the work of the distinguished chairman of the subcommittee, the Senator from Alaska (Mr. GRAVEL). He spent long hours on this bill in an effort to obtain a fair and equitable measure to bring before us today. The distinguished Senator from New York (Mr. BUCKLEY) also made a careful study of the bill and was helpful to all members of the committee.

I wish to comment briefly on several important provisions of the bill. The Senator from Alaska (Mr. GRAVEL), of course, has discussed it in some detail, and I only intend to touch very briefly on a few of the provisions.

First, the committee bill establishes a new procedure limiting approvals of most new projects to the funding of advanced engineering and design work. This procedure will increase the burden of work on the committee and the Senate. I understand this is the desire of the other body, and perhaps we should adopt it for a trial period.

Many Corps of Engineers projects changed substantially between the original report considered in past omnibus bills and final construction plans. By limiting the scope in the initial approval to work on engineering and design, the Congress and the public may obtain a far better understanding of the costs and benefits of each project when we are subsequently asked to approve construction plans.

Another section of the bill with great significance concerns creation of a procedure to deauthorize old, unwanted projects. Deauthorization can often be important in order to remove the potential threat to local landowners and residents of the Government taking their land. Deauthorization means the area residents will once again control its development options.

The committee, in considering this provision, accepted by suggestion that we require the public works committees of the two bodies to act affirmatively, by resolution, to deauthorize projects, rather than to acquiesce through inaction to a reauthorization proposal by the executive.

Another change concerns a directive in section 68 that the corps study all nonstructural, as well as structural, options in planning flood control projects. Despite my concern over the Federal Government purchasing flood plains to prevent construction, it may generally well be desirable to consider alternative flood control methods. My thought is that State and local governments can prevent construction in flood plains under the police power and planning and zoning laws. If local and State governments would prohibit building in flood plains under their police power, there would be no need for Federal purchase or acquisition under the power of eminent domain.

Another section of importance—section 67—would allow the engineers to reformulate projects which had allocated up to 25 percent of its storage capacity for water-quality storage, negating the need that these many projects be returned to the Congress for reau-

thorization. When the water quality percentage exceeds 25 percent, the project would, however, have to come back to the Congress for approval.

Sections 11 and 12 of the bill establish new, 5-year demonstration programs to find better, low-cost methods for alleviating shoreline and streambank erosion. Both sections represent sound initiatives to problems plaguing many areas of our Nation.

Many other provisions of the bill meet the legitimate needs and requests of local interests, within the framework of existing law and precedents. Among the bill's provisions incorporating recommendations of the Corps of Engineers, four involve important proposals affecting my own State of Virginia. All of these projects were developed from recommendations by the Corps of Engineers. I support each of them.

Two are incorporated within section 1 of the bill: $954,000 for engineering and design work on an erosion control project at Virginia Beach, Va., and $665,000 for engineering and design of a flood control project at Buena Vista, Va., on the Maury River.

Section 3 of the bill authorizes $1,400,000 for engineering and design on two Potomac River dams: one at Verona, Va.; the other in Maryland. Another aspect of this section is the authorization for $6,000,000 to investigate the use of the Potomac River estuary as a water supply source for the Washington metropolitan area. This involves the construction and operation of a pilot plant. Further, the section would require the corps to contract with the National Academy of Sciences for a review and report on the corps' estuary study. Its application is limited to the use of the estuary question.

The Office of Management and Budget has expressed reservations about the fact that the Federal Government would pay the full cost of the water supply pilot plant to treat Potomac estuary water. Normally, water supply is entirely a local responsibility.

It should be noted, of course, that the water from this pilot plant is not intended to be used in the metropolitan water system. It is purely a test plant—a test that would be useful to communities throughout the Nation. Therefore a 100 percent Federal contribution may be justified.

Section 49 authorizes recommended modifications in the project previously authorized along Four-Mile Run in Arlandria, Va. In addition to assuring equitable local cost sharing, this section authorizes $29,981,000 for construction of this project.

In addition, section 6 of the bill directs the corps to cooperate with the National Park Service in an effort, when feasible, to restore Dyke Marsh along the Potomac River. For example, the corps might furnish suitable fill material when dredging clean spoil out of the Potomac.

Such an expression of general support for this bill, as indicated earlier, does not lessen my concern over a number of aspects of the bill, particularly the bill's heavy cost-burden—exceeding $1 billion—imposed upon the American taxpayers. There were many opportunities in committee to trim fat from the bill. Unfortunately most amendments were not accepted.

During consideration of the bill in subcommittee and full committee, I offered some amendments and a greater number were offered by the Senator from New York (Mr. BUCKLEY). His amendments, if all had been adopted, would have reduced the bill's cost by as much as 15 percent. I believe that Senator BUCKLEY's move to delete new provisions that either lacked Senate hearings, as well as those of a "special relief" character, had merit and should have been accepted by the committee.

It is my hope that committee hearings early next year will give us a better picture on how to proceed in handling such special relief provisions, seeking to establish broad policies rather than ad hoc answers for individual projects.

Mr. President, I believe this is generally a good bill and do not propose to reoffer any amendments rejected in committee. But I may support some of those offered by the distinguished Senator from New York (Mr. BUCKLEY), a member of the committee, and by other Senators.

Mr. HUGH SCOTT. Mr. President, S. 2798, the water resources bill, contains three projects of direct benefit to the Commonwealth of Pennsylvania. Each one has been thoroughly reviewed by the Committee on Public Works and the appropriate Federal agencies. I commend the chairmen and ranking Republican members of the subcommittee and the full committee for their comprehensive analysis of these projects.

First, in the Delaware River Basin's Schuylkill County, the committee has approved a project for local flood protection on Wabash Creek, Borough of Tamaqua. The creek has a limited capacity and is under a constant threat of flooding. Until this threat is removed, a plan for renewal of the business district cannot be implemented. This plan would have a positive environmental impact since it includes the removal of blighted areas and the creation of new parks and playground facilities. The estimated cost of this project is $2.355 million.

Second, in Erie County, the committee has reauthorized the beach erosion control project for Presque Isle Peninsula in Erie for a 5-year period at a funding level of $3.5 million. This beautiful spot at Pennsylvania's northwest corner has been subjected to several brutal storms coming off Lake Erie. This has occurred, unfortunately, after the initial Federal authorization had expired.

Senator SCHWEIKER has played a particularly important role in reviving this project and he deserves great credit for it.

Third, in Forest County, the committee has approved a procedure under which Federal funds can be spent to aid in constructing a sewage disposal plant at Tionesta. This is absolutely essential since the Corps of Engineers supervises a recreation area there, and the local community cannot shoulder the financing necessary to increase the sewage treatment capability.

I recommended this amendment to the committee following consultation with Representative AL JOHNSON. He played a vital role in developing this proposal. We are delighted that the committee adopted our amendment.

Mr. BURDICK. Mr. President, today the Senate is considering S. 2798, the Water Resources Development Act of 1973. The measure includes several proposals that are of great importance to the people of my own State, North Dakota.

Section 12 of the legislation requires the Army Corps of Engineers to undertake the stabilization of severely eroded banks along the Missouri River below the Garrison Dam.

Presently there are at least 19 individual areas along this 80-mile stretch of river that are in need of attention. Because the Army Corps of Engineers wanted further studies on erosion control practices, however, nothing has been done. Essentially the bill calls for a $25 million streambank erosion control and demonstration project on 4 specified rivers throughout the country. One of these is the Missouri River in North Dakota.

The U.S. Government already has significant equity near the areas to be protected. Several miles of interstate highway, two waste treatment plants, a golf course and a zoo, all recipients of Federal funds, are endangered by the sluicing action of this river. Of course, there is considerable farmland lost each year, too. But as serious as the immediate situation is, the potential for loss may be astronomical if bank erosion is not checked.

Section 12 was wisely developed by the committee in response to the accelerating erosion danger not only in North Dakota but along many of our Nation's rivers and streams, the serious portion of which result in an estimated annual loss of $90 million.

Another portion of this bill amends the authority of the Secretary of the Army to construct small flood control projects by increasing the annual expenditure limitations to $50 million and the individual project limitations to $2 million. In my own State, the Chief of the Corps of Engineers approved construction of flood protection measures around the city of Pembina. This construction, to cost $1,419,000, was designed to protect a city that had been frequently flooded. As many of you may be aware, the present allocation for small flood control projects is $25 million while individual projects can qualify for only $1 million. Understandably, the residents of Pembina, and there are only 741 of them, have been unable to raise the amount in excess of the statutory limit.

I think that it is clear that the Federal contribution to small flood control projects is due for an increase. The last time this was done was in 1962 and I do not have to tell anyone here today what was happened to construction costs since then.

Also worthy of mention here is section 80, which extends the authority of the Secretary of the Army to allow for the undertaking of small projects for snagging and clearing to facilitate flood control. The bill increases the annual ex-

penditure limit as well as the individual project limit.

A fourth section of this bill, which I cosponsored along with the Honorable Senator MILTON R. YOUNG, would permit the North Dakota Army Corps of Engineers to return land in Mountrail County to the county park commission to be used as a recreation site. Since the citizens of that area have already improved adjacent facilities, at their own expense, there is no doubt in my mind about the continued judicious development of this site.

Major policy and procedural changes are included in a number of the bill's other provisions. These are designed to bring about more economy, efficiency, and effectiveness in programs, while enabling the Corps of Engineers to improve its responsiveness to public concerns and interests.

In closing, I would like to extend my special thanks to the distinguished and honorable Senator JENNINGS RANDOLPH for his persevering endeavors in achieving this comprehensive and commendable piece of legislation along with the other venerable members of the Public Works Committee. I would also like to thank the most distinguished Senator MIKE GRAVEL, chairman of the Subcommittee on Water Resources, for his kind consideration. The efforts of these men and their staffs are worthy of special note since they have exercised foresight and prudence in their approaches to the increasingly complex water resource management problems that face us today.

Mr. JAVITS. Mr. President, I would like to take this opportunity to commend the Senate Public Works Committee on its actions regarding S. 2798, the Water Resources Development Act, and to comment briefly on the sections of this legislation which affect New York State.

The Rockaway Beach project is a longstanding and urgently needed project. It was originally authorized in the 1965 Omnibus Rivers and Harbors Act as a multiple-purpose hurricane protection and beach erosion project. In 1971 the corps completed the preliminary project design and submitted it to the State and city to solicit comments and obtain local cooperation. The city indicated dissatisfaction with the consideration of the water quality aspect of Jamaica Bay in the plans which were submitted and requested additional studies. In January 1972 the city and State indicated that they would not provide the necessary local cooperation for the project until the Jamaica Bay water quality question had been resolved. A work program for this study was developed by the corps in April 1973 which included a completion date for the additional requested studies by May 1975. The Rockaway Beach area of New York City has suffered such extreme erosion in the past few years that a 14-block area of the city-owned beach is now unusable. By the time the ongoing studies for the hurricane protection aspect of this project are completed the continuing erosion may well have eliminated even more extensive stretches of beaches and have caused serious and irreparable damage to the seawall, roadbeds, sewer systems, and the boardwalk itself. For this reason, I have strongly urged the Public Works Committees and the Corps of Engineers to phase the two aspects of the project—that is, the beach erosion and hurricane-flood protection—and to proceed immediately with the beach erosion aspect. The corps, in responding to my request and that of the city and State of New York, indicated that it would be feasible to phase the two aspects and merely required a change in the authorization to permit them to go ahead.

Therefore, on June 29, 1973, I cosponsored with Senator BUCKLEY and 29 members of the New York congressional delegation a bill (S. 2118) to provide for a modification in the authorization to permit the corps to commence work on the project, independently of the hurricane-flood protection project. Mr. President, the need for this change in authorization is in human terms as well as in terms of an urgent need to protect the immediate environs from threatening seas; and I am most gratified that the Public Works Committee has seen fit to include the concept of my bill, S. 2118, as section 38 in the pending Water Resources Act. The change in authorization is clearly supported by the recent action of the Appropriations Committees in providing $60,000 in the supplemental appropriations bill, H.R. 11576, to initiate the beach erosion portion of the Rockaway Beach project.

A second longstanding project of great concern to New York State is the New York Harbor Drift Removal project. I have been involved in efforts to get this project off the ground since 1963, when the Public Works Committee requested the Corps of Engineers to conduct a study of the advisability of undertaking a project to eliminate sources of drift and debris in the New York Harbor, and Congress authorized the corps to conduct a study of the problems and solutions.

In January 1969, the corps made public its findings. The cleanup program would cost approximately $28.8 million—$16 million from Federal and $12.8 million from State and local sources. After the initiation of the New York-New Jersey Harbor Drift Removal program, however, other ports throughout the Nation requested studies concerning their own harbor cleanup problems. The presentation of the New York-New Jersey Harbor Drift Removal program report to the Congress was held up while the Corps made a nationwide harbor cleanup study.

On November 15, 1970, OMB recommended against a nationwide harbor cleanup program, but recommended that individual projects be authorized as merited. Regrettably the timing of OMB's recommendations precluded a full presentation of the New York-New Jersey cleanup proposal to the Senate Public Works Committee. The House committee, however, considered the corps' recommendations for cleaning up the harbor and included the authorization for the program in its version of the 1970 omnibus rivers and harbors bill.

Therefore, on December 9, 1970, I, along with Senators Goodell, WILLIAMS and CASE, offered an amendment to the Omnibus Rivers and Harbors Act of 1970 to authorize the cleanup of New York-New Jersey Harbor and provided that construction shall not be initiated until approved by the President. The act as passed included this authorization. Subsequently, $80,000 was appropriated for preconstruction planning for this project. This sum, however, was placed in budgetary reserve by the Office of Management and Budget.

I have worked continuously to have this money released from OMB to permit the corps to begin work on the project.

It is estimated by the Corps of Engineers that the damage from harbor debris to private and public shipowners is $5 million each year. In addition, floating debris jams the tide gates in New York City permitting the intrusion of salt water into the sewage system at high tide and causing raw sewage to be washed out of the sewers into harbor waters when the tide goes out. This harbor cleanup project is a vital step in insuring the health and safety of those people living and working in the harbor area, in restoring the water quality of the harbor, and in protecting the harbor's prominent position in the shipping world.

The continuing and increasing seriousness of this problem prompted members of the New York delegation to have included in the House Water Resources Act, section 91, a provision authorizing a drift and debris removal project for New York Harbor, and including an authorization not to exceed $14 million to carry out the project. This authorization was not, however, included in the Senate version of the Water Resources Act. In an effort to secure approval of this much-needed and highly desirable project, I intend to urge the Members of the House-Senate Conference Committee to sustain the House position authorizing this project.

I was pleased to note the Senate committee's action in inserting section 60 in S. 2798, a declaration of nonnavigability on a portion of the Hudson River to provide for the New York City Convention and Exhibition Center. This action is required to remove any cloud on title resulting from navigation servitude of the United States which makes it difficult to obtain mortgage insurance and financing. As with any other Corps of Engineers permit, the declaration of nonnavigability is dependent on the preparation of an environmental impact statement.

The Sandridge Dam-Ellicott Creek project is another project in which I have had a longstanding interest. The project was authorized in 1970 to provide for flood protection, water resource needs, and water-based recreation. This authorization included, at my request, a requirement that all possible alternative methods be investigated by the corps prior to commencement of the project, and the final report of the Buffalo district engineer proposed a diversion channel as the best alternative. This diversion channel responds to the flood control needs but not the water resource and water-based needs which the dam would provide. As noted in the committee report on S. 2798, this new plan must still

undergo the usual administrative review and be submitted to Congress for authorization.

In the meantime, the flood situation in the area is critical, especially in view of the construction in the area of a new campus for the State University of New York. In order to address this critical flooding potential I was pleased to note that section 37 of S. 2798 modified the Sandridge Dam-Ellicot Creek project to authorize the Secretary of the Army to undertake remedial minor channelization measures to alleviate flooding in the reach between Stahl Road and Niagara Falls Boulevard. These measures must be compatible with the authorized project and any alternatives currently under study, thus insuring that the work will be useful no matter which alternative method of flood protection is finally adopted.

The demonstration program to extend the St. Lawrence Seaway shipping season has proven so successful and of such importance to the economy of the Great Lakes Region, that I was indeed pleased to see that the committee included an authorization to extend the study to December 1976 and to increase the monetary limit to $9,500,000. This study becomes particularly important in light of the current energy crisis—and it is hoped that the study on the extension of this shipping season will indicate the extent to which an extended season will conserve energy sources used in shipping as well as providing better utilization of transportation of fuel oil.

Finally, I was pleased to note the committee's action in authorizing a wastewater management study in the Buffalo River Basin; a survey of water utilization and control of Great South Bay; and providing a declaration of nonnavigability for a project in New York City, the Manhattan Landing project.

With regard to the committee's action on shoreline erosion problems, I would like to say that I have worked for many years to help solve the serious problems of the Great Lakes resulting from erosion, and have introduced or cosponsored several bills dealing with the need for more research and better dissemination of information on the causes of erosion, prompted provision of interim measures to save the most critically eroding shorelines by giving the Corps of Engineers full authority to combat emergency erosion problems, and permitting the provision of immediate assistance to erosion-stricken communities and individuals. While I regret that these legislative efforts—as embodied in S. 1161, 1265, 1266 and 1268—were not included in S. 2798, I am hopeful that the provisions dealing with various aspects of the shoreline erosion problem which are embodied in the Water Resources Development Act will be at least a first important step toward finding realistic, practical and much-needed solutions to this serious problem.

Finally, I would like to commend the committee for including in this legislation certain items of a general policy nature which indicate an innovative and forward-looking approach to deal with our Nation's water resource management problems. Specifically, these items include a provision for a two-stage authorization of new projects in which a project would be authorized only through a first-phase design memorandum stage of advance engineering and design. The fully designed project, with any modifications, would be brought back to Congress, together with the completed environmental impact statement, for further consideration. This provision would clearly be a step toward making our civil works program more responsive to public concerns and interests and insure continuing congressional involvement in these major projects. Second, S. 2798 provides for an annual review by the Congress of any water resources projects which are at least 8 years old, for which no construction funds have been appropriated. Another innovative policy proposed in this legislation is the directive that the corps or other Federal agencies give full consideration to the feasibility of nonstructural alternatives in the design and planning of flood control or flood protection projects. Certainly this policy will encourage wiser use of flood-prone land, the preservation of open space and the protection of environmental values. Finally, the general program of assistance to States in the planning for development utilization and conservation of water and related resources is certainly warranted. I was very pleased to note that this program was based on a successful effort between the State of New York and the Federal Government, authorized in 1965.

Mr. President, I appreciate this opportunity to comment on these provisions of the Water Resources Development Act and again commend the committee for its thoughtful and expeditious handling of these important matters.

WATER RESOURCES BILL MEETS NEEDS OF AMERICAN PEOPLE

Mr. RANDOLPH. Mr. President, more than a century and a half ago, the Federal Government initiated a program of systematic improvement of our internal waterways by clearing obstructions in a section of the lower Mississippi River for navigation purposes.

This marked the beginning of what is today a widespread and highly sophisticated program of water resource management. It is, therefore, perhaps fitting that the Senate consider water resources legislation as we begin a new session of Congress.

Mr. President, this legislation authorizes activities costing approximately $1.28 billion. This is a substantial amount of money, this legislation incorporates programs that normally would be considered in two separate bills. We find ourselves in this position because of the exercise of a Presidential veto over the rivers and harbors and flood control legislation which was passed in October 1972. That measure was vetoed after Congress adjourned, and therefore we had no opportunity to override the President's unwarranted rejection of this important legislation.

Consequently, the bill now before us addresses questions relating to rivers and harbors and flood control, as well as river basin monetary authorizations. It is much more comprehensive than similar measures we have considered in the past.

The primary justification offered for the veto of the 1972 act was the cost of the legislation. I continue to believe this reason to be without merit. The previous measure was the least expensive bill of its kind in 25 years. It is important to emphasize that the rivers and harbors and flood control portion of the legislation before us is estimated to cost $508 million. This authorization is $85 million less than that contained in the vetoed 1972 measure.

The rest of the authorizations, approximately $780 million, are for the continuing operation and development of 17 of our great river basins.

Mr. President, this bill authorizes work on many important water resource projects that are needed. If it did no more than initiate these projects, it would be significant legislation. Substantial policy and procedural changes that will influence water resource development for years to come, however, are included.

This multifaceted legislation is the product of many months of work by the committee, in particular by our Subcommittee on Water Resources under the able chairmanship of the Senator from Alaska (Mr. GRAVEL). The subcommittee conducted extensive hearings and reviewed in detail the issues before it. Questions to be resolved were complex and could not be approached lightly. The manner in which they were resolved, I believe, is a tribute to the reasoning and judgment of the members and the awareness of the members of the importance of this legislation.

Senator GRAVEL has explained in detail the bill's provisions and how they relate to water resource developments.

The establishment of a two-stage authorization procedure will facilitate the understanding of the congressional committees of projects before it for approval. The opportunity to again review project proposals in greater detail will strengthen congressional control of these activities. Under normal circumstances, the Congress will be able to examine the final plans for multimillion-dollar projects before giving final approval.

The bill also provides a mechanism for regular deauthorization of projects that are no longer deemed necessary or which, for other reasons, have not been executed.

The difficult question of interest rates is dealt with in a manner which I believe is equitable. For several years the executive branch and the Congress have held different viewpoints about which interest rates should be utilized in determining the feasibility of water resource projects. The provisions with respect to interest rates are a compromise of the two divergent opinions. It is, however, a compromise in the best sense and one which is consistent with our new approaches to implementation of water resource programs.

I call attention to provisions of this bill which give formal recognition to the desirability in some instances of nonstructural resolution of water resource

problems. We now recognize, for instance, that construction of a dam may not be needed to prevent damage from flooding. A more feasible approach could be to acquire land and restrict development in the area in which flooding is a danger. The measure includes authorization for a project of this type in the Boston area in lieu of large flood control structures.

A major concern of the committee is the extreme erosion along many of our Nation's streambanks. We have had brought to our attention numerous instances in which streambank erosion has accelerated, resulting in extensive property damage and sometimes threatening whole communities. In some instances there is reason to believe that this erosion has resulted from upstream water resource projects and thereby increasing the obligation of the Federal Government to take corrective action.

I have personally inspected the damage that is resulting from the rapid eroding of banks along the Ohio River and elsewhere in our State. In the development of the 1972 bill, we considered a number of proposals relative to streambank erosion. During the past year we have had an opportunity to further investigate this problem and to refine our approach to its remedies. Section 12 authorizes a 5-year demonstration program to develop and evaluate techniques for controlling streambank erosion. An authorization of $25 million is provided to implement demonstration projects on various types of streams throughout the United States. To assure that a variety of erosion problems are considered, the bill specifically directs that projects be carried out on the Ohio River in the States of Indiana, Kentucky, Ohio, and West Virginia; on the Yazoo River in Mississippi and sections of the Missouri River in North Dakota, South Dakota, and Iowa. These areas provide a variety of geographical and environmental conditions for the thorough study of streambank erosion.

Mr. President, this legislation includes four projects in the State of West Virginia which are of vital importance. Each of these projects has been subjected to extensive study, and each is fully justified.

A serious water supply problem would be alleviated by the development of the project authorized for the Pocatalico River Basin in West Virginia. This is an area in which the population is growing and in which the water supply is inadequate. The project includes two multipurpose dams, which also will be utilized for flood prevention, and extensive conservation land treatment. Authorization for the project is $3,568,900.

Section 23 addresses two serious problems on the Big Sandy River which forms the boundary between West Virginia and Kentucky. It authorizes the Corps of Engineers to provide necessary repairs to a dam which was originally a Federal project but which was turned over to local interests in 1956 for use as a water supply facility. This work is essential to strengthen the dam and prevent its collapse.

The second part of this section authorizes local flood protection projects in the Tug Fork Valley of the Big Sandy River. Over the years, communities of Williamson and Matewan, W. Va. This bill extends the authorization to the whole Tug Fork Valley. Such protection is urgently required to avoid further hardship and losses in an area which is subject to chronic flooding.

Another project in southern West Virginia is the clearing of the channel in the lower Guyandotte River. The bill authorizes $2 million for this work.

The Guyandotte River also suffers from persistent flooding, particularly in that section below where the R. D. Bailey Lake is under construction. The river and its tributaries have become silt-laden and clogged with debris. The clearing operations in this basin will provide substantial relief of flooding upon the completion of the R. D. Bailey Dam.

In the past 2 weeks heavy rains have caused flooding in several sections of southern West Virginia. Millions of dollars' worth of damage resulted, much of it in the narrow valleys drained by the Guyandotte River. In Logan County, alone, the Red Cross estimated that 631 dwellings were lost.

This experience, fresh in our minds, further strengthens the justification for clearing the Guyandotte River and thereby improving its capacity to carry water under both normal and flood conditions.

The final West Virginia project relates to the Stonewall Jackson Lake. Section 54 is primarily technical in nature in that it authorizes modifications in the agreement with the State of West Virginia concerning the local contributions to this project. The section clarifies the authority of the Secretary of the Army to enter into an agreement with the State making the State performance of its commitments contingent upon the appropriation of funds by the State legislature.

Mr. President, the chairman of our Water Resources Subcommitee, Senator GRAVEL, has provided strong and positive leadership in the developing of this legislation. The ranking minority member of the subcommittee, Senator SCOTT of Virginia, likewise was diligent in his attention to this legislation. All members of the subcommittee participated in the hearings. Senators BENTSEN, BURDICK, CLARK, BIDEN, BUCKLEY, STAFFORD and MCCLURE all made important contributions during the subcommittee executive sessions on this bill. This bill and its far-reaching provisions were given further consideration by the full Committee on Public Works at which time we also benefited from the experience and understanding of Senators MUSKIE, MONTOYA, BAKER and DOMENICI.

Mr. President, our Nation continues to rely heavily on its water resources. Without their continued orderly development, the strength of our country could be seriously undermined. In the century and a half since the Government began water resource development, we have made real progress in harnessing our water resources so they could be utilized for the greatest benefit of all Americans. This bill continues this development and modifies procedures so that we may effectively address contemporary water resource requirements.

Mr. President, this legislation deserves the support of Members of the Senate. I urge its passage.

LITTLE CALUMET RIVER

Mr. PERCY. Mr. President, I would like the Senate to know of my interest in one section of the Water Resources Development Act as passed by the House which would authorize the cleaning of the Little Calumet River.

In Thornton Township, the largest township in the State of Illinois, there is a little-known body of water, the Little Calumet River. While it is not one of our "great" rivers, it is vitally important to large numbers of Illinois residents. These local residents used to be able to depend on the Little Calumet River for recreation. That is no longer the case. The river is dying. The pollution is encroaching on all its forms of life. Unless something is done immediately, the Little Calumet will join a growing number of rivers that have become little more than flowing sewers. Since the river began to be polluted, it has never been systematically cleaned. Pollutants have been allowed to build up until the river has now become stagnant in parts.

For the river to be returned to its once desirable condition, it is imperative that the accumulation of debris—by this I refer not only to fallen trees and roots but to such manmade objects as abandoned refrigerators, sofas, cars, and shopping carts—be removed to allow fish and wildlife to return to the Little Calumet. Local citizens must contend not only with the eyesore the Little Calumet presents, but also with the stench that results from the pollution of the river.

The Council on Environmental Quality offered an approach to finding solutions for problem rivers like the Little Calumet back in 1970. It recommended that efforts be made to use one river basin as a demonstration project. The Little Calumet River would be an ideal site for a demonstration project of what much community interest combined with a small amount of Federal aid can do to save an aspect of our environment. Within 35 miles the river flows through 2 States, 5 counties, over 40 municipalities and affects or is affected by more than 2 million people. The river does not exist in a vacuum; its ecological health is tied to the health of Lake Michigan and the surrounding area. It flows through part of the Indiana Dunes National Lakeshore, several thousand acres of dunes and marshlands, the only national park in an urban area.

The Operation Little Calumet River Commission, formed by Gov. Richard B. Ogilvie in 1969, has made significant strides in removing pollution and returning the river to its natural state. This is in large extent due to the ambitious pollution prevention and channel cleanup programs undertaken by the commission and also the outstanding support afforded the commission by the local citizenry. Several successful debris removal campaigns have removed a significant amount of the unnatural debris from the river.

The local residents have worked long and hard to alleviate the pollution of the Little Calumet River. The most successful debris removal project consisted of 550 area citizens. They were able to re-

move in 1 day, 150 tons of debris from the 12-mile channel in Illinois. On that spring day the commission called for a cleanup day to get the citizens of the communities involved to pitch in and change their river from an eyesore to a clean, free flowing waterway. Local governments, clubs, and civic groups were organized in an effort to show community support and interest. Food and drinks were donated by food manufacturers and merchants. Local governments pitched in to supply heavy equipment and trucks needed to remove the debris. The Chicago Metropolitan Sanitary District and the Army Corps of Engineers were there to lend support and keep things running smoothly.

Through the concerted efforts of the local citizenry they have essentially achieved the limited results which can be accomplished on the local level. Any further major improvements will only be forthcoming from funding efforts on a Federal level.

I would like to quote from the response Congressman HANRAHAN, of Illinois, received from the Army Corps of Engineers when asked for its opinions on this project:

> Projects of this type are not subject to economic analysis in the traditional sense because the primary benefits from such projects, aesthetic or environmental improvements, cannot be expressed in tangible monetary terms. Cleaning up the deteriorated urban environment of the United States is certainly a worthy National goal. The environmental improvements in this case would alleviate health and safety hazards and contribute to improving the general well-being of many people in the Chicago area. The Corps of Engineers considers this to be a desirable project.

As you can see, the support for this project is very great. As a final word I would like to read to you one of the many letters I have received from the schoolchildren in the area.

> Dear Senator CHARLES PERCY:
>
> Even though I don't live near the Little Calumet I have gone on a boat trip, and have had smelled the pollution in that river, it is very dirty and is a disgrace to the public, and I would not like to see the day when my children and other children who will have to see the day when they will have to ask us what it was like so if that bill is not passed someday the way the river is today might be clean, and it will be a good recreation area for me and all people; I hope I have made this clear.

This is a young future citizen petitioning his government representation in the best tradition of our Republic. The question is, "Are we going to adequately respond?"

Mr. BAKER. Mr. President, I wish to state my strong support for the general approach of S. 2798, the Water Resources Development Act. While there are some amendments that I may support in an effort to improve specific aspects of the bill, I am confident that the bill's general approach and scope is sound. I do not intend to discuss the bill in detail, as my able colleagues have capably presented this information to the Senate.

I would, however, like to discuss in detail two provisions of great importance to the people of Tennessee. Both provisions appear in section 5 of S. 2798.

The first one concerns the acquisition of fish and wildlife mitigation lands for the West Tennessee Tributaries project.

This project, Mr. President, has been tied up in the courts for several years. A key issue has been the acquisition of suitable mitigation lands to offset project-induced losses of wildlife habitat.

The Army Corps of Engineers developed a plan for the acquisition and development of 14,400 acres for mitigation. This plan, incidentally, was included in the House-passed bill.

But subsequent to House passage, it became clear that a different mitigation plan—the one that had been suggested by Governor Dunn of Tennessee—might prove to be a more realistic one. Further, this plan answers environmental issues raised in connection with the project and may thus expedite completion of the vital flood control feature of this project.

The plan in the reported bill involves some 32,000 acres of land, compared to 14,400 acres in the corps plan. Yet the cost for the two plans is estimated to be approximately the same—$6,600,000. This is not magic. Rather, the Governor's plan involves far less "development" of acquired lands, leaving a greater portion of the authorized sums for land acquisition.

There have been a number of meetings of interested groups in working out details of this section. While I have not personally attended those meetings, they have involved representatives of the Governor, the Corps of Engineers, the local sponsors of the project, the plaintiffs in the lawsuit, and various elected officials. The language now in the bill is language that they have unanimously agreed to support.

Once this language becomes law, I have been assured that the plaintiffs intend to withdraw their suit. This should allow work on the project, including the new mitigation feature, to go forward expeditiously.

I would like to express my own sense of gratitude to the many persons who have worked so diligently in search of a compromise mitigation plan. Their dedication is commendable. It is a dedication to the welfare of the people of Tennessee, and to the proper and effective development of a portion of our national water resources.

I want to pay particular tribute to Congressman ED JONES, without whose patient efforts this compromise could never have taken place.

Mr. President, another provision of particular interest to me is section 5(c) which would authorize the establishment of the Big South Fork National River and Recreation Area in the States of Kentucky and Tennessee. This project was passed by the Senate as a part of their Flood Control Act of 1972 and incorporated into the conference bill, but was vetoed by President Nixon after adjournment of the 92d Congress. The Senate again passed the measure as part of the Flood Control Act of 1973 (S. 606) in March of last year.

This project, which was developed by former Senator John Sherman Cooper, Senators MARLOW COOK and BILL BROCK, and myself, is the result of studies which began more than 30 years ago and is an alternative to a proposed Corps of Engineers dam on the Big South Fork River at Devil's Jump. The dam project was approved five times in the Senate but each time opposition from various sources combined to prevent passage in the House of Representatives.

In 1968, as a result of controversy which had arisen over the desirability of constructing a hydroelectric dam on this river, Senator Cooper sponsored an amendment to the Flood Control Act to require an interagency study by the Chief of Engineers, the Secretary of Agriculture, and the Secretary of the Interior of alternative recreation and development concepts for the Big South Fork area. The interagency report, setting forth six alternatives for the Big South Fork, was submitted to Congress on February 12, 1970.

Due to the frustration of efforts to realize the dam proposal and in response to the desperate poverty existing in the region—McCreary County, Ky., is among the poorest counties in the entire Nation—it was determined by proponents of the dam to support an alternative mode of development to accomplish the dual goals of preservation of the unique geologic and biologic features of the river gorge and stimulation of local economies. A comparison of the various alternatives showed the national recreation area concept to be the most viable plan for the preservation of the gorge, orderly development of recreational values of the area, and for long-term economic development and employment for this economically depressed area in Appalachia. Since introduction of S. 3349 in 1972, a bill to establish the Big South Fork National River and Recreation Area and the basis for this provision, support for this approach has grown from both environmentalists and residents of the area.

The project area consists of a maximum of 125,000 acres, most of which is in wilderness state without road access, and approximately 13,000 acres of this total is presently in public ownership and will be transferred without cost. Residents within the boundary of the project area are given the right to retain their property for their lifetime or for a term of 25 years.

Mr. President, the total cost of the project is $32,850,000. However, it should be noted that the alternative project for a hydroelectric dam at Devil's Jump is estimated to cost approximately $205 million.

Because of the extensive involvement of the Corps of Engineers in the Big South Fork area both during development of the Devil's Jump project and in the construction and management of Wolf Creek Dam—Lake Cumberland—in Kentucky, the sponsors of the project chose the corps to construct the recreation area project. Through an accommodation with the Senate Interior Committee, administration of the facility will devolve to the National Park Service at such time that the project is operable and substantially complete.

Mr. President, I believe this provision as now conceived offers the best hope for

making the best use of the area's recreation potential and natural beauty, while at the same time affording one of the most impoverished areas in the United States an opportunity for economic development.

THE TUG FORK VALLEY PROJECT

Mr. RANDOLPH. Mr. President, I wish to ask the manager of the bill, the distinguished chairman of our Subcommittee on Water Resources, for a clarification of the committee's intent with respect to the Tug Fork Valley flood protection project. As the Senator recalls, section 224 of the Flood Control Act of 1970 (Public Law 91–611) authorized comprehensive flood protection for the towns of Williamson and Matewan, two West Virginia communities in the Tug Fork Valley, at a total cost not to exceed $10 million. This authorization was contingent upon the approval of the Appalachian Regional Commission and the President. The Commission has approved the project. Yet today the inhabitants of the Tug Fork Valley continue in their desperate need for flood protection, but the project authorized in 1970 has not yet received Presidential approval through clearance by the Office of Management and Budget. I ask the chairman of the subcommittee, Does subsection (b) of section 23 of the bill before us, which authorizes comprehensive flood protection for all the communities in the Tug Fork Valley, eliminate the requirement in the 1970 act for any further approval by the executive branch?

Mr. GRAVEL. I thank the distinguished chairman of our Committee on Public Works for his question. He has been very diligent in following this legislation during its consideration by the Subcommittee on Water Resources and in moving it expeditiously through the full committee to the Senate. I am glad to clarify this point as to the intention of the committee which, of course, was discussed in executive sessions on the legislation.

Section 23(b) of S. 2798 extends comprehensive flood protection to the entire Tug Fork Valley in addition to the communities of Williamson and Matewan for which protection was authorized under the 1970 act. The expanded project for the balance of the valley is authorized through the Phase I design memorandum stage of advanced engineering and design. The Senator from West Virginia (Mr. RANDOLPH) is correct in stating that one of the committee's primary intentions in this section was to remove the requirement for approval by the President before funds are appropriated to carry out the needed flood protection work in the Tug Fork Valley.

Mr. RANDOLPH. I thank the Senator for his response. I know he has given this project careful attention as he has every other provision in this major water resource legislation.

Mr. STENNIS. Mr. President, I wish to commend the distinguished chairman of the Senate Public Works Committee and the able members of the committee on the Omnibus Water Resources Authorization bill brought before the Senate today.

I believe there is in the United States at the present time, as a result of the energy crisis, a better realization of the need for systematic long-range development of natural resources to provide for the future needs of the Nation. It is a pleasure to be able to draw attention to the fact that in the field of water resources, Congress has long recognized the need for such planning and development, and has provided for it in authorization bills, such as the one that is before us, and in annual appropriation for Public Works.

These public works water resources projects have returned tremendous national and regional benefits and they will continue to do so for many, many years, throughout the lives of these projects. This is an extremely effective investment of public funds. An example of recent date is of course the great flood of last spring in the Lower Mississippi Valley, where the existing flood control system, which cost $1.7 billion to build, prevented $7.4 billion in damages in this one flood alone. I hate to think how much worse the situation would be in the petroleum and petrochemical industry if those levees had not held out the flood. I might add that the river is again very high this year, and it is quite possible that another flood will make us doubly grateful for the protection provided.

I know of no one who has contributed more toward the success of water resources programs over the years than the distinguished Senator from West Virginia, Senator RANDOLPH. He has been a leader in this field for many years, as chairman of the Public Works Committee. I had occasion this year to communicate with the Senator several times with respect to projects in my State of Mississippi which were to receive consideration for authorization in this bill, and I presented statements on behalf of the projects. I wish to thank the chairman, and the senior minority member of the committee, the distinguished Senator from Tennessee, Senator BAKER, and also the chairman of the Water Resources Subcommittee, the distinguished Senator from Alaska, Senator GRAVEL, for the careful attention given to the six projects in my State.

Two of these projects are multiple purpose reservoir projects: Edinburg Dam in the Pearl River Basin and Bowie Dam in the Pascagoula River Basin.

Edinburg Dam and Reservoir will provide badly needed flood control benefits and water quality benefits, and recreation benefits as well. The reservoir will store 130,000 acre feet, or about 42 billion gallons of water at the normal conservation pool. There are 262,000 acres in the flood plain downstream, which are subject to flooding in varying degree. The project has a benefit to cost ratio of 2.1 to 1, or will return $2.10 in benefits for each dollar of investment.

Bowie Dam and Reservoir, on Bowie Creek in the Pascagoula River Basin will provide flood control, municipal and industrial water supply, and recreation. At full conservation pool it will store 80,000 acre feet, or about 26 billion gallons of water. Some 111,000 acres downstream can be damaged by floods in varying degree. The benefit-to-cost ratio for this project is also 2.1 to 1.

Tremendous increases are occurring in the tonnage which moves in and out of our Mississippi River ports on barges and shallow draft ocean-going vessels. As a result our port capacities and facilities at Greenville, Vicksburg, and Natchez are rapidly becoming overtaxed. Leveed areas for industrial expansion are badly needed at these ports. I am glad to say that this bill authorizes projects for all three of these ports. The improvement at Greenville Harbor will provide a new inner harbor channel into presently undeveloped lands, with a benefit-to-cost ratio of 3.4 to 1.

The leveed area planned adjacent to the Vicksburg harbor area will protect 10,000 acres and 350 homes, with a benefit-to-cost ratio of 1.9 to 1.

Just south of the Natchez harbor, construction of 12.4 miles of levee will provide a protected area for industrial expansion, with annual benefits of $862,000, and a benefit-to-cost ratio of 1.2 to 1.

The bill also authorizes a much needed means of halting bank caving in parts of the Yazoo River Basin, by means of a 5-year pilot project which will test various alternative means of stabilizing the banks.

I am extremely pleased that these six very worthy water resources projects are being authorized in my State. They are much needed, and they will provide benefits for generations to come.

Mr. ALLEN. Mr. President, I rise to speak in support of S. 2798, the Water Resources Development and River Basin Monetary Authorization Acts. I commend the Senate Public Works Committee, and the Subcommittee on Water Resources, for their long hours of deliberation and study which produced this legislation.

Projects which this bill authorizes, if they are funded and constructed, will help protect future generations from the nightmare of flooding and provide them with adequate supplies of water for home and industrial use. Certain other projects in the bill will serve to strengthen our national transportation system through improvements of navigable rivers and waterways. This system takes on special meaning during the current fuel supply shortage for two reasons.

First, low-cost water transportation has an important role in the movement of coal, petroleum, and refined fuels to and from refineries, distributors, industries, and electric power generating facilities. Roughly 60 percent of all inland waterborne cargoes are energy resources of this type.

Secondly, several recent studies have shown that water carriers either equal or surpass railroads—which are often thought of as the most efficient transportation mode—in fuel economy. That is, barge tows and inland vessels have been shown, on the average, to deliver more units of service per gallon of fuel consumed than any other mode. In short, water transportation excels in fuel consumption efficiency.

Other projects authorized by this legislation will afford new outdoor recreation opportunities. Some projects will serve to provide environmental enhancement by protecting fish and wildlife and promot-

ing better land use planning along our riverbanks. Still other projects are designated as pilot studies to aid in controlling destructive streambank erosion.

Many of the projects serve several of these purposes at once. Economic opportunities, the public health, and safety—indeed the overall quality of life in many diverse areas of the country—will be enhanced if we authorize these projects and then follow through with adequate funding to bring them to full implementation.

This is a tedious, and often frustrating process, but it is well worth the trouble. I am pleased that the people of my State long ago recognized the merits of this kind of endeavor, and have already sampled the beneficial effects of wise management of Alabama's abundant water resources. But, they will not be content to stop now in midstream.

The pending legislation increases to $275 million the authorization for work on the Coosa-Alabama River system, a unique multiple-purpose flood control, navigation and power project in which Federal, State, and private interests are working hand in hand to harness the valuable waters of the Coosa and Alabama Rivers and, in the process, to improve the entire regional economy.

Some $253 million in Federal funds have already been appropriated for the Coosa-Alabama River project, so the fiscal goal set in this year's bill is not far from attainment.

Navigation along the Alabama River has already been completed from the bustling port at Mobile upstream to Selma and Montgomery. At the same time, the Alabama Power Co., with a $200 million investment, has developed the hydroelectric power potential above Montgomery on the Coosa River, which is formed near Rome, Ga., by the convergence of two smaller rivers. The Coosa joins the Tallapoosa River near Montgomery to form the Alabama River, which flows on to Mobile Bay on the gulf coast.

The Alabama Power Co., in carrying out an agreement with the Federal Government, constructed its hydropower dams and reservoirs in such a way that navigation locks can be economically added by the Federal Government, making water transportation possible all the way from Mobile to Gadsden, Ala., which is the center of an area of steel and other heavy industrial activity, and to Rome, Ga.

Thus, navigation on the Coosa River is the only major facet of this well-planned, multiple purpose water resources project which is not yet completed or well underway. This is a joint Federal-State-private effort for which the people of Alabama expressed their approval through passage in 1969 of a $10 million bond referendum as the source of non-Federal funds required for completion of the river program.

Authorization of the navigation project on the upper portion of the Coosa-Alabama system is not included in the legislation before us. The project, in fact, was authorized in 1945. But I mention this background because we in Alabama are confident that navigation on the Coosa River would add a valuable link to the Nation's inland transportation system, and we plan to push for completion of this work as a part of the Nation's water resources development priorities.

I also mention it because the Coosa-Alabama is one of several long-range, multiple purpose water resources projects already authorized by Congress which could be placed in serious jeopardy by the new, and in my view unrealistic, project evaluation guidelines recently adopted by the U.S. Water Resources Council.

Through these guidelines, the executive branch has assumed for itself the arbitrary power to overturn or, in effect, veto previous acts of Congress. This would be accomplished by applying the new guidelines retroactively. Thus, many previously authorized projects would no longer be considered justified. These new and highly theoretical concepts were adopted by the Water Resources Council in late 1973.

The guidelines seem to have been adopted, I might add, with a total disregard for the views of Congress—the elected representatives of the people—as to what constitutes sound and just criteria for public investment in water resources management programs.

One section of the bill before us today, S. 2798, deals with this usurpation of power by the executive branch. This section concerns the interest/discount rate which is to be used in evaluating and formulating proposed water resources projects. On October 30, 1973, the Water Resources Council put into effect a new procedure for determining the interest/discount rate and established a rate of 6⅞ percent for this fiscal year. The council said the new rate could be applied on a selective basis to projects previously authorized by Congress but still unfunded and unstarted. S. 2798 would bar application of the new interest/discount rate to previously authorized projects, including those authorized in whole or in part in this legislation. I approve of this prohibition, but I do not believe it goes far enough.

S. 2798 would allow the water resources council to use the new discount rate for all future river and harbor projects. The new rate—developed entirely within the executive branch without any opportunity for public hearings or comment—is loosely based on the cost of Government borrowing, both long term and short term. But water resource development programs are typically long term, with life spans of 50 years or more. The new interest/discount rate is to be changed annually but not more or less than one-half percent, so that it is entirely possible that the rate on July 1, 1974 will become 7⅜ percent. Such a rate jeopardizes practically every major inland navigation and large flood control project in the planning stages. Multiple purpose river basin programs would surely become a relic of history.

I do not know how many, if any, of these river and harbor projects should be reevaluated. But why should we close the door now on long term, region-building water resource programs without even considering them on an individual or regional basis? If the executive branch is allowed to apply the new interest/discount rate, the Congress may no longer have the opportunity to consider any significant river and harbor programs. Only localized, short term projects can survive the stiff criteria. The new interest/discount rate, which incidentally was spearheaded by the Office of Management and Budget, forecloses the future congressional consideration of broad-scale, far-sighted water resources programs of the type which have helped to make America great.

To head off this eventuality, I believe the Congress should face head on the question of the validity of the new interest/discount rate as applied to any water resources management program—past, present or future. I would also like to see Congress delve more deeply into the broad questions of national water resources objectives and appropriate standards for evaluating individual projects. Otherwise, we risk the continued demise of needed, worthwhile water programs at the hands of the Office of Management and Budget, which seems to always have its way at the Water Resources Council as well as with other executive agencies. Congress must take a stand before it is too late.

In the companion bill to S. 2798, the other body has already taken the first step in asserting congressional control over the establishment of water resources criteria. H.R. 10203 prohibits the Water Resources Council from applying the new interest/discount rate either to projects already authorized or to those to be authorized in the future. Instead, the Council is directed to continue utilizing the interest/discount rate formula promulgated in December 1968. Under this formula, the rate was fixed at 5⅝ percent for the current fiscal year. This rate, however, was junked when the new interest/discount rate procedure was implemented last October.

In acting to "freeze" the discount rate formula promulgated in 1968, the other body said it was doing so in order to permit a congressional reexamination of the interest/discount rate issue. I think such an undertaking is certainly timely and in order.

If the Senate passes the legislation before us as currently worded, a conference will be necessary to resolve the differences. In such a case, I would strongly urge the Senate conferees to give careful consideration to the House language dealing with the discount rate problem. Perhaps a combination of the House and Senate provisions concerning the interest/discount rate issue should be considered.

In fact, the whole theory behind the discount rate deserves much scrutiny, because it is based on the assumption that public investments must somehow be compared to investment potential in the private sector and that publicly funded projects should be judged on the basis of this comparison. I have steadfastly opposed what I have considered wasteful Government expenditures, but I reject the argument that public invest-

ments should be held to the same tests as private investment opportunities.

If that were the sole standard, Congress could indeed forget about funding medical or educational programs, or housing programs. We could drop our efforts to aid veterans or farmers or small businessmen and simply invest the Nation's tax revenues on the stock market or in real estate or in whatever venture promises the highest return at the moment—perhaps oil, in today's world. But surely every Member of this body would reject this absurd suggestion for reasons which hardly need to be stated. The purpose of public investment is not to compete with private capital for monetary return, but rather to supplement the contribution that private economic activity makes to the well-being of our people. The purpose of public investment is to do that which needs doing but which the private sector is unable to accomplish because of lack of the necessary capital, shorter term investment goals, or for other reasons.

The fact that a private corporation did not move into the Tennessee River Valley region in the 1930's with the intention of restoring the land and water and developing the area's natural resources to their optimum potential does not mean that Congress' decision to do so was unsound. It simply means that the resources of the Federal Government had to be marshaled for that particular undertaking.

The wisdom of that decision—the soundness of the public investment—has been proven beyond the wildest expectations of any who advocated creation of the Tennessee Valley Authority.

Nearly 40,000 waterfront industrial jobs have been created in the region. More than a billion dollars worth of flood losses have been averted. Flood protection benefits alone have paid nearly five times over for the cost of building the system of dams and navigation structures on the Tennessee River. Agricultural research conducted by TVA has improved the productivity of farming throughout the Nation. New recreation opportunities have opened up, and private investment in the billions of dollars has followed the Federal investment into the region.

What was once considered about the poorest region of the Nation is no longer so. The massive exodus of poor and uneducated people out of the region, swelling the problems of our major cities, has not only been halted—it has been reversed.

Yet, it is doubtful that such a worthwhile long-range program, if proposed today, would be considered feasible and justified by the restrictive new planning standards of the Water Resources Council.

Careful planning, especially in the important area of management of this Nation's natural resources, is, of course, vitally important. But when planning becomes a substitute for action, or when the planning process becomes a tool for preventing action—and that is the real effect, if not the actual intent, of these new standards—then I say it is time to call the planners to task.

As many of you know, the narrow views implicit in the Water Resources Council's new guidelines are not an altogether new phenomenon. Constraints which the Office of Management and Budget, and its predecessor, the Bureau of the Budget, have attempted to place on Federal water resources expenditures date back through more than one administration, and these actions have been a source of frustration for many of us.

A presidential appointed study group after spending 5 years and $5 million has added to these frustrations by issuing a report recommending the virtual curtailment of Federal involvement in water resources projects. So, the new project guidelines are just the latest in a long series of efforts by the executive branch to impede the Federal water resources program.

Meanwhile, water resources management on the Federal level has come to a virtual standstill as everyone awaits the resolution of these controversies. Many fine regional and national water resources organizations have brought this situation to public attention.

The National Waterways Conference, Inc., put the problem in perspective last fall when its president, Mr. William J. Hull, urged Congress to set the project evaluation guidelines and to develop comprehensive new national water resources policy relating water resources programs to, as Mr. Hull said, "all relevant issues of public policy—such as conservation, supply and transportation of energy and other materials, balance of payments, national defense, regional rehabilitation, population balance, environmental enhancement, health and safety as well as the traditional national efficiency objectives."

When Congress created the Water Resources Council in 1965, the intent was not to set up a new Federal agency to dictate water resources policy. Rather, it was to establish a mechanism for implementing policies established by Congress and coordinating these policies with the States and regions. Of course, it was envisioned that the council—through its research and experience—would recommend policy changes from time to time. But, it was not envisioned that the Council would be so dominated by the Office of Management and Budget or that its recommendations would become Federal policy almost automatically without Congress' even being consulted in policy matters.

Yet, the new project evaluation standards do reflect a flagrant attempt to change—rather than carry out and analyze—policies enunciated by Congress. For example, Congress declared with passage of the Flood Control Act of 1970 that it intended for investments in water resources programs to serve four objectives: National economic efficiency, environmental enhancement, regional development, and the well-being of the people. Not only have all four of these objectives never been fully integrated into the project planning process, but the new principles and standards promulgated by the water resources council expressly rule out two of the four objectives. Benefits relating to regional development and social well-being may not be considered in the benefit-cost calculations which determine whether a proposed project is to be judged economically feasible, according to the new rules.

Further, the new standards state that a proposal which has an actual deficit in the economic efficiency account may go forward if that deficit is the result of costs attributable to the environmental enhancement objective.

So, we have a situation in which a project that shows financial deficit may go forward because it saves or protects a species of endangered birds or other wildlife. But at the same time, another project—for example, a flood control project designed to save human lives and improve the public health and safety—might be eliminated from consideration because no value is assigned to the well-being of people in analyzing the benefits and costs of the project.

The Water Resources Council has said, in effect, that any advantages which accrue to people as a result of water resources projects must be viewed as incidental and valueless by-products of projects whose only functions worthy of analysis are the goals of economic efficiency and environmental enhancement.

So, I think you can see the impasse we have reached—a point at which Congress must reassert its responsibility for setting water resources policy and determining, on a common sense basis, the criteria for public investment in these projects.

This does not mean we should write a blank check to cover every project that is ever proposed. Nor does it mean that we must not demand accountability for the funds which are expended on public works.

S. 2798 addresses these considerations in an admirable fashion, in my opinion. It establishes a two-phase authorization process, separating the preliminary design and construction phases so that final approval of a project will be based on much more complete information than we have had in the past. Under this new system, decisions may be reversed, when the facts merit such action, before large sums are irreversibly committed.

Environmental factors, the importance of which I do not overlook in the least, will be brought to bear in the decision-making process at an earlier stage. These factors can be analyzed more rationally, and many of the emotional controversies we have experienced in the past can be avoided. Costly and divisive lawsuits can be averted.

Finally, the backlog of authorized but as yet unconstructed projects is dealt with in this bill. This backlog, of course, has been cited as the justification for the Water Resources Council's new regulation directing the executive branch to "selectively" apply the higher discount rate and other new project standards to previously authorized projects.

This bill establishes a much more orderly and open procedure for de-author-

izing certain projects which have been authorized for 8 or more years but not yet funded. Most important, the Congress, which first saw fit to authorize these projects, will have the final say—through the public works committees—as to which, if any, of these projects should be declared obsolete and removed from the authorization category.

S. 2798 places a new emphasis on prudent land use management and construction codes in flood prone areas both by authorizing three new "nonstructural" flood protection projects, and by requiring greater emphasis on these techniques in future flood protection proposals.

I do not believe that we can abandon engineering solutions to flood problems or set aside every piece of land which happens to lie in a flood plain as a park or wildlife refuge, but I do believe these techniques have merit in certain instances and that effective land use planning should be a part of every flood protection project—structural or nonstructural. The entire Congress expressed this sentiment when it passed, and the President signed, a new National Flood Insurance Act requiring much stricter attention to land use and construction codes in flood prone areas.

Mr. BROOKE. Mr. President, I was quite pleased to return to the Senate this morning and find that the leadership had decided to act immediately upon the Water Resources Development and River Basin Monetary Authorization Act of 1973, S. 2798. While many of the projects included in this measure may be of a controversial nature, there is one project which has been 8 years in the making, which has the unanimous backing of Federal, State and local officials and departments, and which is surprisingly inexpensive for the benefits which will be accrued.

I speak of the Charles River Watershed project in Massachusetts. The project officially began June 24, 1965, when the Congress authorized the corps to conduct a detailed study of the water resources of the Charles River Watershed. Since then the corps, aided by an energetic Citizens Advisory Committee, has spent 8 years carefully preparing and documenting the recommendations for a policy which is now embodied in S. 2798 before us.

The Charles River is a slow-winding river meandering some 79 miles in its journey to the sea. The watershed, at its lowest point, is densely developed, as it is here that the river separates the cities of Boston and Cambridge. This density coupled with the problem of the Boston Harbor tides rising higher than the river has led to severe flooding problems.

In 1910 the Charles River Dam was constructed to check the harbor's tidal flow into the Charles, thereby creating what we locally refer to as the basin. After a heavy rain or snowstorm it is but a matter of hours before the flood peak flows collect in this basin. The result is flooding which is both rapid and difficult to deal with.

Yet upstream there exists exactly the opposite situation. Here a unique system of wetlands serves to control and contain our harsh New England rain and snowstorms. And it is so efficient that peak floodflows do not reach the basin until 4 to 5 days after the storm.

The corps' study concluded that man simply could not improve upon nature's work for controlling floods in this area. Said the corps:

> The logic of the scheme is compelling. Nature has already provided the least-cost solution to the future flooding in the form of extensive wetlands which moderate extreme highs and lows in stream flow. Rather than attempt to improve on this natural protection mechanism, it is both prudent and economical to leave the hydrolic regime established over the millennia undisturbed. In the opinion of the study team, construction can add nothing.

There are approximately 20,000 acres of wetlands in the watershed. The corps recommends that the Federal Government purchase 8,422 of them. Among their criteria was the stipulation that these wetlands were threatened by the relentless urban sprawl that affects so many areas of our country. At present these wetlands are disappearing at a rate of 1 percent a year.

The Public Works Committee followed the corps' recommendations to the letter. The bill before us today authorizes nearly $7.5 million for the purchase of 17 natural valley storage areas which together comprise the 8,422 acres. This, to my way of thinking is a bargain. For not only do we preserve and protect these critical areas for flood control, but we are also insuring open space for a steadily expanding metropolitan area. And, as if these benefits were not enough, many of these marshes will become excellent fish and wildlife sanctuaries.

Mr. President, few Federal projects can boast such broad benefits at such a low cost. The Corps of Engineers deserves our praise for this excellent piece of work.

All of us in the Commonwealth are indebted to them for their innovation in coming to grips with the terribly serious problem of flood control in the watershed area. The fact that their report was endorsed by the State, by the Departments of Interior, Agriculture, and Transportation, and by the Environmental Protection Agency, not to mention the Sierra Club, the Masachusetts Audubon Society, Citizens Advisory Committee and the Charles River Watershed Association speaks for itself. This project, 8 years in the making, unanimously approved by all involved, is now becoming a reality. Both the Commonwealth and the Nation will be better for it.

Mr. BUCKLEY. I thank the Senator for his kind remarks and observations on my effort to cut back some excessive expenditures within the bill, and most particularly to try to restore what I believe would be a more orderly way of approaching legislation in this field.

Mr. President, I send an amendment to the desk and ask unanimous consent that this amendment not be subject to division.

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

The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

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

Mr. BUCKLEY. Mr. President, I yield without losing my right to the floor.

Mr. GRAVEL. I thank the Senator.

Mr. President, I would like to make some technical amendments, and ask that they be read.

The PRESIDING OFFICER. That would not be in order at this time without unanimous consent.

Mr. GRAVEL. Mr. President, I ask unanimous consent.

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

The clerk will state the technical amendments.

The assistant legislative clerk proceeded to read the amendments.

Mr. GRAVEL. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

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

The amendments are as follows:

On page 14 in line 12 delete "(b)" and insert "(c)."

On page 19 in line 21 before the "(C)" insert "(5)."

On page 26 in line 4 before the period, in line 15 after the comma, in line 18 after the word "Engineers," and on page 27 in line 25 after "Engineers," insert "or the Secretary of the Interior, at such time as jurisdiction over the national river and recreation area has been transferred to him pursuant to paragraph (2) of this subsection".

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc.

The amendments were agreed to en bloc.

Mr. GRAVEL. I thank my colleague.

The PRESIDING OFFICER. The Senator will now proceed to the amendment of the Senator from New York, which the clerk will state.

The assistant legislative clerk read the amendment, as follows:

Strike out section 4: on page 9, beginning on line 17, all through line 11 on page 10.

Strike out section 14: on page 40, beginning on line 7, all through line 20.

Strike out section 15: on page 40, beginning on line 21, all through line 24 on page 41.

Strike out section 21: on page 45, beginning on line 23, all through line 7 on page 46.

Strike out section 23: on page 46 beginning on line 16, all through line 18 on page 47.

Strike out section 29: on page 50, beginning on line 7, all through line 3 on page 51.

Strike out section 43: on page 57, beginning on line 7, all through line 18.

Strike out section 46: on page 58, beginning on line 12, all through line 17.

Strike out section 50: on page 62, beginning on line 24, all through line 7 on page 63.

Strike out section 52: on page 63 beginning on line 18, all through line 5 on page 65.

Renumber remaining sections accordingly.

Mr. BUCKLEY. Mr. President, while my amendments are necessarily unprinted, I believe that its purpose and scope are known to my colleagues.

Last week I circulated a description of this amendment to each of my colleagues together with my rationale for

including each of these sections within this amendment.

The scope of the amendment is very simple. It would delete 10 sections from S. 2798. They are sections 4, 14, 15, 21, 23, 29, 43, 46, 50, and 52. Together, these sections have an identifiable cost of approximately $35,800,000, plus unknown additional costs that could result from Sections 4, 23, 29, and 50. It seems particularly inappropriate to me to authorize such expenditures when the deficit in the Federal budget during the initial 5 months of fiscal 1974 has reached $8.4 billion.

While the specific cost of these sections has importance, that is not the primary thrust of this amendment. My principal concern is that each of these 10 sections falls clearly outside the normal practice in current law and procedures covering the work of the U.S. Army Corps of Engineers. Section 15 and 50, as well as language similar to a portion of section 23 appeared in similar legislation (S. 4018) as it was reported by the Committee on Public Works in 1972.

The conference report version of S. 4018 that was vetoed in 1972 and subsequently passed as S. 606 last year contained language similar to sections 14, 15, 43, 46, and 50 plus a variation in part of what is now section 23.

It may be argued that because these sections have been approved in the past, they are now sacrosanct. I disagree. I believe it is our duty to study all proposals with care, and to reexamine past actions when necessary. It is my belief that the 10 sections my amendment would delete bestow on the affected communities or projects benefits that are above and beyond those available to other equally deserving localities under existing Federal policy, as determined by the Congress. As such they are discriminatory. And, frankly, I do not believe they can be reasonably defended, particularly now that so many demands have been placed on the Federal Treasury. Because of their "special interest" character, these 10 sections are open to the charge of political favoritism—of constituting "pork."

During the markup session held by the Subcommittee on Water Resources, and again in full committee, I moved to strike more than 40 similar projects from this bill, projects that carried an aggregate cost of more than $109 million, approximately 10 percent of the bill's identifiable cost. I moved to strike these items because they provided a localized benefit without reference to national policy. I do not believe that ad hoc legislation, outside the administrative procedures available to solve a problem, is wise legislation.

As Members of the U.S. Senate, we pride ourselves on seeking reasoned decisions through a rational process. Instead, we confront ad hoc decisions in many sections of this bill.

In questioning those items in committee and 10 sections through this amendment, it is not my purpose to moralize or impugn the motives of the very fine sponsors of the various projects. Rather, it is my purpose to initiate a reexamination of some ancient practices that, while accepted by custom, have a discriminatory effect.

Any time a given community is provided more favorable treatment than another community, any time we waive the normal rules and procedures for no better reason than that one of our colleagues has stated that the project is important to him, any time we act from other than a national perspective in the implementation of national policy, we necessarily favor a few at the expense of the many.

Perhaps I am tilting at windmills in suggesting that we abandon some ancient legislative customs. I like to think not. I do not believe reevaluation based on national policy is impossible to attain, or even unreasonable. Surely, the support in committee for striking nine special-interest sections indicates a willingness to reexamine specific projects in the light of established policies governing the Federal funding of local projects.

The subcommittee, I should note, also voted to consolidate about 10 separate sections concerned with streambank-erosion-control. That consolidation produced a savings, over 5 years, of $61,000,000, compared with costs in the earlier version.

Two of the sections deleted involved projects located in New York State. These two provisions were struck from the bill not because they were found to be inconsistent with Federal policy, although that was my reason for raising an objection, but because a Senator in whose State the projects were located had asked that they be deleted. I suggest that this was the wrong reason. As I have pointed out, the identity or position of the sponsor of any provision ought not to determine whether a particular item is included or excluded in this legislation.

Many of my colleagues, and observers of this body, may believe that I am being naive in attempting to stimulate such a reexamination. Many believe that the interests of institutional comity far outweight the theoretical benefits to be derived from adhering to an evenhanded policy when it comes to dispensing Federal funds for projects of local importance.

I disagree. I believe the time is ripe to reconsider past practices, however sanctified by custom, and to think through their implications. The American public is not buying "politics as usual" these days. Nor should we.

We are deep within a traumatic period in our national history. It is a period in which public respect for government appears to have reached a low ebb. As a result of the introspection and criticism of the past months, all kinds of political habits are being reexamined, with significant reforms being instituted. We are moving toward dramatic changes in the structure of campaign financing. We are insisting on a "Caesar's wife" standard for the executive and for State and local governments.

The Congress cannot exempt itself from similar scrutiny. If we hope to regain some measure of public confidence, we must reexamine our own folkways to see if, in fact, they meet the standards that the public expects of us and that we demand of others.

I fully recognize, Mr. President, that many in this body will strongly disagree with my view on the need to renounce our past practice of including special interest items in legislation of the kind now under consideration. I fully respect their sincerity in maintaining that the test of propriety is not whether a project fits within the framework of Federal policy as defined by the Congress, but whether it will fill some identifiable community need. This view is held by many in this body whom I greatly respect; but with equal respect, I must maintain that view not only to be wrong, but to be damaging. It is wrong because it results in legislation that is bound to be haphazard and highly discriminatory in its effect. It is damaging because the public inevitably sees in such legislation a substitution of politics for policy in determining the distribution of Federal funds.

The time has come for the Senate not only to abandon its ad hoc approach to projects of this kind, but for it to become more sensitive to how bills of the sort we now have under consideration will appear to the public. It is not a matter of trivial importance that the American people are increasingly cynical in their view of the legislative as well as the executive branch of their Government. I therefore urge adoption of my amendment not only because the items challenged by it ought to be stricken for the specific reasons that I have stated, but because its adoption will demonstrate that the Senate is willing and able to reexamine its own past practices.

Before discussing the covered sections by my amendment in some detail, I want to state that I do not question the need for, or the merit of, any of the projects in question. There is no doubt that each of them would greatly benefit the affected community. In that sense, each is a "good" project. But these 10 sections stand outside the policy affecting all Americans; they provide ad hoc solutions for a few special interests. If there is a legitimate claim involved in any or all of these sections, it is my view that the solution should be reached through generic legislation, not what in effect is a private bill for a single community.

Before discussing these 10 sections in some detail, I would like to express once again my great appreciation for the consideration of the able chairman of the full committee, Mr. RANDOLPH, and the chairman of the subcommittee, Mr. GRAVEL. The meetings on this bill were conducted in a most fair and evenhanded manner. While we may disagree on what should constitute the basis for an omnibus bill, I greatly appreciate their fairness in handling this issue.

The 10 projects I am about to describe, Mr. President, do not constitute all the ones to which I objected without success during the markup session. I have limited my list to them because they lie so clearly outside the scope of established policies and procedures. I did not want the debate to be muddied by the inclusion of others which, while I believe them

to belay in the "special interest" argument, can nevertheless be stretched—if one pulls and shoves hard enough—to fit one pigeon hole or another.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield?

Mr. BUCKLEY. I yield.

Mr. WILLIAM L. SCOTT. Mr. President, I have a very brief question to ask the Senator before he goes into detail with regard to individual projects.

As I understand it, these are but a few of the projects that the distinguished Senator from New York questioned in committee. This amendment does not pertain to all of those sections?

Mr. BUCKLEY. Mr. President, I was about to say that although there were a number of additional projects in the bill that I challenged in committee, I have decided for the sake of clarity of the basic issues to eliminate all those that one could conceivably stretch our current policy to cover.

Mr. WILLIAM L. SCOTT. Mr. President, could the Senator say whether projects which the Office of Management and Budget has not approved are included in the motion to strike?

Mr. BUCKLEY. None of these project modifications has been approved by the Office of Management and Budget.

Mr. WILLIAM L. SCOTT. None of these have been approved by the Office of Management and Budget?

Mr. BUCKLEY. They have not been approved. However, I would hasten to say that I would not allow the Office of Management and Budget to impose their judgment on the Congress.

Mr. WILLIAM L. SCOTT. Mr. President, I do not suggest that. However, I believe that is part of the input in the overall consideration of the matters coming before the committee and before the Senate and the House. Have hearings been had on these projects that the distinguished Senator now moves to strike?

Mr. BUCKLEY. Senate hearings have been held on several of the items, but by no means on the majority.

Mr. WILLIAM L. SCOTT. Mr. President, I would say that I supported the efforts of the distinguished Senator from New York in his amendment before the committee. And I shall continue to support him fully.

Mr. BUCKLEY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? [Putting the question.] There is not a sufficient second.

The yeas and nays were not ordered.

Mr. JAVITS. Mr. President, would the Senator yield for a question?

Mr. BUCKLEY. I yield.

Mr. JAVITS. Mr. President, so that we may understand the amendment clearly, I understand some of it is retroactive to projects already authorized and one way or another in process. Could the Senator explain that?

Mr. BUCKLEY. Mr. President, first, I again ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BUCKLEY. Mr. President, in reply to the question asked by my distinguished senior colleague, it is correct that some of the affected sections modify ongoing projects. But deleting these modifications would not interrupt any of these projects.

Mr. JAVITS. Does the Senator feel that it would or would not be fair to deal with future policy, and that where communities have participated in or have depended on projects, they should be allowed to stand and to continue rather than to be included in the ambit of the Senator's amendment?

Mr. BUCKLEY. Mr. President, I believe that in these instances we are not going to interrupt any approved project. I do believe that suggestions by local interests that a project is desirable do not necessarily mean the proposal is within national policy. However, as to legal obligations——

Mr. JAVITS. I am not talking about legal obligations. However, where there are projects included, and one especially in my State which relates to the correction of a very bad situation in the habor of New York and deals with harbor drift, I would certainly hope that the reach of the Senator's proposal would not extend to that kind of project. However, I understand the Senator's feeling, and I think that an explanation is important so that we may understand the matter.

Mr. BUCKLEY. Mr. President, I appreciate the Senator's concern over that project. I share that concern. I would be happy, as a mater of fact, to join with the Senator in offering generic legislation for the handling of drift in our harbor.

Mr. JAVITS. Mr. President, I hope that will not be necessary, because the project will stay in.

Mr. BUCKLEY. Mr. President, my amendment, incidentally, does not affect that project.

Mr. JAVITS. I understand. I thank the Senator from New York.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that Max Parrish, of my staff be given the privilge of the floor during the consideration of this matter.

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

Mr. BUCKLEY. Mr. President, as I explained to the distinguished junior Senator from Virginia, the list of projects contained within my amendment is not a comprehensive list. Rather, they are those which seem to me so uncontrovertibly outside of the scope of national policy.

The first section that would be stricken is section 4, the Corpus Christi, Tex., ship channel project.

This section directs the corps to begin phase I advance engineering and design on a 72-foot-deep, 9½-mile-long channel from the Gulf of Mexico into the harbor at Corpus Christi, Tex. This section authorizes a go-ahead on engineering without adequate study on the feasibility of such a concept. The section also authorizes the corps to accept local funds to carry out this engineering, and provides a reimbursement for local interests. All this will take place 3 years before the corps is scheduled to complete a 45-foot-channel project at Corpus Christi.

It seems to me that we are being asked to buy the painting before the artist is born. Normally the Congress directs the corps through committee resolution to survey the navigational needs in a particular area. Such a survey was authorized for Corpus Christi in October 1972. Under regular procedure, the corps then makes a general economic evaluation, an environmental impact analysis, holds hearings on local reaction, and receives the thoughts of other Federal agencies on how possible alternatives might conflict with other laws or responsibilities.

Then, after this plan moves through the administrative process, it is sent to the Congress for study and possible authorization. The Congress, of course, may approve it, reject it, or modify it. Assuming congressional approval, the corps then initiates its phase I advanced engineering and design work, which involves development of further details on site and design.

Section 4 begins the second step before we have any inkling of what the alternatives and environmental problems might be. To me, this stacks the deck in favor of a "We've come this far, we might as well build it" attitude.

I should also point out that our deepest navigation channnels now are in the 50-foot range. The corps studied the dredging of a 72-foot-deep channel at Philadelphia and it found that a 10-mile stretch through bedrock would cost about $1 billion.

Yet in section 4 of this bill, we seem to prejudge the economics of a channel to handle tankers up to 300,000 deadweight tons at Corpus Christi, as well as the location of such a facility before the Congress sets any policy on superports.

Because this section runs directly counter to normal and logical procedures in the evaluation of water resources projects, I believe we should reject this section.

Mr. BENTSEN. Mr. President, will the Senator from New York yield at that point?

Mr. BUCKLEY. I will yield to my distinguished colleague, but I would like to say at the same time that I would rather discuss the specifics of each of these projects at the end of the list, if that meets with the Senator's satisfaction.

Mr. BENTSEN. Is the Senator from New York saying he would prefer to continue, and then yield on specifics at the end of the period of time? Having received consent, the Senator is referring to a project for the State of Texas in which the Senator from Texas has a very deep interest.

Mr. BUCKLEY. I am afraid I cannot quite hear the Senator.

Mr. GRAVEL. Mr. President, will the Senator from New York yield for a suggestion?

Mr. BUCKLEY. Gladly.

Mr. GRAVEL. It might be worthwhile, in handling this matter—I offer this only as a suggestion with respect to procedure—to handle the specifics as Senators who are prepared to discuss the points are here. This is not necessary; in fact, I think it would be preferable to continue the listing before discussing individual matters. But I think it might be an accommodation to Members so that they can attend to other matters, and I thought my colleague might find it more judicious to present it that way.

Mr. BUCKLEY. I would be glad, Mr. President, to accede to the suggestion of the chairman of the subcommittee, although frankly I have enjoyed having so many Senators present.

I yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, in the particular situation we are talking about, the authorization is to let private money be spent by the local interests. That has been done many times in the past, for construction purposes. This authorization is merely a step in that same direction.

Perhaps what the Senator from New York is objecting to is an understanding that the funding could be repaid before Congress, by the particular provision, says it can be repaid.

This section does not mandate the repayment of the funding. It would have to go through the appropriation process. All the local interests are trying to do is expedite the matter.

Mr. President, we have a crisis in this country insofar as energy is concerned, so we want to expedite a study in this situation to see to if we could not have a ship channel deepened so that we can bring in bigger tankers and move the necessary oil to take care of States like New York; to see that they have an energy supply.

That is the crux of the situation: A question of expediting. In this instance, private funds are available to do the study. In no way does it mean they will have to spend the money later. These people can go without reimbursement if Congress so determines, but it is a question of saving a great deal of time in making a feasibility study to see if it should be done.

That is what we are asking for, and I thought we had resolved it in committee.

Mr. BUCKLEY. Mr. President, I fully appreciate the concern of the Senator from Texas. I share his concern on the energy crisis. But I would say, first, we are now well along in the development of a policy on superports, and this would be a superport.

We need to move forward on all cylinders, and not only with respect to the problems of Corpus Christi, but throughout this country.

Second, there has been no hearing on this particular proposal.

Third, we have in effect an implied promise in the way that the section is now written to the people who advance the funds that they will be reimbursed, or at least we will have enormous pressure to reimburse.

Fourth, we would authorize the Corps of Engineers to proceed with engineering before we really know what it is we want to do. This is outside of normal procedures and established policy. What is more important, it is not rational planning.

Mr. BENTSEN. Would the Senator be willing at a later time to authorize this appropriation, and move forward with this?

Mr. BUCKLEY. I am hoping that we would have the basic information that would enable us to know what is required before we plunge forward. And when we have those studies and appropriate recommendations, the Public Works Committee can determine whether or not to authorize the next step.

Mr. BENTSEN. The Senator from New York is well aware of how long it some times takes to go through all the processes of Government, including appropriations.

All we are trying to do in this situation is save some money, and then, if Congress in its wisdom decides it does not want to reimburse these parties, it has a perfect right to deny them.

There were extensive hearings on this matter by the Corps of Engineers in the area, and it has great support by the people in the Corpus Christi area.

Mr. BUCKLEY. My understanding is that none have been held by the Public Works Committee.

Mr. BENTSEN. We are not talking about any appropriations by the Public Works Committee or the Appropriations Committee, either. All we are talking about is authorization for private money to be spent for a study. A study of the dire need for this public project to be pushed, because we have an energy problem to meet in this country. I assume if the study shows it not to be feasible, the local interests will not get any reimbursement for it.

Mr. BUCKLEY. Mr. President, I deeply respect the Senator's sense of urgency, but I think it is clear, as I assume it will be clear on the remainder of my 10 projects, that we have a fundamental difference of opinion as to the need of making an exception in the case of this particular legislation.

I certainly believe that in the area of energy we have a need in Congress and the executive to cut this red tape so that we can achieve our energy objective without stripping it of the necessary protection.

Mr. BENTSEN. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the committee report, to fully show the urgency of another project in Texas.

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

SUBSIDENCE PROBLEM IN THE BAYTOWN, TEX., AREA

Senator Lloyd Bentsen brought to the attention of the Committee the problem of general land subsidence which is occurring on the east side of the upper reaches of Galveston Bay, in the area known as the Brownwood addition of Baytown, Texas. The area is a distant suburb of Houston, Texas.

In this case the land subsidence is caused by pumping water from the ground in sufficient quantities to permanently lower the water table. In the last 25 years the water table has dropped more than 200 feet, resulting in land subsidence of up to 7 feet. The affected area can be described as a 65 mile diameter saucer, with one edge east of Baytown and the other edge at Katy, Texas, 35 miles west of Houston. Subsidence is the greatest at the center of the saucer and diminishes toward the edges. This subsidence is not reversible; there is apparently no way to recover the lost elevation.

The subsidence is causing a tragic loss of homes in the Brownwood addition. The area is one of many beautiful homes and is the chosen retirement area of many people. Preliminary studies have revealed that 541 residences are affected in the Brownwood addition with the number of people affected reaching 2000. The Committee recognizes that the recurrent flooding is resulting in adverse economic and social conditions beyond the capability of the local interests to cope with either on a physical or economic level.

The Corps of Engineers is currently making a study of the problem to determine the best possible solution. While it is recognized that the Corps study must be completed before the Committee can properly act, the Committee directs the Corps of Engineers to proceed with all possible haste in the completion of the study. The Committee would expect, in view of the urgency of the situation, that the Environmental Protection Agency would cooperate with the Corps of Engineers in reducing the coordination time between the two agencies from the normal 90 day period to a 30 day period in this case. The Committee expects that the Corps of Engineers will reduce the amount of time allowed for State and local agency comment. The Committee expects to consider appropriate action, including authorizing emergency action or through a broader project authorization, upon receiving the Corps of Engineers recommendations early in the next session of the Congress.

Mr. BUCKLEY. My next section, Mr. President, involves section 14, for a water system project in Conway, Ark.

This section would direct the corps to spend $7,500,000 on a new municipal water supply system for the community of Conway, Ark.

Following construction of the nearby segment of the McClellan-Kerr Arkansas River navigation project, local residents noted a decline in the quality of the city's drinking water, despite corps mitigation efforts. Asked to investigate, the corps conceded a change in the taste of the city's water, and said it could correct the problem, without legislation, by constructing a new pumping facility at a cost of $1,000,000.

The citizens of Conway argued that they wanted an entirely new system, including a new reservoir to be built outside the flood plain. The cost of this more elaborate answer to the city's complaint is $7,500,000, and that is the basis for section 14.

Because of the fact that we have had no hearings at which to weigh the arguments on this issue, and because the problem apparently can be reasonably solved for $1,000,000 without legislation, I believe that this section confers a special benefit for one community, necessarily penalizing others. Therefore, I believe the section should be removed from the bill.

Section 15 concerns a bridge at Norfork, Ark. During World War II, the Federal Government constructed the Norfork Dam and Reservoir, paying the State of Arkansas $1,342,000 as compensation to reroute a highway inundated by the reservoir.

According to testimony, the State three decades ago filed stipulations with a Federal district court that $1,342,000 was adequate payment to construct an alternate highway.

A bridge or alternate route over the dam was never built. This section would direct the corps to construct a "free highway bridge built to modern standards" over the reservoir to serve traffic now handled by ferries. Once the new bridge is completed, Arkansas would reimburse the Federal Government the $1,342,000 it received in 1943, plus inter-

est at the cost of Federal borrowing from 1943 to enactment of this bill.

The Corps of Engineers estimates that the new bridge will cost $17,200,000, and that the corps will recapture $3,232,000 in principal and interest from the State of Arkansas. Thus, the net cost to the American taxpayers for this bridge will be about $14,000,000.

Because this abrogates an agreement that I assume was made in good faith on behalf of the American taxpayers, I believe it is a section that confers a special interest and should accordingly be stricken from the bill.

EXECUTIVE SESSION—EXECUTIVE P, 93D CONGRESS, 1ST SESSION, THE CUSTOMS CONVENTION ON THE INTERNATIONAL TRANSIT OF GOODS

The PRESIDING OFFICER (Mr. McCLURE). Under the previous order entered during the last session, the hour of 3 p.m. having arrived, the Senate will now go into executive session and proceed to vote on Executive P, 93d Congress, 1st session, on the Customs Convention on the International Transit of Goods. The clerk will state the resolution of ratification.

The legislative clerk read as follows:

Resolved (Two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Customs Convention on the International Transit of Goods (ITI Convention) Opened for Signature at Vienna June 7, 1971.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Hampshire (Mr. McINTYRE), the Senator from Alabama (Mr. SPARKMAN), and the Senator from California (Mr. TUNNEY), are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Arizona (Mr. FANNIN), and the Senator from Wyoming (Mr. HANSEN), are absent on official business.

I also announce that the Senator from Vermont (Mr. AIKEN), the Senator from New Hampshire (Mr. COTTON), the Senator from Kansas (Mr. DOLE), the Senator from North Carolina (Mr. HELMS), and the Senator from Vermont (Mr. STAFFORD), are necessarily absent.

I further announce that the Senator from Alaska (Mr. STEVENS) is absent to attend the funeral of former Senator Fred A. Seaton.

The yeas and nays resulted—yeas 82, nays 0, as follows:

[No. 3 Ex.]

YEAS—82

Abourezk	Fulbright	Montoya
Allen	Goldwater	Moss
Baker	Gravel	Muskie
Beall	Griffin	Nelson
Bellmon	Gurney	Nunn
Bennett	Hart	Packwood
Bentsen	Haskell	Pastore
Bible	Hatfield	Pearson
Biden	Hathaway	Pell
Brock	Hruska	Percy
Brooke	Huddleston	Proxmire
Buckley	Hughes	Randolph
Burdick	Inouye	Ribicoff
Byrd, Harry F., Jr.	Jackson	Roth
	Javits	Schweiker
Byrd, Robert C.	Johnston	Scott, Hugh
Case	Kennedy	Scott, William L.
Chiles	Long	
Church	Magnuson	Stennis
Clark	Mansfield	Stevenson
Cook	Mathias	Symington
Cranston	McClellan	Taft
Curtis	McClure	Talmadge
Domenici	McGee	Thurmond
Dominick	McGovern	Tower
Eastland	Metcalf	Weicker
Ervin	Metzenbaum	Williams
Fong	Mondale	Young

NAYS—0

NOT VOTING—18

Aiken	Eagleton	Humphrey
Bartlett	Fannin	McIntyre
Bayh	Hansen	Sparkman
Cannon	Hartke	Stafford
Cotton	Helms	Stevens
Dole	Hollings	Tunney

The PRESIDING OFFICER. On this vote the yeas are 82 and the nays are 0. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

LEGISLATIVE SESSION

Mr. GRAVEL. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

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

WATER RESOURCES DEVELOPMENT AND RIVER BASIN MONETARY AUTHORIZATIONS ACT OF 1973

The Senate resumed the consideration of the bill (S. 2798) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York.

Mr. MAGNUSON. Mr. President, will the Senator yield to me?

Mr. GRAVEL. I yield.

Mr. MAGNUSON. Mr. President, I wish to express my thanks and the thanks of my colleague, Senator JACKSON, for the inclusion in the bill of the Ediz Hook project. I could say a great deal about it. I did testify before the committee, as did others. The committee report on the Ediz Hook project covers the matter so well that I ask unanimous consent that the excerpt on it from the committee report, beginning on page 73, be printed in the RECORD.

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

EDIZ HOOK, PORT ANGELES, WASH.

Location.—Ediz Hook and the City of Port Angeles, Washington are located on the south shore of the Strait of Juan de Fuca, about 100 miles northwest of Seattle, Washington. The Hook is a low, bare sand and gravel spit extending about 3½ miles into the Strait of Juan de Fuca which connects Puget Sound with the Pacific Ocean. The spit provides natural breakwater protection for Port Angeles Harbor, the only deep draft harbor on the north shore of the Olympic Peninsula. A major air-sea rescue station operated by the United States Coast Guard is located at the outer end of the spit and a major commercial development is located at the landward end of the spit.

Authority.—Committee on Public Works of the United States House of Representatives resolution adopted October 8, 1968, and Committee on Public Works of the United States Senate resolution adopted September 13, 1968.

Existing Projects.—An existing navigation project provides for (1) a small-boat mooring basin 15 feet deep, with breakwater protection for the basin and entrance channel, which was completed in 1959; and (2) removal of a shoal area to 30 feet near the ITT Rayonier, Incorporated, dock, which has been classified as "inactive." In addition to Federal improvements, local interests have invested about $5,400,000 in commercial terminal and transfer facilities and moorage facilities for small craft. Also, approximately $900,000 has been expended since 1930 by local interests and the United States Coast Guard for construction of erosion control protective works along the Strait side of Ediz Hook. There are no authorized Federal projects for beach erosion in the vicinity of the proposed project.

Needs.—The City of Port Angeles, supported by local governing bodies and interested individuals and industries, desires a long-range plan of erosion control for the preservation of the spit and harbor. It is believed that a major cause of erosion at Ediz Hook is the decrease in feeder material resulting from construction of dams on the Elwha River and pipeline protective works along the base of the sea cliffs. In addition, the concentration of wave energy along the neck of the spit, near its base, contributes to an offshore movement of littoral material with a corresponding reduction in alongshore movement. Although studies indicate that about 75 percent of the material moving from the west is being lost, Ediz Hook continues to grow in an easterly direction. The shore to the west of the spit has been progressively eroded by the easterly migration of beach material, resulting in the general lowering of the beach profile and the concentration of deep water wave energy directly against the spit. If this process is permitted to continue, Ediz Hook is in danger of being breached permanently. Loss of access to the United States Coast Guard Base would render it useless and Port Angeles Harbor would be destroyed if the protection afforded by the spit is lost.

Recommended Plan of Improvement.—The plan of improvement consists of 10,000 lineal feet of new rock revetment and periodic beach nourishment. Top elevation would be 18 feet above mean lower low water for 7,500 feet beginning at the western end of the revetment works and 16 feet above mean lower low water for the remaining portion. An initial fill of gravel and cobbles would be placed along the seaward toe of the revetment works. The remaining portions of the shore line within the recommended project limits would be monitored periodically to determine if additional protective works are required. Prior to project construction, as part of preconstruction planning and design, a beach-feed prototype test program will be conducted to evaluate material movement rate and determine optimum locations to stockpile artificial nourishment material.

Estimated cost (March 1971 price level)

Federal	$4,553,000
Non-Federal [1]	337,000
Total	4,890,000

[1] Final cost sharing will be based on actual conditions of ownership and use at time of construction.

PROJECT ECONOMICS (INTEREST RATE OF 5⅛ PERCENT

	Federal	Non-Federal [1]	Total
Annual charges:			
Interest and amortization	$268,900	$19,900	$288,800
Maintenance and operation (nourish)	68,400	5,100	73,500
Maintenance and operation (rock revet)	59,500	7,300	66,800
Total	396,800	32,300	425,100

[1] Final cost sharing will be based on actual conditions of ownership and use at time of construction.

Annual benefits

Navigation	$6,757,000
Beach erosion	516,000
Total	7,273,000

Benefit-Cost Ratio.—17.0.

Local Cooperation.—The construction, maintenance and operation costs of the proposed project will be shared between the Federal Government and local interests in accordance with policy established by law. The Federal Government would assume responsibility for the costs of improvements allocated for general navigation. The percentages for cost sharing for shore restoration and protection would be based on actual conditions of ownership and use at the time of construction. However, prior to construction, non-Federal interests must agree to:

a. Provide without cost to the United States all necessary lands, easements, and rights-of-way required for project construction and subject beach nourishment;

b. Hold and save the United States free from claims for damages that may result from construction or maintenance of the project;

c. Contribute in cash the required share of the first costs of the beach protection work to be paid in a lump sum prior to start of construction, or in installments prior to start of pertinent work items in accordance with construction schedules as required by the Chief of Engineers, the final apportionment of the first cost to be made after actual costs and values have been determined and to be based on existing conditions of public use and ownership at the time of construction;

d. Contribute in cash the required share of the costs during the life of the project for; maintenance and repair of the revetment works; and periodic beach nourishment, as may be required to serve the intended purpose, subject to Federal participation in the cost of periodic nourishment for an initial period of 10 years;

e. Assure continued public ownership of the shore upon which the amount of Federal participation is based and its administration for public use during the economic life of the project; and

f. Provide and maintain the public access, parking, and appurtenant facilities for recreation necessary for realization of project benefits.

Mr. MAGNUSON. Mr. President, Senator JACKSON and I strongly oppose Senator BUCKLEY'S amendment for it would strike from the bill two provisions of great importance to two communities in our State. Specifically, the amendment would strike section 50 dealing with the Wynoochee Lake and Dam at Aberdeen and section 52 which authorizes the corps to assist North Bonneville, Wash., to relocate in preparation for construction of the second powerhouse at Bonneville Dam.

In this case, also, I wish to express the thanks of Senator JACKSON and myself to the committee for its affirmative action. Because the committee report on these two projects covers them so well, I ask unanimous consent that the relevant portions of pages 107 and 108 of the report be printed in the RECORD. I also ask that the portion of page 108 discussing section 51 of the bill also be inserted in the RECORD.

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

SECTION 50

This section authorizes the Secretary of the Army, acting through the Chief of Engineers, to amend the contract between the city of Aberdeen, Washington, and the United States for use of storage space in the Wynoochee River, Washington, for municipal and industrial water supply.

The city of Aberdeen entered into a contract for municipal and industrial water supply at Wynoochee Dam and Lake under the provisions of the Water Supply Act of 1958, as amended. Their total obligation is about $17,000,000, repayable in fifty annual payments of some $410,000. The first payment is due. The city entered into the contract on the basis of projected needs of local industry. However, these needs have not materialized because of adverse economic and employment conditions in the area, and the city has no customers for the water.

The amended contract shall provide that the initial and subsequent payments, including interest, for the present demand water supply storage may be deferred for a period up to ten years. Payments are thus deferred until the city finds customers for the water or until the ten-year-period is up, whichever is sooner.

SECTION 51

This section modifies the project for Wynoochee Dam and Lake to provide that the Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to transfer to the State of Washington an amount estimated at $664,000 for construction of fish hatchery facilities for mitigation of project-caused losses of natural spawning areas for trout.

When the Wynoochee Dam and Lake project was planned and constructed, fish passage facilities were included to preserve the run of anadromous trout in the Wynoochee River. These facilities proved ineffective, and it has been determined that the most feasible means of maintaining the trout fishery in the river is by hatchery and stocking of fish. Under the terms of the section, the State of Washington will operate and maintain hatchery facilities, and the United States will contribute a sum of money representing the costs associated with the mitigation of losses caused by the project.

SECTION 52

This section authorizes the Chief of Engineers to relocate the town of North Bonneville, including cooperating in the planning of the new town with other Federal agencies and appropriate non-Federal agencies; to acquire lands necessary for the new town and to convey title to said lands to individuals, business or other entities; to construct a central sewage collection and treatment facility and other necessary municipal facilities in connection with the construction of the Bonneville Lock and Dam, Oregon and Washington (Second Powerhouse).

The town of North Bonneville, is located on the Washington shore of the Columbia River at the north abutment of the existing Bonneville Dam spillway. The Second Powerhouse will be constructed on the Washington shore just upstream of the end of the existing spillway dam. Construction of the Second Powerhouse in this area along with the required railroad and highway relocations will require the taking of nearly all of the town of North Bonneville. Population of the town is approximately 470 persons with 188 residential units and 47 businesses. Public facilities include the town hall, elementary school, contract post office, and city park. The town has a public water system supplied with wells. Sewage disposal is by individual septic tanks.

The section is designed to ensure that the relocation will be accomplished in a fair and equitable manner, and that no windfalls or unjust enrichment will occur. Individuals and entities will receive the compensation which would be due them for the taking of their property under the usual procedures, less that fair market value of the lot they receive in the new town. If a more or less valuable lot is desired in the new town, this can be accomplished during the planning process.

The non-Federal interests must furnish commitments that all lots in the townsite will be either occupied when available, will be replacements for open space and vacant lots in the existing town, or will be purchased by non-Federal interests. This will ensure that lots reserved for future expansion and in excess of those in the existing town will not be provided at Federal expense. The same applies to the utilities. Those furnished at Federal expense will have the same capacity and be able to serve the same number of users, as those in the existing town.

Mr. GRAVEL. Mr. President, I believe that prior to the vote, the Senator from New York had the floor; so I yield the floor to my colleague.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. BUCKLEY. I thank the Senator from Alaska.

Mr. President, I shall direct later remarks to the projects mentioned by the Senator from Washington.

SECTION 21—IOWA FISH HATCHERY

The next section my amendment would delete is section 21, which involves the payment of $700,000 for construction of a fish hatchery in Iowa.

This section authorizes a Federal payment of $700,000 toward construction of a fish hatchery at Rathbun Lake in Iowa. That sum, approximately 23 percent of the cost of construction, would serve, according to the bill, to compensate Iowa for fisheries losses resulting from construction of Rathbun and three other corps lakes; Saylorville, Coralville, and Red Rock Dams.

The only trouble with that argument is that we have no evidence of which I am aware from the corps that shows any fisheries losses. While this section may be a most worthy one, I believe that it should be deleted as another example of an ad hoc resolution of a grievance outside the parameters of policy.

Section 23 concerns dam repair and flood control project on the Big Sandy River. This section has two provisions that, however meritorious, appear to run counter to normal policy.

First, subsection (a) would authorize a Federal expenditure of $330,000 to repair dam No. 3 on the Big Sandy River in West Virginia and Kentucky.

Dam No. 3 was built in 1897 as part of a navigation project. After the navigation use was discontinued, the dam was transferred in 1960 by an act of Congress (70 Stat. 1062) to local ownership for water supply.

Because non-Federal facilities are normally not repaired at Federal expense, and because local water supply costs are non-Federal costs, I believe this section should be deleted.

The other subsection in section 23 involves flood protection for the Tug Fork Valley. A tributary of the Big Sandy, the Tug Fork, runs for about 100 miles from the vicinity of Gary, W. Va., to confluence with the Levisa Fork near Louise. Some 33 communities dot the valley which divides West Virginia and Kentucky.

A House-initiated section of the 1970 omnibus bill as section 224—Public Law 91-611—authorized a $10 million improvement to existing Federal levees at two Tug Fork communities—Williamson and Matewan, W. Va.—subject to Presidential approval.

That approval has never been granted, apparently because the project has an unfavorable cost-benefit ratio—about 80 cents in benefits for every $1 in cost, at 5⅜ percent interest. Described another way, the proposal, now estimated at $12,500,000, would protect about 80 acres of land in the two communities at a cost of about $150,000 per acre.

The language of section 23 apparently removes the requirement for the President's concurrence for Williamson and Matewan work, and it authorizes $1,290,000 for the phase I advanced engineering and design work on "comprehensive flood protection" for "all communities in the Tug Fork Valley." While there are no firm estimates on the cost for such work, it is safe to assume that the ultimate cost may run to several times the amount esitmated to protect Williamson and Matewan.

I recognize the Tug Fork topography is severe, and that necessary development of the narrow flood plain has created danger. While I am most sympathetic, I do not believe it is wise to approve a project on which no Senate testimony has been given on any full project report, and which appears uneconomic in every calculation, thus violating the 1938 Flood Control Act that requires the benefits to exceed the costs on corps projects.

Section 29 involves the payments schedule on a project at Lake Pontchartrain, La. Several years ago, local interests in Louisiana agreed to help construct at Lake Pontchartrain, just outside New Orleans. Since construction began in 1967, local interests have made several contributions of land and other items toward the construction, now underway.

But voters a year ago rejected a bond issue to raise cash toward about $65,000,000 needed eventually to pay the full local share on the $296,000,000 project. The result: Work on the project may soon have to be slowed.

Section 29 would relieve local sponsors of making any cash contributions concurrent with project work. The section would allow those sponsors to pay their cash share in yearly installments of about $2,500,000, beginning in 1977. And while the sponsors would pay interest on the delayed funds, the interest would be at a subsidized rate of approximately 3½ percent.

Every local sponsor of a Corps project would like to have such a payment plan. But only this project gets it, and without the benefit of Senate hearings. Since this project runs counter to the agreement between local and Federal officials and because it will surely induce voters elsewhere to reject any responsibility in meeting local cost-sharing agreements, I believe this section should be deleted.

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

Mr. BUCKLEY. I yield.

Mr. JOHNSTON. Is the Senator aware that the Lake Pontchartrain project does not call for additional Federal dollars, but is simply and purely a device to allow local communities in time to pay the ever-increasng local share of that project?

Mr. BUCKLEY. I am aware that the amendment stretches out the payment period. It could be that we should establish a national policy which would allow a reassessment to all communities. My whole question on this bill and on this project is that it singles out a single community when there may be many communities throughout the country with like problems. Therefore, we are acting in a discriminatory manner, benefiting one project.

I would point out that this stretchout bears an interest rate of 3.5 percent. Therefore, any stretchout will in fact, cost the Federal Government money, since the Federal Government has to pay more than 3.5 percent to get money.

Mr. JOHNSTON. I thank the Senator.

SECTION 43—PRESQUE ISLE, PA.—EXTENDED MAINTENANCE

Mr. BUCKLEY. This section would renew for at least 5 additional years an expired Federal commitment to share in the cost of periodic beach replenishment at the Presque Isle Peninsula in Pennsylvania. The Federal cost is estimated at $3,500,000.

When the project was approved in 1960, the agreement called for Federal participation for 10 years. That period expired in 1971, and local interests were scheduled to assume this full responsibility.

Because the 5-year extension runs counter to the previous agreement between local and Federal interests, this section confers a special benefit and should be deleted from the bill.

SECTION 46—LAKE TEXOMA, TEX. AND OKLA.—ROAD

This section directs the corps to construct $3 million in perimeter roads at Lake Texoma to augment recreational opportunities at this very popular corps project.

Lake Texoma, which lies on the Red River north of Dallas, was built before passage of Public Law 89-72. That law set the principle for 50-50 Federal-local cost sharing on recreational development.

Current policy under Public Law 89-72 calls for 50-50 cost sharing on any new recreational development at older corps lakes. The issue here is not the wisdom of that policy. The issue is whether or not this section gives to the Lake Texoma project benefits unavailable to other projects under regular policy.

SECTION 50—ABERDEEN, WASH., WATER-SUPPLY PAYMENTS

As part of a newly built reservoir project on the Wynoochee River in Washington, the city of Aberdeen, Wash., contracted to purchase water for municipal and industrial use from the dam. The city agreed to repay the water-supply share of the dam's costs—78 percent—in 50 annual installments. Unfortunately, Aberdeen has not found customers for this water. So now the city wants relief from its contract responsibilities, asking a deferral on its payments of up to 10 years.

I am sympathetic with the plight of Aberdeen. It was realization of start-up problems, such as those faced by Aberdeen, that encouraged the Congress to grant all communities a break by making the first 10 annual water-supply payments free of interest charges.

Most communities would like to postpone their contract obligations with the corps. Indeed, I am confident that many could make a hardship case to justify such a postponement. By granting Aberdeen's request, we are saying, in effect, that its problems are more significant than those of other communities. I think we ought to treat all communities alike. If problems such as those facing Aberdeen merit relief, then we should do it on a national basis, not as aid to a single community.

SECTION 52—NORTH BONNEVILLE, WASH.—RELOCATION

This section directs the corps to relocate the entire town of North Bonneville, Wash., probably to a site about 2 miles distant. Four-fifths of the town is being taken for the construction of a second powerhouse for the Bonneville Lock and Dam of the Columbia River. Under standard procedures, the affected residents and businessmen would receive broad assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. This section bypasses that procedure, directing the complete relocation of the town at Federal expense. This section, incidentally, would cost about twice the estimated benefits under the standard procedures.

I shall not argue the competence of the corps in city planning and community development, or such tangential issues as whether or not the inclusion of a new federally funded municipal sewage system represents a betterment. This relocation idea may be a most commendable one, preserving the community's social fabric. Current policy may be far too restrictive in assisting small communities.

But we do not know. This idea has not been the subject of Senate hearings. If the case of North Bonneville demonstrates the inadequacy of present reloca-

tion law, then we should amend that act, not create a special benefit for one community. For that reason, I urge that this section be dropped.

Mr. President, this is the sum total of the 10 projects that would be stricken by my amendment. I believe they clearly lie outside the scope of existing policy. I believe it would be in the interest of sound legislation to strike these sections. I believe it would also boost the morale of the American public to see this body rescrutinize old practices, seeking to increase its legislative effectiveness.

Mr. GRAVEL. Mr. President, under the last project, any Member can step forward and talk in terms of individual policy and individual influences to protect pet areas and pet projects within his State. I think that is a correct statement. If anything, it does not go far enough. All of us come here to represent our States. We do not act with anonymity. I think we are all normal individuals. We have our individual backgrounds that persuade us to certain views.

I think that when we legislate, we legislate with all of that in mind, and I think when we receive counsel from colleagues within this body, we receive counsel with all of that in mind. So I think it is very important that we know the sponsors of legislation. I think it is very important that we hold hearings on the specificity of the legislation so we can make independent judgment.

That is just what has been done with this particular bill. It is these people that have come in with bills, with amendments, who have pressed for amendments. Some of them have failed. Some of them have succeeded. The bill before us is a conglomerate of many individual proposals.

Let us just take the last item. That is the North Bonneville, relocation of a community, which my colleague finds, in essence, is a special interest, in that it is something particularly germane to one particular area and to two Senators involved. He objects to this as not a part of national policy. I disagree. I think it is a part of national policy. I think it is very good national policy the way we have this section written.

We have a law on the books which governs individual relocation. Those particular communities which are not covered are covered with this specific section in the bill before us. We are talking about a certain number of individuals who would be serviced individually under existing law. So I see no great departure from present law.

Not only that, but in another section of this bill we are doing exactly the same thing. My colleague from New York is not being consistent when he singles out one project, as opposed to a project in Nebraska where we are doing exactly the same thing. We are doing exactly the same thing within the confines of existing public policy.

I only cite that as one example. There are numerous examples throughout the items being objected to by my colleague which reinforce the basic fact that this is good public policy, a policy that we choose to exercise. If one individual chooses not to exercise it because he considers it not public policy, that is for him to do, but that does not mean, if we have a majority of the votes, it is not good public policy.

I could go into the Norfork project which, on the surface, appears, and can be characterized as bad policy. But when one looks more deeply into the facts, one realizes that here was one small community that has been euchred by circumstances. If it had not been for the happenstance of events during the Second World War, this community would have enjoyed the same benefits in this regard. It would have been different had the project been built and people were saying, "We want the project rebuilt." But that was not the case. They were offered compensation at a point in time when it was not adequate. It was disjointed in reference to the plans made for that community. They were told they would get piers; they would be built by the corps. Lo and behold, the Federal Government stopped the corps from building the piers. They were in a situation later, when the entire area was inundated, in which they were faced with tremendous costs, and as happens with other communities when faced with situations that are beyond their abilities, it floundered for some time.

We expect to do for this community what is done for other communities in the United States. Is that singling out one special interest? I think not. I think it is good public policy, as it should be developed by the Congress.

I shall not take the time of this body. I understand that colleagues want to join with me in the position that I take here, and I would like to yield at this time to the Senator from Arkansas (Mr. McCLELLAN), who might want to add his comments on these two particular projects.

Mr. McCLELLAN. I thank the Senator.

Mr. President, I must confess that I am surprised that this amendment would include these two projects from Arkansas. I express that surprise because twice heretofore these projects were before the Senate, and twice they were not challenged. The Senate has approved these projects and incorporated them in the public works authorization bills. The first bill, in 1972, was vetoed by the President, not by reason of these particular projects, but because the President had an overall objection to the bill, possibly because of the total amount of funds that it authorized.

Both projects were again included last year in the public works bill passed by the Senate. Both projects were in that bill. They were not questioned or contested on the floor of the Senate. So twice the Senate has approved them. That bill, as I recall, was not acted on in the House and died there. In the first bill, in which they were included, the projects had the approval of the House as well as of the Senate.

I had not anticipated, in view of the strong record made in behalf of these projects, and of the compelling evidence, as I viewed and evaluated it, that there would be any question as to the obligation of the Federal Government to compensate the State of Arkansas for the bridge and also to restore to the city of Conway, Ark., facilities which were adversely affected by the building of the Arkansas River navigation project. No one disputes that Federal actions created the problems that the city of Conway now faces. No one disputes that the water system of Conway, Ark., was tremendously impaired.

The quality of the water available for municipal purposes was impaired. The plant was operating most satisfactorily and was providing services to that community of some 10,700 persons. But one of the locks and dams essential to that construction caused water to backup into the creek from which the city of Conway receives its water supply, thus impairing the source and quality of water for this city. Now there must be action to insure once again a potable source of water for the city of Conway.

Certainly that is not the obligation of the local community, which had been providing adequately for its own needs. Federal actions changed the situation so that it is now necessary for the Federal Government to make the city whole again. Otherwise, it will be necessary for the people of the community to bond or tax themselves in order to pay the amount necessary to restore what the Federal Government destroyed.

The equity of it, Mr. President, is so compelling that there is no necessity whatsoever to argue that point further.

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

Mr. McCLELLAN. Mr. President, I am happy to yield to my colleague.

Mr. FULBRIGHT. Mr. President, I join my colleague in what he has stated. We have had hearings on these matters. We both testified with respect to the projects particularly the Norfolk Bridge project.

I do not understand how any argument can be raised against them at this point. As my colleague has noted, they have both been approved by the Senate on two previous occasions. No question has been raised about them whatsoever. Therefore, I am taken by surprise that an effort would be made to delete them today. Although they are not very large they are extremely important to the people in these areas of my State.

I urge the Senate not to approve of the deletion of these projects.

Mr. McCLELLAN. Mr. President, in section 14 of the bill, Federal funds are authorized for modification of the intake mechanism from which the city of Conway, Ark. obtains its municipal water supply. This section is made necessary, as I have noted, as a result of Federal actions in the construction of the Arkansas River navigation project. In order to open the Arkansas River to navigation, the Corps of Engineers constructed a series of dams on the river to raise the water level and thereby deepen the navigable channel available to commercial shipping. The waters of the Arkansas River behind one of these dams has backed up into Cadron Creek to the intake for the municipal water system of Conway, Ark., a city of some 16,700 population.

As the report of the Committee on

Public Works notes, the backflow of high chloride-content waters from the Arkansas River to the intake of Conway's water system has contributed to an objectionable odor and taste especially apparent during the summer.

Another contributing factor to the decrease in the quality of Conway's water supply is also due to Federal actions involved in the construction of the Arkansas River navigation project. Cadron Creek carries nutrient rich runoff from the adjoining agricultural lands in its watershed. Before the heightened level of water in the Arkansas River these materials were regular flushed from the creek. The backflow of the river has now impeded the flushing and cleaning of the waters of the creek and this has adversely affected the quality of Conway's water supply.

Mr. President, the Federal funds supplied in this bill to restore the normal quality of the municipal water supply of Conway merely provides equitable treatment for the citizens of this community. It does no more than restore that city to its condition prior to the Federal actions to which I have already referred. By those actions the Federal Government incurred the legitimate obligation to set right the problems it has created. I can see nothing in this undertaking which should make it susceptible to charges of "political favoritism" or pork-barreling as the Senator from New York has maintained in his "Dear Colleague" letter of January 16, 1974.

Mr. President, the Arkansas project authorized in section 15 of the pending bill would also be removed by the amendment of the Senator from New York.

In the Senator's letter which I have previously referred to in my statement, he provides this explanation of this project:

> Section 15 directs the Federal Government to construct a bridge that the government previously had paid local interests to build.

Mr. President, that is very, very much in error. And that has been so determined by the court that passed on an issue relevant to this project.

The Eighth Circuit Court of Appeals, in making a determination of which party was obligated to pay for the operation of a ferry after the inundation of the bridge, determined that the State of Arkansas was entitled to this compensation from the Federal Government as part of the damages resulting from construction of Norfork Dam.

Mr. President, in the course of that decision the court acknowledged that the State of Arkansas had not been paid for this bridge.

I ask unanimous consent to have printed at this point in the RECORD the decision in the case of the United States against the State of Arkansas, Circuit Court of Appeals, Eighth Circuit, December 26, 1947.

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

UNITED STATES AGAINST STATE OF ARKANSAS ET AL., No. 13493, CIRCUIT COURT OF APPEALS, EIGHTH CIRCUIT, DECEMBER 26, 1947

Before Gardner, Thomas and Johnsen, Circuit Judges.

Thomas, Circuit Judge.

This is an appeal by the United States from a judgment fixing the amount of "just compensation" in a condemnation proceeding. The jurisdiction of the court arises under the General Condemnation Act of August 1, 1888, 40 U.S.C.A. § 257. Authority to acquire the lands involved is granted in the Flood Control Acts of June 22, 1936, c. 688, 49 Stat. 1570, and June 28, 1938, c. 795, 52 Stat. 1215, 1218, 33 U.S.C.A. § 701a et seq.

The government project contemplated the construction of a flood-control and hydroelectric dam in the Norfork river in Arkansas. This proceeding was commenced May 29, 1943, to acquire portions of U.S. Highway No. 62 and Arkansas State Highway No. 101, both of which were a part of the Arkansas State Highway System. One of these highways ran in a general north-south direction and the other in a general east-west direction. They converged near the two of Henderson at which point they crossed the Norfork river over a concrete bridge. The engineers in charge of the work and the state highway officials recognized that when the reservoir above the dam was filled sections of both highways and the bridge at Henderson would be submerged. Although the dam had not been completed, the gates were closed on June 17, 1943, and the sections of the highways involved in this proceeding and the Henderson bridge were submerged on September 15, 1943, and could not thereafter be used by the public.

At the commencement of the proceeding the government filed its Declaration of Taking and deposited in the registry of the court as estimated compensation of the state for the highways which would be inundated the sum of $1,422,000. This sum was arrived at on the theory that permanent substitute highways could be built at a cost of $1,342,000 by using the dam as a bridge instead of constructing a new bridge, and that a ferry could be constructed for $80,000, and operated and maintained as a temporary expedient while the dam was under construction. The dam was completed so that it could be used as a bridge on November 4, 1944, about 14 months after the roads had been flooded. In the meantime the state had constructed and operated a free ferry at a cost of more than $80,000.

The case was submitted upon a stipulation of facts. The parties stipulated that $1,342,000 represented the cost of constructing new substitute highways by using the dam as a bridge over the river, and that judgment should be entered for that amount. The parties could not agree upon the right of the state to compensation for the construction and operation of the ferry as a temporary substitute highway during the period of 14 months between the flooding of the old bridge and the highways on September 15, 1943, and the completion of the dam on November 4, 1944. The only question in the case is whether the cost of constructing and operating the ferry is a proper element of just compensation to the state for which the government is liable.

The government contends that the payment of the cost of the permanent substitute highway, $1,342,000, fully discharged its obligation and that the cost of the temporary ferry is not compensable.

We think the government's view of the case does not take into account the fact that the bridge was a part of the substitute highway, the cost of which was not included in the sum paid. The government undertook to furnish and construct the bridge by agreeing that the dam should be so used. This fact must be considered, also, in connection with the continuing obligation of the state to furnish and maintain its highways for the use of the public. The temporary ferry was made necessary by the fact that the government elected to close the gates of the dam and to inundate the old bridge before the dam was completed so that it could be used as a substitute bridge.

[1] The proper measure of damages for the taking of public highways and streets in condemnation proceedings is well settled. The fundamental principle is that the public authority charged with furnishing and maintaining the public way, whether it be a highway, a street, or a bridge, must be awarded the "actual money loss which will be occasioned by the condemnation * * *" This amount is usually the cost of furnishing and constructing substitute roads. United States v. Des Moines County, 8 Cir., 148 F. 2d 448, 449, 160 A.L.R. 953, certiorari denied, 326 U.S. 743, 66 S. Ct. 56, 90 L.Ed. 444; United States v. Wheeler Township, 8 Cir., 66 F. 2d 977, 984, 985; Jefferson County, Tenn., v. Tennessee Valley Authority, 6 Cir., 146 F. 2d 564, 566, certiorari denied, 324 U.S. 871, 65 S. Ct. 1016, 89 L.Ed. 1425; Mayor and City Council of Baltimore v. United States, 4 Cir., 147 F. 2d 786, 790; Town of Bedford v. United States, 1 Cir., 23 F. 2d 453, 56 A.L.R. 360; Brown v. United States, 263 U.S. 78, 83, 84, 44 S. Ct. 92, 68 L.Ed. 171.

[2] The government argues that the cost of the temporary ferry is similar to the expenses of removal and relocation of private buildings from lands taken in condemnation proceedings because such costs are not a part of the value of the thing taken, citing United States v. Petty Motor Co., 327 U.S. 372, 66 S. Ct. 596, 90 L. Ed. 729. The present case is distinguishable from such cases in that the temporary ferry was a necessary step in furnishing a substitute bridge for the use of the public while the dam was under construction. See Brown v. United States, supra. The cost of the temporary ferry was justly a part of the cost of a substitute highway; is was a part of the actual money loss occasioned by condemnation.

Judgment affirmed.

Mr. McCLELLAN. Mr. President, in the course of holding that the Government was liable for the cost of operating the ferry, the court said:

> We think the Government's view of the case does not take into account the fact that the bridge was a part of the substitute highway, the cost of which was not included in the sum paid.

This decision noted that the State of Arkansas has never been paid for the bridge that was inundated by the building of the Norfork Dam. There is history in back of it.

In 1934, the State of Arkansas had built a new concrete bridge across the Norfork River. However, the first proposal for a dam which would affect this bridge was for flood control purposes. And it had been ascertained that in building this dam the new bridge would only be inundated for 50 out of every 7,300 days. That was the first understanding.

Later on, after that, Mr. President, it was determined during World War II that aluminum was in such short supply that there had to be more aluminum produced. Arkansas is an aluminum-producing State. They needed more power for the production of aluminum and, because of the war emergency, it was decided at that time to increase the height of Norfork Dam so as to provide hydroelectric power in connection with the project. That was done. When they increased the height of the dam it became inevitable that Norfork Bridge would be in inundated. It was agreed at first that the Federal Government would build the piers and have them ready so that a new bridge could be built later.

The new height of the dam did completely inundate this bridge, and it is there now. The bridge is under 50 feet of water. However, at that time it developed that structural steel was in short supply, and the War Production Board, I believe it was, that made allocation of scarce material, concluded that steel could not be made available for the construction of that bridge. Therefore, they were unable to get it. They, therefore, proceeded to close the dam and inundated the bridge. Later the State of Arkansas and the Federal Government did make a settlement for a portion of the damages suffered by the State of Arkansas.

When the bridge was taken, several roads were taken and small bridges there were inundated also. The Federal Government first agreed to pay $1,342,000 for damage to the roads and later $80,000 for operating the ferry. The partial settlement was made on that basis. However, Mr. President, the bridge has never been paid for until this day. And as a result of the taking and of the construction as it was done, the State of Arkansas has provided a ferry service there all of these years at a total cost now in excess of $4 million.

The ferry service is not adequate. North Arkansas is developing rather rapidly in this area. People who live on the one side of this lake and who work on the other side have to cross that water on the ferry to go to and from work. These persons number in the hundreds. The traveling public and the tourists who come to North Arkansas have to cross on that ferry. The ferry serves two roads. There is not just one ferry being operated. There are two ferries that have had to be operated, because two main roads are involved, one a Federal highway and the other a State highway.

This bridge is vital to the people in this area of my State. The Federal Government should make good its obligation to these people.

As I have noted in 1934 the State of Arkansas constructed a bridge that connected U.S. Highway 62 to State Highway 101. This is the bridge that we are talking about, Mr. President.

In 1943, during the Second World War, the Federal Government built the Norfork Dam. As a result of that construction, that bridge was destroyed.

To compensate for the loss resulting from construction of the dam, the State of Arkansas was offered $1,342,000 from the Federal Government on a take-it or leave-it basis. The State accepted the offer, though the compensation was grossly insufficient. In fact, Mr. President, and I emphasize, this particular bridge was not included in the settlement. The State had to accept the offer, though the compensation was grossly insufficient.

In the case I referred to earlier the Eighth Circuit Court of Appeals noted that the construction of a new bridge was not even included in the sum paid, which was instead to compensate the State for the parmanent substitute highways made necessary by the reservoir behind the Norfork Dam.

Mr. President, I ask unanimous consent that the fiscal history of the Norfork Bridge controversy, which appears at pages 35 to 37 in a 1971 publication of the Arkansas State Highway Department appear in the RECORD at this point.

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

A PROPOSAL BY THE ARKANSAS STATE HIGHWAY COMMISSION FOR BRIDGING NORFORK LAKE ON U.S. ROUTE NO. 62 AND STATE HIGHWAY NO. 101

In October 1939, as the United States by reason of the economic stimulation of the European war began to pull out of the Great Depression, the Corps of Engineers appraised the costs of an "as is" relocation of the State Highways to be inundated by the Norfork Dam *flood control* project. The new bridge across Norfork River, built five years earlier would serve the U.S. No. 62 traffic 7250 out of every 7300 days, if, as under the 1940 plans, the Norfork Project were a flood control project. The Corps estimated the costs at $1,300,000 and offered to operate a standby ferry during the typical fifty days when flood protection required the bridge to be inundated. The Highway Commission regarded this as reasonable and approved it.

In October 1941, the Congress added hydroelectric power to the Norfork Project. This required permanent inundation of the new U.S. No. 62 bridge in a much deeper pool. The Corps then urged relocating U.S. No. 62 down S.H. No 5 from Mountain Home to Salesville thence across the Dam and on easterly to a junction with S.H. No. 9 at Union then north to Salem. The State Highway Commission and the local people were unalterably opposed to this proposal and called unequivocally for the eventual provision of a bridge at Henderson with the piers to be constructed before the pool filled, agreeing to interim ferry service while the War lasted. This was agreed to in August 1942, by the Corps.

Regardless of the U.S. No. 62 relocation question, the Corps wanted the Commission to put a roadway cut through the east bluff at the Dam before the construction of the east abutment began. The Commission was indifferent to the Corps' urging, possibly fearing that might weaken its position on the Henderson Bridge. Inevitably, both parties dragged their heels and the piers were not constructed in 1942.

There is little clarity from this point on. Very early in 1943, the Corps' District Engineer, not a patient man, terminated negotiation and resorted to eminent domain proceedings on the State Highways involved. The local people, both Arkansas and Missouri, appealed to the Corps and the Commission, held a mass meeting, and sought aid of the Arkansas Congressional delegation. The War Production Board eased restrictions on reinforcing steel then, after the Corps' eminent domain decisions denied approval for the bridge piers. The Corps backed this up by announcing it was now too late to build the bridge piers, the pool would be filling.

The Commission, deprived of all other options, accepted the $1,340,000 but asked for an additional $82,000 to cover the cost of the ferry and two years of operation, a total $1,422,000. The U.S. District Court disbursed $1,300,000 to the Commission in September 1943 and the $122,000 balance in January 1944. Oddly enough, the Corps estimated cost of relocation remained constant between 1939 and 1943, although first made to cover the relocations involved in the flood control pool only which excluded the existing North Fork River Bridge on U.S. No. 62.

The 1943 fears of the Highway Director that the "interim" ferry would be there "for all time" have seen twenty-eight years of realization. The disheartening cost of this operation [since 1943] . . . now exceeds $4-million [at an average annual rate in excess of $250,000]. Bridge costs by comparison are interesting in the overall historic context: the 1934 bridge cost $125,000; in 1942 the Corps estimated the new bridge to cost $860,000; the Commission estimated $1.1 million in 1943 and $3.0-million in 1954; then an independent consultant in 1969 estimated two bridges to serve both routes would cost $11.3-million, reflecting the spiraling costs of inflation and the augmented needs of the area.

These are immediately apparent direct costs but, like the consequences of inexperience and ignorance of socio-economic impact and the in-depth quantification of cost/benefit relationships, there is a quarter-of-a-century of hidden costs for the social and economic development which has been retarded by the lack of the bridge for the U.S. No. 62 route corridor at Henderson.

Mr. MCCLELLAN. I also ask unanimous consent, Mr. President, to have printed in the RECORD at this point the testimony of Mr. Ward Goodman, director of the Arkansas Highway Department, whose testimony relating to the Norfork Bridge was given before the Subcommittee on Flood Control—Rivers and Harbors on September 15, 1972.

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

STATEMENT OF WARD GOODMAN, DIRECTOR, ARKANSAS HIGHWAY DEPARTMENT

Mr. GOODMAN. Mr. Chairman, members of the committee, I consider this an exceptional privilege to appear before you as a member of this delegation and speak in behalf of the proposed bridge across the Norfork Reservoir on U.S. Highway 62 and State Highway 101.

As provided in S. 2881, it is my intention to provide additional information and some personal knowledge of the history and the crisis which has developed, and show the unquestioned justice and equity of Federal funding for this project.

The Norfork Dam on the North Fork of the White River was conceived as a result of the Mississippi River Act of 1928 and the Flood Control Act of 1936.

During these depression years, Arkansas struggled and built a graceful concrete multiple-arch bridge to carry highway traffic over the river. This structure remains today, 100 feet below the surface of Lake Norfork. The original bridge and approaches cost $156,000, a sizable sum for 1934.

In the beginning, it was planned that the facility be for flood control and only under extreme conditions, about 50 days in 20 years, would U.S. Highway No. 62 be inundated in the vicinity of Henderson, and on these occasions ferry service or a detour road would be provided.

Between 1936 and 1939, the Corps of Engineers estimated cost compensation for severed highways and bridges to be covered by the flood control pool at $1,300,000. Did not include this bridge.

The State highway department disagreed with that estimate and the cost was established at $1,422,000.

Construction of the flood control dam was initiated in the spring of 1941. On October 20 of that year, the corps advised the State highway commission that the Congress had authorized the addition of hydroelectric power generation for the Norfork project.

This, of course, involved an increase in the normal pool elevation and within a few months the corps requested that the matter of maintaining traffic on Highway No. U.S. 62 be deferred for later consideration.

By this time, we were moving into the World War II period and in conference at Little Rock on August 8, 1942, with representatives of the Corps of Engineers and Public Roads Administration, now FHWA, the Arkansas State Highway Commission

agreed to construct a replacement bridge under the replacement-in-kind provisions of the law at Henderson, with the piers to be constructed within the next 12 months before the pool began to fill and the superstructure to be built when materials became available after the war.

An estimate by the State highway department in early 1943 showed that this could be accomplished for $1,128,352.50. A request was made to the War Production Board for sufficient steel to construct piers in the pool area so a bridge could be built economically after the war had terminated, but that request was denied.

Also in 1943, based upon estimates of their own, the Corps stated that it would cost less to reroute highways around the lake than to build a bridge, and that the bridge was out of the question.

These estimates were based on the criteria of that time and gave no consideration to items of socioeconomic concern, such as indirection of travel, additional travel costs, delay of time, and economic impact and development of the area.

The Highway Commission was, and still is, committed to provide the best possible service to the citizens of the area.

The Highway Commission, under threat of this or nothing at all, had to accept $1,422,000 payment for damages sustained by the Norfork Dam in late February of 1943.

Water gates were closed at the dam in June. The bridge over the Norfork River on U.S. 62, and other sections of U.S. Highway 62 and State Highway 101 were inundated in September of 1943, and continuous ferry service necessitated.

It is quite clear that under the demands of World War II, several arbitrary decisions concerning this project were made at the expense of our local citizens, the highway user, and the Highway Commission, who have yet to be fully compensated for these demands.

After the war, the Highway Department prepared additional estimates for correcting the problem. The monetary compensation to the State, which was a prewar determination, was only about half enough to finance a proposed relocation, since prices had doubled for construction work and because of the development that had occurred in the vicinity of the ferry landings and along Highway Nos. U.S. 62 and S.H. 101.

Indeed, the escrow amount was too little to construct a bridge or relocate routes after the critical material ban was lifted and ferry services have continued on U.S. Highway 62 and State Highway 101 to this date.

Because the lake is a major traffic generator, the Highway Department has been forced into an increase maintenance budget in order to provide the same level of service that existed some 25-30 years ago. Commercial development and work trips have increased considerably along both routes in the vicinity of the lake.

The feasibility of a toll bridge has been investigated. It was determined that in order for the project to become feasible, a minimum of $1 per passenger vehicle trip would be required.

Since over 75 percent of these trips were determined to be generated locally, it was decide not to place an additional burden on the residents of the Henderson area.

By 1954, the Department's estimate for constructing a bridge at Henderson was $3 million, and in 1968, $11,300,000. This has continually increased due to construction and inflation costs, until our latest estimate is $14,407,000 for 1973.

Referring to our graph, gentlemen, you will notice that our situation can easily be depicted in this reverse funnel effect. The blue line represents the cumulative ferry operating costs. The orange line represents the increased construction and inflationary costs for the bridge.

Your special attention is invited to the amount of compensation as related to the total cost now involved.

A recent cost analysis conducted by our planning personnel indicated that there is a benefit/cost ratio of 1.2 for justification of a bridge in lieu of the existing ferry operation.

This study was conducted on the basis of our latest cost estimate and clearly shows that there will be sufficient road-user benefits to justify the needed expenditure.

When comparing a circuitous route that would cross over the Norfork Lake Dam, we found that the travel time between the common termini to be virtually the same.

However, the road-user would operate his vehicle over an additional 15 miles of highways that would be constructed with a lesser design standard.

The development of this circuitous route would virtually strand all the commercial and recreational development as has been established in the central lake area.

The Arkansas Highway Department is morally obligated to provide service to this area. Therefore, even if this loop route was constructed, as initially supported by the Corps of Engineers, the continuation of ferry service would be essential, and the demand for bridges over Lake Norfork would continue to grow.

North-central Arkansas is attempting to establish a sound economic base supported by retirement villages and recreational activities.

Federal funding legislation to provide for the construction of the Lake Norfork Bridges will accent this area as the northern gateway to the Blanchard Springs Caverns and will provide continuous highway service in the east-west direction. We solicit your endorsement of our proposal.

In order to permanently document the financial plight of the Norfork Bridge situation, I request that the blue pages titled, "Chronological Review of Fiscal Events Relating to Construction of the Norfork Dam and Reservoir," contained in the request, be included as part of my testimony. (See p. 1408.)

Mr. Chairman, I would like to call your attention to the map of the vicinity. (See p. 1306)

This indicates the problem we have in large detail. We have emphasized Highway 62, because it is the main artery.

We also have Highway 101.

That is 101 coming north to south. It is unbelievable a road of that type without any service bridges.

Senator JORDAN. May I ask you a question, are there two ferries, one one way, and then one the other?

Mr. GOODMAN. That is the point, when we speak of ferry, we are talking about a complex of ferries that connect up to highways.

We have a ferry that goes from 101, which is not as long as the one to 62.

We are talking about two ferries, two highways. Highway 101 had to be completely relocated.

Senator JORDAN. That has to be done?

Mr. GOODMAN. That has been done with some of the money. That was some of the work we did.

Senator JORDAN. Is 62, a dual highway?

Mr. GOODMAN. Yes, sir.

I estimate the cost of the bridge to cross the lake that would serve both highways to be in the range of $14 million.

At the end of that same period, we will have spent a total of $4 million in operating the ferry, so we have spent, had we had the opportunity to build a new bridge, we would have spent $18 million on a facility we should have had many years ago at much less cost.

Senator JORDAN. Is 62 an interstate highway?

Mr. GOODMAN. No, sir. It is a U.S. numbered highway, the only east-west highway that traverses our States in the northern corridor.

Mr. Chairman, I have a report, titled "Chronological Review of Fiscal Events Relating to Construction of Norfolk Dam and Reservoir," and I would like it be made a part of the record.

Senator JORDAN. Without objection, so ordered.

Senator MCCLELLAN. Mr. Chairman, I think perhaps we should emphasize this $4 million that we spent operating the ferry.

It all could have gone toward construction of the bridge.

We have been bearing that burden all of these years, the State has as part of the contribution in this situation.

Mr. GOODMAN. And as the Senator pointed out, the expenditure of money on the ferries is not a satisfactory solution.

The expenditure of the money, we are not giving service that the people can tolerate any longer.

Senator JORDAN. Well, all of the material that you have will be considered by the committee.

Thank you very much.

Before you go, let me ask you, how far is it if you go around, if you did not build the bridge?

Mr. GOODMAN. At least 15 miles, and that does not take into consideration Highway 101 which has been ignored completely.

Senator JORDAN. How high is the dam at Lake Norfolk?

Mr. GOODMAN. I beg your pardon?

Senator JORDAN. How high is the dam that creates this lake?

Mr. GOODMAN. 222 feet above stream.

Senator JORDAN. It is quite a big lake?

Mr. GOODMAN. Yes.

Senator MCCLELLAN. It has about 500 miles of shoreline, as I recall, 510 miles.

Mr. GOODMAN. Mr. Chairman, we agreed to the creation of this lake because in the heat of the war, we were told in no uncertain terms, take it or leave it, even though the people of Arkansas said they did not like it.

In time of war you do a lot of things that in peacetime you might question.

We did not want to be in a position of holding up the war effort or anything like that, so we have tried to manage our own business ever since.

Traffic increase was obvious to us that we could not tolerate ferry service forever.

In order to alleviate this, we had a study, trying to get justification for total service.

We found out that the cost was a $1 toll in those days which the people in Arkansas did not think it was fair upon the commuters to cross that lake who live on one side and work on the other side, therefore, we had not proceeded with the toll bridge.

As a matter of fact, under these conditions, it would not be feasible.

That is all I have, Mr. Chairman.

Senator JORDAN. Thank you very much. I can assure you we will give you full consideration.

Mr. GOODMAN. I would like, with your permission, to file a series of documents for the record.

Senator JORDAN. I am glad to have those.

Senator MCCLELLAN. Mr. Chairman, we do appreciate that.

Senator JORDAN. Without objection, so ordered.

Mr. McCLELLAN. Since that time, Mr. Goodman has passed away, but his testimony is convincing. It is clear, distinct, and understandable. He said, among other things:

By this time—

Referring to 1941—

By this time, we were moving into the World War II period and in conference at Little Rock on August 8, 1942, with representatives of the Corps of Engineers and Public Roads Administration, now FHWA, the Arkansas State Highway Commission agreed to construct a replacement bridge under the

replacement-in-kind provisions of the law at Henderson, with the piers to be constructed within the next 12 months before the pool began to fill and the superstructure to be built when materials became available after the war.

Mr. President, I shall not read further from the statement, but it clearly shows that from the beginning to the end there never was a settlement with respect to this bridge. The hope has always been that the bridge would ultimately be built.

It is clear that the State of Arkansas was inadequately compensated for the loss it endured. Perhaps it is only one of a multitude of inequities which can be attributed to the hectic days of World War II. I think it is only fair that the Federal Government should be required to replace this bridge, whose loss has severely hampered the economic growth and development of the area.

Mr. President, this vital transportation link is sorely needed. Its replacement is essential to the growth of this area, and even more vital to its capacity to serve the number of visitors from outside the State who are increasing yearly.

The new bridge will benefit not only the people of Arkansas, but facilitate the travel of many thousands of American tourists who, each year, come to this scenic section of the Ozark Mountains for their recreation and pleasure.

The day will surely come when this part of the country will be one of our most popular national recreation centers. Included in its attractions are Bull Shoals, Norfork and Beaver Lakes, the Buffalo National River, and the Blanchard Springs Caverns, which are now open to the public.

Mr. President, one of the basic tenets of our legal system is that when one party's actions harm another, that party should be required to restore the other to his original condition. That principle, Mr. President, is what is involved here in the two Arkansas projects found in sections 14 and 15 of S. 2798.

Through direct actions taken by the Federal Government, the State of Arkansas has been harmed. The pending bill would restore it to its original condition.

Mr. President, I have explained here in great detail the reasons why the Federal Government is obligated to provide funds for the two Arkansas projects in this bill. They do not go outside of established policy. They are in keeping not only with national policy and national tradition, but they are also in keeping with the Constitution of the United States. When the Federal Government incurs obligations, it should discharge them.

For these reasons, I urge my colleagues to reject the amendment of the Senator from New York.

One other thing, Mr. President: Arkansas wants to be more than fair. Arkansas is agreeing, and under the terms of section 15 of the pending bill Arkansas is agreeing, to refund the whole $1,342,000 that it received, plus interest compounded since 1943, and let that go toward the payment for this bridge.

We do not want something for nothing. We want the bridge. We had a bridge. It was destroyed. We have not been paid for it. Simple equity and justice demand, even at this late date, after we have operated a ferry at a cost of $4 million over these years, that the Federal Government now meet its obligation and construct this bridge.

I yield to my colleague from Arkansas.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that my prepared statement before the Subcommittee on Flood Control on September 15, 1972, which carries many of the facts about the Norfolk project that my senior colleague has presented, be printed in the RECORD at this point.

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

STATEMENT OF SENATOR J. W. FULBRIGHT BEFORE THE SUBCOMMITTEE OF FLOOD CONTROL—RIVERS AND HARBORS OF SENATE PUBLIC WORKS COMMITTEE ON S. 2881, SEPTEMBER 15, 1972

Mr. Chairman, I appreciate this opportunity to appear before you this morning to present four distinguished Arkansans, who are here to testify in behalf of S. 2881, a bill which Senator McClellan and I introduced last November to provide long overdue and equitable relief to the people of the North Central Area of our State by establishing a permanent fixed crossing in lieu of the ferry service presently used to cross the Norfork Reservoir at Henderson, Arkansas.

This legislation would modify the comprehensive plan for flood control in the White River Basin as authorized by the Flood Control Act of 1938. It would provide for the construction, maintenance, and operation by the Corps of Engineers of a free highway bridge to replace the multiple arch bridge built in 1934 to span the North Fork River on U.S. Highway 62. This later structure was permanently inundated in 1943 as a result of the addition of the hydroelectric power function to the Norfork flood control project.

The cost of constructing the new bridge, estimated at approximately $14,000,000, would be borne by the United States, except that the State of Arkansas would be required to pay as its share of such cost the sum of $1,342,000, plus interest for the period from 1943 to the date of enactment of this legislation.

This sum represents the amount which was paid by the United States to the state in condemnation proceedings which took place in 1943 following the failure of the Corps of Engineers to implement an agreement made in 1942 between them and state officials to replace the bridge.

While the failure to carry out the agreement can certainly be attributed in part to the war effort then in progress, the history of the various negotiations for replacement of the Henderson Bridge clearly demonstrates that the monies awarded and the ferry service substituted were insufficient to ever compensate the people of Arkansas for the loss of the use of that structure.

The ferry service, originally contemplated as an interim measure, has now been in existence for some twenty-nine years at a cost to the State which exceeds $4,000,000. It is totally inadequate to meet the present traffic demands on the U.S. 62-State Highway 101 corridors which are increasing yearly due to the thousands of tourists who visit this area every year. Moreover, it represents a hazard in any situation in which these highways are used for emergency purposes. About four years ago, one death was attributed to the delay occasioned by the ferry crossing of a local resident en route to a hospital for emergency treatment.

Senator McClellan and I have offered this legislation because we feel it is past time to act to correct this expensive, inconvenient, and inequitable situation, and to alleviate the stifling effect on the economic growth of North Central Arkansas which the failure to replace the Henderson Bridge occasioned. A number of studies have shown that construction of this bridge is essential to the orderly development of this region. This is particularly true in view of the development in recent years of the recreational and tourist attractions at Bull Shoals, Norfork and Beaver Lakes, the Buffalo National River, Blanchard Springs Caverns, which will soon be opened in the Ozark National Forest, and the Folk Cultural Center at Mountain View.

Representatives of the Corps of Engineers have testified before your Committee in opposition to this bill on the grounds that the State of Arkansas has "already received the compensation it was legally due." They further stated that they were "unaware of any equitable circumstances which would justify the granting of the extraordinary relief contemplated by the bill."

The testimony you will hear this morning from Arkansas' distinguished governor, Dale Bumpers; from our leading State Highway officials, Mr. Ward Goodman and Mr. John Harsh; and from State Representative Vada Sheid, who represents the concerned area, will, I know, persuade you that the people of Arkansas have never and cannot be adequately compensated for the loss of the Henderson Bridge until the ferry service is replaced by a new bridge.

In direct contrast to the statement of the Corps of Engineers, which to my mind distorts the historical implications of the situation, their testimony will put into perspective the unique combination of circumstances which justifies equitable relief in this case. After hearing these distinguished representatives, I'm sure that you will agree that fairness requires that the Federal Government, through the Corps of Engineers, replace this bridge.

I hope that this Committee will act expeditiously on this legislation which will serve to remove an undue burden from the people of Arkansas.

Mr. FULBRIGHT. I only wish to add, by way of emphasis, that my senior colleague and I introduced a bill, back in 1971 on this matter. The bill was the subject of extensive hearings and was passed overwhelmingly by this body as part of the omnibus rivers and harbors bill that was vetoed by the President.

It seems to me that any reasonable person would agree that it is simple justice to replace, the bridge which was destroyed under the circumstances described in my statement and related again by my colleague today in his remarks. I do not know what motivated the efforts to strike this and the Conway project, and thus delete projects which have been approved, as my distinguished colleague has stated, by the proper committees and on a different occasion by the Senate itself. So again I urge the Senate to reject the amendment.

Mr. GRAVEL. Mr. President, I yield to the Senator from Pennsylvania, who will talk about an emergency problem at Presque Isle.

Mr. SCHWEIKER. Mr. President, I rise in opposition to the amendment of the Senator from New York. The amendment of the Senator from New York would delete from the bill projects which he feels are of benefit only to the community in which the project is based and which has not had adequate congressional consideration. Included in his amendment, and incorrectly so, is section 43, which authorizes the continuation of the Presque Isle Beach erosion project.

Presque Isle and its beaches are not only considered a statewide resource in Pennsylvania, but truly are a national resource as well. About 4 million people enjoy the area annually, a great many of these are from other States, including New York, Ohio, Indiana, and West Virginia.

In fact, if we were to check a radius within 100 miles of the Presque Isle beaches, we would find that the population centers serving those people actually are greater in the States outside Pennsylvania than they are inside Pennsylvania, especially in the Jamestown-Buffalo area of New York State, as well as the Cleveland-Youngstown, Ohio, area. So I think this should not be construed as a local project that benefits only the local residents, when in fact the people come from all across the Great Lakes area.

For many years, attempts have been made to control erosion at these beaches. Such attempts, however, have been ineffective and temporary in nature. Winter storms have taken a heavy toll.

It is essential that steps be taken to provide protection for the peninsula.

Last year I had an opportunity to again tour the Presque Isle area to see first-hand the unfortunate damage done to this valuable area during the severe storms of the last 2 years. My tour impressed upon me more than ever before the necessity of taking positive action to repair the damage done and to prevent future similar devastation. Federal participation in the Presque Isle Beach erosion control project was originally authorized by the 1960 River and Harbor Act—Public Law 86-645—for a period of 10 years. The authority existed from 1961 to May 1971, when it expired.

Since then the legislative authorizations to continue the project have been approved by both chambers of the Congress on several occasions.

In September 1972, the Senate adopted a provision similar to section 43 to protect Presque Isle as part of the conference report on S. 4018, the Flood Control Act of 1972, which was vetoed by the President. In this 93d Congress language identical to section 43 of S. 2798 has already been passed by both the House in H.R. 10203, and the Senate in S. 606.

This Congress has had the opportunity to thoroughly study the merits of the project and has approved it in separate bills. Presque Isle is simply too valuable to the Nation to permit continued erosion and storm damage to take place. Presque Isle is a national resource, and within easy access to people in three States. Because of its location and other unique circumstances, this is one of only a few areas of Lake Erie where people can swim and fish without being concerned about pollution.

Presque Isle is visited by millions of people each year.

We must not let this valuable natural resource of benefit to literally millions of people be eroded and destroyed beyond repair. This project has previously been studied by both the House and Senate Public Works Committees and has been approved by the full House and Senate. Each year that goes by without the implementation of adequate protection for Presque Isle brings us closer to losing permanently one of the Nation's irreplacable natural resources and I urge my colleagues to vote to retain this important project in the bill. This is a conservation project of the first magnitude that serves millions of people across State lines. It is a natural resource available to all who wish to use it.

Mr. JOHNSTON. Mr. President, let me refer to the Lake Pontchartrain hurricane flood protection project, the local share of which was originally projected to be $23 million, but is now up to $88 million, of which $65 million must be, under present law, a lump sum payment.

Literally hundreds of thousands of lives are involved, with the safety of hundreds of thousands of people hinging on the Lake Pontchartrain project. Without this project, if a hurricane were to hit at the proper angle, or from the proper direction, the entire area of New Orleans—with St. Tammany Parish and other parishes, the most heavily populated area of Louisiana—could be liable not only to severe flood but to heavy loss of life as well.

With a view to coping with this problem, with the project 20 percent complete, where the local governments did not have the ability to respond immediately to a $65 million bill, this provision was put in.

Mr. President, this provision does not cost the Federal Government one dime. All it does is to allow the local communities who are going to pay their share of the costs to stretch out their payments over a period of 25 years—and with interest, Mr. President. That is the only thing it does.

But this provision is of critical importance to the project itself, because if the local areas had to put up the $88 million, and right away, we would have no project. There is no more important project, in my judgment, in the entire United States, than the Lake Pontchartrain hurricane-flood protection project. Without it, as I say, hundreds of thousands of people are liable not only to severe flood damage, but to severe loss of life as well.

I submit that to delete this provision from the bill would effectively kill the Lake Pontchartrain project and would do a severe disservice to the people of my State and to the Nation as a whole.

Mr. LONG. Mr. President, I agree with the statement just made by my distinguished colleague from Louisiana, and I join him in sponsoring the bill. As he has so well stated, we are not asking for anything. All we are asking is for more time to put up the contribution of the States to the amount that greatly exceeds what the State was led to believe it would cost.

The Senator is correct that if by holding up this project a hurricane should hit—as Hurricane Betsy did—the entire New Orleans area could be inundated by floods. This type of thing would be a great test in addition to the experience we had with Hurricane Betsy, which this Nation should make every effort to prevent.

So I very much hope that the amendment will not be agreed to and that the judgment of the committee, which I believe was unanimous on this subject, will be adhered to.

Mr. GRAVEL. Mr. President, I believe the case for New Orleans has been very well made by my colleagues. I believe that we have made our case and we are prepared to vote down the amendment.

Mr. BUCKLEY. Mr. President, the statements made by the Senators from Alaska, Arkansas, and Louisiana, have been quite eloquent. Each one of these projects is undoubtedly a good project that will help the people in the affected communities. But I would also confess that I have not been persuaded from the eloquent and able arguments that these projects, nevertheless, fall within the scope of national policy, established by Congress.

I shall not try to rebut each and every argument because it is clear what is at stake. In the case of Conway, Arkansas, it is not a question whether the Federal Government has the responsibility to restore the quality of the water to the condition that existed before the Federal Government undertook this work. I agree that it does. The question is rather, whether one should have the solution advocated by the Corps of Engineers or that advocated by the town of Conway. The difference in the cost to the Federal taxpayers is $6,500,000.

I should like to quote from a letter from Major General Koisch, Corps of Engineers, to the Honorable WILBUR MILLS, dated March 9, 1972:

> The cited effect upon the quality of water at the intake of the Conway municipal system could be most completely eliminated by restoring the prior flushing capability for use when needed. This would involve the construction of a 150,000 g.p.m. pumping plant near the weir to be operated whenever the quality of the stream water becomes objectionable. The initial cost of such pumping plant is currently estimated at $912,000, and the capitalized cost of plant operation and maintenance is currently estimated at $212,000.

In other words, we are faced with a statement from the Corps of Engineers that it can handle the problem at a cost of approximately $1 million, and payable out of funds that do not need to be in a bill such as this.

I believe that correct legislative procedure ought, at a minimum, to involve the holding of hearings, so that we could determine whether or not the corps proposal would in fact solve Conway's very real problem.

In the matter involving the Norfork bridge, I should like to read from page 1265 of the Senate hearing record. This is summarizing the litigation that took place 30 years ago between the United States and the State of Arkansas.

> On November 1, 1944, the United States of America filed a motion requesting the Court to enter judgment that no compensation was due the State of Arkansas or the Highway Department for the taking of the lands. Although this motion was overruled on September 15, 1945, it is apparent that it caused great consternation in the Highway Department. Within three months after the overruling of the motion stipulations were entered into and filed with the Court. The stipulations basically provided that the Highway Department was entitled to $1,342,000.00 for the substitute highways taking into consideration the use of the dam as a roadway and that the Court would determine whether or not the Highway Department was entitled to compensation for providing temporary

ferry service and if so that the Highway Department was entitled to the sum of $80,000.00.

From that statement, part of a brief filed by the State, it appears to be clear that this matter was litigated, that a sum was agreed upon that would make the State whole, and that that sum was in fact paid to the State of Arkansas.

Under the circumstances, it appears to me that what concerns us here is not making restitution, but reopening a lawsuit.

In the case of Presque Isle, referred to by the Senator from Pennsylvania, I agree that this is a very valuable recreational area. I agree that it is one that is of tremendous value to people over a very wide range. Nevertheless, there was an agreement between the Federal Government and the State itself providing for 10 years of Federal funding.

What we are seeing, in other words, in this bill is renegotiations on an ad hoc basis, outside the practices established and applicable across the country.

With respect to the Senator from Louisiana, he complains, that inflation has caused the original estimates for the project to go way out of sight. If this is in fact a basis for legislative relief, then let us pass a law that allows every community in this country to renegotiate on an equivalent project to offset the cost of inflation.

Second, I point out, as he pointed out, that one of the reasons why the community finds itself in such dire straits is that the voters voted down a bond issue which would have provided the necessary funds to meet the obligations undertaken by the community. If this were to set a precedent for Federal relief, then it seems to me that no bond issue anywhere in this country would ever be voted, because Uncle Sam would later step in and pick up the tab.

Mr. President, I shall not go beyond this. We have had a chance to exchange our views on this matter, and I am prepared to have the amendment come to a vote.

BUCKLEY PROJECT DELETION AMENDMENT

Mr. BAKER. Mr. President, I applaud the efforts of the junior Senator from New York to improve the quality of the Flood Control Act of 1974. I feel that his contribution on this legislation, as on many of the other measures which have come before the Public Works Committee, has improved the bill and enhanced committee consideration both of the projects authorized and the policies upon which those authorizations are based.

The issues raised by the present amendment of the Senator from New York go to the very heart of the water resources program, for even though he seeks only to delete several specific projects from this bill, the debate upon the measure now on the floor and upon similar measures in the Public Works Committee's executive sessions clearly indicates that there is great concern over the policies which form the basis for legislative authorization of water resources projects. In many regards these policies are outmoded or ambiguous at best. And without clear guidelines political pressures to respond in specific cases to special interests are difficult to confront.

However, we have now been since 1970 without omnibus authorization for the Corps of Engineers water resources program. Many of the projects contained in S. 2798 have been delayed for over two years in the legislative process. We are faced with the dilemma of either further delaying these many important projects or seeking to determine on an ad hoc project by project basis which projects do not meet these ambiguous standards or offend some subjective standard extrapolated from inadequate past policies.

I do not feel that it might be wise to pursue either course and thus with great regret I must oppose the amendment of the Senator from New York.

In so stating, however, I pledge to the Senator that I will do everything in my power to commit the Senate Public Works Committee to an immediate and thorough review of the policies upon which water resources project authorizations are based. There is a great need to develop specific guidelines for both the administrative and legislative process by which these projects are authorized—including requirements for cost-benefit analysis and administrative review.

We have begun this effort with the modification of the capitalization rate by which future benefits for the benefit/cost ratios of water resources projects are measured. And we can derive assistance in the task from the efforts of the National Water Commission which recently released its report "Water Policies for the Future." I am sure that we can evolve a clear and sound policy upon which water resources authorizations can be based prior to action upon future flood control legislation.

BUCKLEY AMENDMENTS SHOULD BE DEFEATED

Mr. RANDOLPH. Mr. President, I have genuine respect for the Senator from New York (Mr. BUCKLEY), as a man of integrity and as a knowledgeable member of the Committee on Public Works. He has made many valuable contributions to our work during as a member of the committee.

I support his right to challenge the inclusion of a water resource project in legislation developed in our committee or during its consideration in the Senate. That is why we have rollcall votes in this body and why they are not always unanimous.

I do not argue with Senator BUCKLEY's action in moving to delete certain sections from this bill, but I take issue with his reasons.

Mr. President, this issue is one which was discussed extensively in both the Subcommittee on Water Resources and in the full Committee on Public Works. During these meetings, Senator BUCKLEY proposed the removal of several projects from the bill, including those located in his own State. There were occasions when the subcommittee or the committee agree with him, and projects were removed, including some in the State of New York.

Senator BUCKLEY contends that some water resource projects have not been properly justified. He believes that they are included in the bill because of the political influence of congressional sponsors. In short, he believes them to be "pork," and has used that descriptive term.

I have for years objected to describing public works activities as "pork" or "pork barrel." These are scare terms that invoke images of political conniving to secure the construction of projects that are otherwise not merited.

If political pressures were the source of public works projects in the past, it is certainly not true today and has not been during my tenure in the Senate. There exist today complex and highly sophisticated procedures for determining the need for projects. The desirablity of water resource projects is widespread—a point conceded by my friend from New York. It is essential, therefore, that each proposal be evaluated on its merits with respect to feasibility and the availability of necessary funding.

The civil works activities of the Corps of Engineers do not consist of a series of isolated projects. We have in this country a widespread and interrelated program of water resource develop. Each project must fit into the pattern.

Senator BUCKLEY knows this procedure as do all members of this body. He objects, however, that some projects have not met certain tests or do not conform to national policy.

Mr. President, I suggest that national policy is to provide protection from floods, water supplies and other benefits from water resource projects where they are needed—regardless of their standing on some mathematical scale.

The rigid adherence to bureaucratic formulas, which the Senator from New York apparently prefers, is part of the reason why government in general is in such disrepute today. We are accused of insensitivity to the needs of people, being interested instead in the mechanics of government.

I do not believe, of course, that government should wildly agree to every proposal made to it. We are the elected representatives, and I believe our mandates from the voters carry with them reliance on our judgment.

There are occasions when we must authorize a public projects that we know to be for the best interests of our people, projects that we as individuals and as a committee have investigated carefully and have been convinced of their worth.

In my opening remarks on this bill, I commented on the nationwide nature of our water resources development program. Many projects—large and small—have been completed over the years and are returning our investments in them many times over.

We have only to look at the severe flooding in the Mississippi River valley last spring and summer to understand the essential nature of this program. The latest estimates by the Corps of Engineers place damage from that flooding at over $1 billion. That is a huge figure, but it is substantially less than the $14.1 billion in damages that were prevented by the projects already completed.

I also referred to recent flooding in my

home State. It was not confined alone to West Virginia, but was widespread throughout that section of the United States. I have received reports showing $34.6 million damage inflicted by the flooding in that region—one-third of what would have occurred without existing protection facilities.

Mr. President, I agree that we must give careful scrutiny to all proposals for water resource projects. This is done regularly by the Congress and the executive agencies concerned.

The Senator from New York raises objections to proposed projects. I wish he would confine his questions to the individual projects rather than to cast doubt on the water resource program.

Mr. ROBERT C. BYRD. Mr. President, I oppose the amendment of the Senator from New York (Mr. BUCKLEY) which would strike section 23 and several other important sections from S. 2798, the Water Resources Development Act of 1973. Section 23 authorizes flood control work for the entire area of the Tug Fork Valley in West Virginia.

I am very familiar with section 23, since I have been working to obtain this sorely needed flood control program for this tragically flood-prone area of West Virginia for a major portion of my congressional career. I think it should have been accomplished years ago.

Earlier this year, on January 11, 1974, the Tug Fork Valley was again inundated with severe and disastrous flooding, which resulted in destruction to many homes and businesses; forced the evacuation of many families to higher ground; and resulted in a shutdown of inundated coal-mines and related industries. The Office of the District Engineer in Huntington was contacted this morning, and I was informed that the damages this year will probably exceed $2 million. This area of West Virginia has been consistently plagued with severe floods. In 1957, it suffered $3,097,000 in damages; in 1963, it was hit by flooding which caused $3,059,000 in damages; and in 1967, the area suffered $1,699,400 in damages. This area suffers annual damages of approximately $600,000.

The flooding in the Tug Fork Valley definitely has not merely a local but a heavy national impact in that this area contains approximately 10 percent of the Nation's bituminous coal reserves. Each time this traumatic flooding occurs, it forces a shutdown of the coal mines and the related industries, which in turn causes unemployment, since 40 percent of the workers in this area are employed in the mining industry, or in the railroad industry which exists in Tug Fork Valley only to haul out the mined coal.

Since economic diversification is virtually impossible, the entire Tug Fork area suffers from a chronically depressed economic condition because of the frequency of the flooding. In addition, the total drain in human vitality and the acuteness of human misery are not quantifiable in dollars and cents.

Two years ago, I offered an amendment adding $150,000 to H.R. 17034, the fiscal year 1972 supplemental appropriations bill, to enable the Corps of Engineers to immediately begin developing a comprehensive flood control program for the Tug Fork Valley. My amendment was adopted, but the House conferees insisted that these funds be contingent upon enactment of authorization. Because the President vetoed the authorization bill last year, those funds were never expended. I did, however, contact the former Secretary of the Army, Mr. Kenneth Belieu, to request that these funds be held in reserve pending enactment of new authorization, and he acceded to that request. Therefore, those funds could be made available immediately if this bill becomes law.

The facts in this case overwhelmingly support the need and the justification for providing this desperately needed flood control work for the Tug Fork Valley, and I want to do everything possible to see that it is accomplished. Therefore, Mr. President, I oppose the Buckley amendment, and I urge its defeat.

The PRESIDING OFFICER. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Alabama (Mr. SPARKMAN), the Senator from California (Mr. TUNNEY), and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Arizona (Mr. FANNIN), and the Senator from Wyoming (Mr. HANSEN) are absent on official business.

I also announce that the Senator from Vermont (Mr. AIKEN), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from North Carolina (Mr. HELMS), and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that the Senator from Alaska (Mr. STEVENS) is absent to attend the funeral of former Senator Fred A. Seaton.

The result was announced—yeas 9, nays 71, as follows:

[No. 4 Leg.]

YEAS—9

Brock	Domenici	Roth
Buckley	Goldwater	Scott, William L.
Byrd, Harry F., Jr.	Nelson	
	Proxmire	

NAYS—71

Abourezk	Brooke	Dominick
Allen	Burdick	Eastland
Baker	Byrd, Robert C.	Ervin
Beall	Case	Fong
Bellmon	Chiles	Fulbright
Bennett	Church	Gravel
Bentsen	Clark	Griffin
Bible	Cook	Gurney
Biden	Cranston	Hart
Haskell	McClellan	Randolph
Hatfield	McClure	Ribicoff
Hathaway	McGee	Schweiker
Hruska	McGovern	Scott, Hugh
Huddleston	Metcalf	Stennis
Hughes	Metzenbaum	Stevenson
Inouye	Mondale	Symington
Jackson	Montoya	Taft
Javits	Moss	Talmadge
Johnston	Nunn	Thurmond
Kennedy	Packwood	Tower
Long	Pastore	Weicker
Magnuson	Pearson	Williams
Mansfield	Pell	Young
Mathias	Percy	

NOT VOTING—20

Aiken	Eagleton	McIntyre
Bartlett	Fannin	Muskie
Bayh	Hansen	Sparkman
Cannon	Hartke	Stafford
Cotton	Helms	Stevens
Curtis	Hollings	Tunney
Dole	Humphrey	

So Mr. BUCKLEY's amendment was rejected.

Mr. RANDOLPH. Mr. President, I move to reconsider the vote by which the amendments were defeated.

Mr. GRAVEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ERVIN. Mr. President, on behalf of myself and my distinguished colleague (Mr. HELMS), I call up my amendment No. 896 and ask that it be stated by the clerk.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. ERVIN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ERVIN. Mr. President, I ask unanimous consent that the amendment be printed in full at this point in the RECORD for the information of the Senate.

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

Amendment No. 896 is as follows:

SEC. . The Secretary of the Army, acting through the Chief of Engineers, is authorized to make a detailed study and report of such plans as he may deem feasible and appropriate for the use of the New River from the headwaters of its South and North Forks to the town of Fries, Virginia. Such study and report shall include the recreational, conservation, and preservation uses of such area. The Secretary, acting through the Chief of Engineers, shall consult with the Bureau of Outdoor Recreation, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency. Notwithstanding any other provision of law, no Federal agency or entity shall license or otherwise give permission under any Act of the Congress to the construction of any dam or reservoir on or directly affecting the New River from the headwaters of its South and North Forks to the town of Fries, Virginia, until two years after the report authorized by this section has been submitted to the Congress.

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

Mr. ERVIN. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be 1 hour on the pending amendment, the time to be equally divided between the manager of the bill and the sponsor of the amendment, the distinguished Senator from North Carolina, and the time to begin running at 11 o'clock tomorrow morning.

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

THE BLUE RIDGE PROJECT

Mr. HARRY F. BYRD, JR. subsequently said: Mr. President, I have no desire to get into a controversy with the two distinguished and able Senators from North Carolina. I do feel, however, that there are certain facts in regard to the amendment offered by the Senators from North Carolina that should be made available to the Senate.

The project which the pending amendment would deal with it the so-called Blue Ridge project. The Blue Ridge project is a hydroelectric pumping and storage project. The project is to be located on the New River in Virignia with reservoirs extending into North Carolina. Two-thirds of the land involved is in Virginia and the remaining one-third is in North Carolina. The proposed project goes back to 1962. At that time the preliminary permit application was filed with the Federal Power Commission. The Federal Power Commission has not yet rendered its opinion as to whether a license would be granted.

The "Dear Colleague" letter which was placed on the desk of each Senator signed by the distinguished Senator from North Carolina (Mr. ERVIN) states:

The Federal Power Commission will most probably issue a license for the project in the immediate future.

The purpose of the amendment offered by the Senators from North Carolina today would be to make it impossible for the Federal Power Commission to approve this project if it concludes it wishes to do so. It seems to me that this is a matter that should be handled and the decision made by the Federal Power Commission.

There is nothing in the bill dealing with the Blue Ridge project; there are no Federal funds involved. It is a private power company project. The power company desires to build this hydroelectric plant and its pumping stations will be in Virginia. They desire to build that plant because they need, they claim, more energy resources, and the Federal Power Commission must rule on that.

I do not feel it is wise for the Senate to come along and say that we will not permit the people to have more power facilities and more energy resources, even though a private company wants to make available to the public additional resources.

I point out that both Senators from North Carolina took this question to the Committee on Public Works and the subcommittee of the Committee on Public Works. The subcommittee of the Committee on Public Works voted against this proposal and the full committee, I am informed, voted unanimously in opposition to the proposal offered by the Senator from North Carolina.

I state again that the bill which is now before the Senate does not deal with the Blue Ridge project, but the amendment offered by the Senator from North Carolina, if adopted, would have the Senate go on record as opposing this project and make it impossible to go through with it until an engineers study has been made.

It is a private proposition. There are no Federal funds involved. I emphasize again that the pumping stations will be in Virginia. It is basically, a Virginia project. Two-thirds of the land involved will be in Virginia. There is a spillover into North Carolina and one-third of the land will be in that State.

I have no desire to get into a controversy with my two close friends and neighbors from the neighboring State of North Carolina, but I think it is important that the Senate have the background on this project. I state again that there are no Federal funds involved. It seems to me that if the amendment offered by the Senator from North Carolina is agreed to, we would be completely going against not only the unanimous vote of the Commission on Public Works but also we would be taking away from the Federal Power Commission the right to make this decision as to whether we need additional hydroelectric facilities in Virginia which, in turn, would supply many of the neighboring States.

I urge Members of the Senate to look carefully at the amendment which will be pending and voted on tomorrow.

ORDER OF BUSINESS

Mr. JACKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JACKSON. Do I understand the pending bill will be put aside temporarily until tomorrow?

The PRESIDING OFFICER. The Chair has no knowledge of such an agreement.

Mr. ROBERT C. BYRD. Mr. President, there has been no agreement to that; the agreement was to the effect that the pending amendment which has been laid before the Senate by Mr. ERVIN would have 1 hour on it, to begin running tomorrow morning at the hour of 11 o'clock.

Mr. JACKSON. Mr. President, I ask if it would not be in order, it being a privileged matter, to call up the conference report on S. 2589, the energy emergency bill. I shall make a brief statement, then I understand the distinguished Senator from Louisiana will make a statement, and then the matter would go over until tomorrow or until after the public works bill has been acted on.

The PRESIDING OFFICER. A conference report is a privileged matter.

ORDER FOR ADJOURNMENT TO 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if the distinguished Senator will yield, I shall put this in the form of a unanimous consent request:

I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10:30 a.m. tomorrow.

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

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow, under the standing order, there be a period for the transaction of routine morning business, not to extend beyond the hour of 11 o'clock a.m., with statements limited therein to 3 minutes.

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

ORDER FOR RESUMPTION OF CONSIDERATION OF ENERGY EMERGENCY CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on the disposition of the pending bill, the Senate resume consideration of the conference report which will be called up by the distinguished Senator from Washington (Mr. JACKSON).

Does that meet the Senator's approval?

Mr. JACKSON. Mr. President, I ask unanimous consent that the conference report may be in order at this time and that the Senator from Washington be recognized briefly, and then the senior Senator from Louisiana be recognized, and that the matter of the conference report then come up after the disposition of the public works bill, whenever that is.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me briefly?

Mr. JACKSON. I yield.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, if it meets with the approval of the distinguished manager of the conference report and the distinguished manager of the bill, I ask unanimous consent that further action on the pending bill be delayed until tomorrow, beginning at 11 o'clock a.m. I think it would be safe to say that there will be no additional rollcall votes today. I assume the distinguished Senator from Washington does not expect a rollcall vote on the conference report today.

Mr. JACKSON. The Senator is correct, and I do not expect one on tomorrow. Based on hearsay information circulating in the Senate, there may be some discussion on the report.

Mr. CASE. Mr. President, the Senator does not mean on this bill?

Mr. JACKSON. No; only on the conference report on the energy bill.

Mr. ROBERT C. BYRD. Mr. President, there will be no further rollcall votes today.

The Senate will meet at 10:30 a.m. tomorrow. At 11 a.m. the Senate will resume consideration of the Public Works bill. The pending question at that time will be on the consideration of the amendment by Mr. ERVIN, on which there is a 1-hour limitation, to be equally

divided between the distinguished manager of the bill and the distinguished Senator from North Carolina. There will be a vote on the Ervin amendment at about 12 noon tomorrow, and the Senate will then continue to consider the Public Works bill. Votes are expected on amendments and also on final passage.

Upon the disposition of the Public Works bill, the Senate will resume consideration of the conference report.

NATIONAL ENERGY EMERGENCY ACT OF 1973—CONFERENCE REPORT

Mr. JACKSON. Mr. President, I submit a report of the committee of conference on S. 2589, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2589) to authorize and direct the President and State and local governments to develop contingency plans for reducing petroleum consumption, and assuring the continuation of vital public services in the event of emergency fuel shortages or severe dislocations in the Nation's fuel distribution system, and for other purposes, having met, after full and free conference, have agreed to recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The text of the conference report is printed in the Senate proceedings of the CONGRESSIONAL RECORD of Dec. 21, 1973, at pp. 43132–43159.)

Mr. JACKSON. Mr. President, when the first session of Congress adjourned 1 month ago on December 21, 1973, one major item of legislative business was left unfinished.

After weeks of intensive effort by both bodies of Congress on S. 2589, the Energy Emergency Act, the Senate was prevented from voting on the conference report before adjournment.

The White House, working with the oil industry, was able to prevent a vote on this measure because they opposed provisions of the bill which would (first, eliminate windfall profits for oil corporations in this time of soaring prices, and second, require disclosure of reserves, production and processing data, to assure greater corporate responsiveness and accountability.

The administration also objected strenuously to a third provision in the emergency bill which allowed congressional oversight and veto powers over energy conservation measures proposed by the executive branch. Such a function is absolutely essential, however, in order to assure responsiveness to constituent needs, and to preclude any unreasonable demands on the American people.

Mr. President, this measure is urgently needed now to provide the administration with interim authorization for measures which they would like to implement but cannot enforce. This measure is needed to provide a statutory basis for the conservation measures which must be implemented if the Nation is to live within its energy means.

Under present authority, the administration cannot impose rationing, cannot enforce compliance with energy conservation measures, cannot require disclosure of industry data vital to energy policy formulation, cannot alter Federal tax policy to eliminate unfair tax preferences for energy producers. Yet, the executive branch has expressed a need for each of these powers.

While the administration is currently urging voluntary energy conservation measures, it has no authority to enforce such measures. For example, throughout the past month the administration's estimate of the probability of rationing has been plus or minus 50 percent. Without enactment of the pending legislation, no rationing contingency plan could be implemented—no matter how urgent the need.

Similarly, the greatest impediment to the effective management of current fuel shortages by the Federal Energy Office and other Government agencies is a paucity of reliable and timely information on the nature, impact and severity of those shortages. More significantly, the superb spirit of cooperation demonstrated by the people of this Nation in complying with voluntary energy conservation programs is dependent on public trust and confidence in the information given them by their elected leaders.

Both Mr. Simon and the President have publicly acknowledged the necessity for provision by the oil industry of a "full and constant accounting of inventories—production—costs, and reserves." Yet, the Federal Energy Office does not have sufficient authority to require full disclosure on the part of energy corporations. The Energy Emergency Act contains the authority necessary to permit the administration to obtain the information required to develop and implement those programs needed to meet the challenge of the energy shortage. Of equal importance is the requirement that data on the Nation's energy reserves and production be published in the Federal Register for the information of the public.

Furthermore, as the President noted in his radio address to the Nation on Saturday, we should—

Prevent the big oil companies and other major energy producers from making an unconscionable profit out of this crisis. Too many Americans have sacrificed too much to allow that to happen.

I strongly support the President in that view, as I am sure do all of my colleagues. The conference report represents a first step toward that end.

Mr. President, I would not suggest that this conference report is flawless. Our own bill in the Senate was not; neither was that of the House. However, in my view, the Nation has never before been confronted by a peacetime crisis of the current magnitude. We are faced with problems which reach far beyond simple questions of personal inconveniences due to lowered thermostats or waits at the gas pump. For example, recent energy price increases will likely have a drastic effect on the economy as a whole, on industry, and on the life styles of the people of this country. Similarly, worldwide petroleum shortages and sharply rising prices will affect this country's foreign trade, balance of payments, and relations with both traditional allies and potential adversaries.

We could choose to be hesitant, to await the passage of needed legislation until we have answers to a near-endless list of questions arising from the current crisis. The preferable alternative, however, is resolute action by the adoption of the conference report now before us. Further legislation will be called for in any event to perfect the principles of this bill, and at the appropriate time, I will support those proposals for change which are shown to be warranted.

I would suggest to my colleagues that the Energy Emergency Act is a worthwhile product of the democratic political process, the essence of which is compromise. It represents the best efforts of the Senate and House to act in the interests of the country as a whole in the light of the best information available at this time. I have no doubt that one or more of its provisions will, of necessity, be expanded or deleted or significantly modified by the Congress in the months to come in the light of additional experience, new information, and simple trial and error. However, we must act now to provide the executive branch with the means to take needed actions in the country's interest. For that reason, I urge my colleagues to vote in favor of the conference report.

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

Mr. JACKSON. I yield.

Mr. RANDOLPH. Mr. President, the chairman of the conference committee is a very knowledgeable Senator on this matter. Those of us who served on the conference committee recognize that certainly the resolution of many differences of opinion are contained in the conference report. Naturally, there is not 100 percent personal acceptance of every compromise by each conferee. There seldom is.

The able chairman of the committee indicated just now exactly what would be done in the form of legislation. But he is not adamant on that. Is that correct?

Mr. JACKSON. The Senator is correct.

Mr. RANDOLPH. Mr. President, I have felt that there is flexibility, and that there is an umbrella under which we can work. Certainly, the Congress is desirous of reflecting responsibility to our constituents in this matter. I make this suggestion, which I think is very important:

I was a Member of the House of Representatives during the first 100 days of the first administration of President Franklin D. Roosevelt. I am the only Member of this body who served in the House during that period. I think it will be remembered that what we did under the impact of a depression in those first 100 days constitutes the response of Congress to a commitment that the people expect us to discharge. Excessive hurry-

ing and unreasonableness with respect to any subject is not to be desired. But I feel that, within the next 30 days Congress—the Senate and the House—should place upon the desk of the President an energy emergency measure that will be responsive to the needs of the American people and will permit us to meet in part, at least, the challenge of combating a crisis which, in my opinion, is very real. We must act in a well-reasoned manner and as expeditiously as would be consistent with reaching sound solutions.

Yet, we must realize that the Congress is clearly faced with a difficult and complex problem as it examines the various interpretations of windfall or excessive profits. But, as we begin the second session, it is essential that we come to grips with this issue based on the most accurate knowledge of the facts that we can attain.

This Senator, the able chairman of the Finance Committee (Mr. LONG), and all Members of this body desire equity in the development of an excess profits tax. The differences mostly arise over where equity starts and stops. We all recognize the importance of generating sufficient capital to assure the necessary new energy supplies to meet our country's future energy requirements. There is no question but that this will require huge investments if industry is to produce and market the necessary energy supplies within the next few years.

Therefore, I am convinced that any excess profits should be dedicated to the development of new energy sources. These moneys can and must be utilized for oil and gas exploration and for research and development programs. Moreover, as I stressed during the conference on the Energy Emergency Act, the Congress also must give careful consideration to the validity of an excess profits tax to be levied not alone on energy companies but across the board on all industries.

I thank the Senator from Washington for yielding to me.

Mr. JACKSON. Mr. President, I shall respond briefly. I wish, first of all, to express my gratitude to the able Senator from West Virginia (Mr. RANDOLPH) for his invaluable participation in the long-drawn-out conference with the House. Also in the Chamber is the able senior Senator from Nevada (Mr. BIBLE), who likewise played a yeoman role in connection with the time that went into that effort. I think those Senators would agree that we did everything we could to bring about a rational agreement between the House and the Senate.

I point out, further, that in the closing days of the session, in December, we modified the bill, sent it to the House, and the House overwhelmingly rejected it. It was the conference report minus the so-called renegotiation authority. I want to make that point, so that Senators will understand that we have tried an alternate course, and the House has rejected it.

I believe we now have a responsibility to vote the conference report up or down; and I would hope that the Senate will take such action without delay. This is an emergency. This report provides the authority that is needed, and I believe the time to act is now.

Mr. LONG. Mr. President, during the adjournment I sent a newsletter to the State of Louisiana. It pretty well spells out my view about the energy crisis. I should like to read one paragraph from it.

> We should not allow energy companies to take unfair advantage of the current crisis to make excessive or "windfall" profits. Whether this should be prohibited by excess-profits taxes or by a stiff requirement that any such profits be reinvested in energy production, or a combination of both, is a subject being carefully studied by the Senate Finance Committee, of which I am chairman. A tax on windfall profits can be drafted in such a way so we will get more energy. It should not be done in a manner that denies us more fuel.

In my judgment, this bill, containing the so-called windfall tax, was hastily drafted. It meets the requirements of hysteria and public misunderstanding and would provide the country with less energy, rather than more. I do not think we ought to make appeals to public misunderstanding. We should pass a measure that will help to get more energy for the Nation and to achieve distributions that will be sound.

Let me show how completely idiotic one aspect of the bill is. It proposes to require 100-percent renegotiation and payback of any profit that a producer makes which exceeds a certain limit. Let me read this:

> The greater of—
>
> (A) the average profit obtained by sellers of energy products during the calendar years 1967 through 1971—

Which was a depressed period, by the way—

> Or (B) the average profit obtained by the particular seller or energy products during such calendar years.

If I read that correctly, let me tell the Senate how it would affect a particular case I have in mind. Suppose a producer in Louisiana has one oil well, and now he has it within his power to drill a second one. If the first oil well is producing 100 barrels a day, and he drills a second one, a good well producing 100 barrels a day, he may well have to give back every nickel he makes off the second well.

In my judgment, Mr. President, no responsible legislator should vote for a provision which might require a man to give up every single penny he makes by doubling his production. One would think a man should not only be permitted but should be specifically encouraged to produce more energy for the benefit of the Nation and make a profit out of doing it.

It has been proposed by the President of the United States that a properly conceived windfall tax should contain a plow-back proposal, so that if a man makes twice as much money and spends the additional amount in drilling and finding more energy, or in building refineries or pipe lines to get it to the market, he would be permitted to pay the same tax that he paid previously if he invested all of the new earnings in producing more energy.

We already have various price control laws, and the President has all the power he needs to control the price of oil and gas at the well or at the pump. There is no need of any laws in that respect; they can control it at whatever price they think it should be.

If a man, selling at the price the law permits him to sell, provides more energy, there ought to be some incentive somewhere for him to do that, and where is it? It is certainly not contained in the Staggers proposal. That proposal, contained in the conference report, would in many cases destroy all incentive to provide more energy.

Mr. President, that is absolutely ridiculous, in my judgment. Furthermore, it cannot be administered, I think, under any fair standards. The only argument for it that I know of is that this is such a bad law that Congress will be forced to change it. It is argued by some that Congress will have an opportunity to vote for some other excess profits or windfall profits tax, because it will of necessity have to repeal this one.

This is such a bad proposal that this legislative baby has already been abandoned by its own papa. The chairman of the House committee, Mr. STAGGERS, after he saw that the Senate would not accept this proposal, at some hour after midnight the day we adjourned, proceeded to offer a new version of an excess profits tax.

That second proposal would have permitted the Attorney General to decide how much money everybody should make, and any amount over the amount that the Attorney General decided would be taken away from the taxpayer on a 100 percent basis. This new proposal equally as unworkable as the one now in the conference report and the fact that one like that would be offered was an admission that the present one is not any good that the chairman of the House committee showed he was flexible and was willing to consider a new substitute, provided it was his own, for what everybody now agrees should not become law. Even though it is his own baby, he has abandoned it, notwithstanding that we are told that it is this or nothing.

Mr. President, I am not persuaded this should be treated as an all-or-nothing-at-all situation. I think there is enough judgment, commonsense, and reason in the Senate to draw a good law, no matter how arbitrary the House of Representatives may be.

I think we should reason together, and explain that we do want to pass an excess profits tax law. I shall vote for one, provided it is one that will get us more energy rather than less. Chairman MILLS of the Ways and Means Committee tells me today that he is announcing hearings in the House Ways and Means Committee starting about 10 days from now, just as soon as they can dispose of the pension legislation which we passed and sent to them last year, and that they will propose what they think a proper windfall profits tax law should be.

As far as this Senator is concerned, I am perfectly willing to conduct hearings simultaneously with those of the

Ways and Means Committee. Just as fast as a witness testifies there, if we want that witness, he can testify here. I do not think it would be appropriate to try to move ahead of the House committee, but I do think we ought to at least give this monstrosity, this silly thing, the advantage of intensive hearings. As it now stands, this proposal has not had the light of a single day's hearings, on either House or Senate side.

So I am starting, tomorrow, a hearing to receive testimony from people who have administered the Nation's tax laws, Democrats, and Republicans, to ask them what problems they see in this measure, if we passed this sort of legislative proposal.

I would hope, Mr. President, that the Senate would give us at least 2 days to inform the Senate on the foolishness that we will commit if we pass this measure as it stands at this time, because I think if the Senate allows us 2 days to present that information, it will be persuaded to allow us about 10 more days to present additional information, and if it allows us time to know what we are doing, I do not think the Senate will make that sort of an irresponsible mistake.

Mr. BENTSEN. Mr. President, will the distinguished Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. BENTSEN. I think what we are all trying to achieve by this legislation is an equitable sharing of the burdens in this country. I do not think any of us wants to see any company or individual make windfall profits off the troubles of this Nation. In bringing this about, we ought to try to pass good legislation.

Is this really an emergency piece of legislation, if they say it does not go into effect for a year? It does not go into effect for a full year. The reason, they say that is because they are convinced, too, that it is not good legislation, and they want to give the appropriate committees time to pass on legislation that will achieve the objectives. The appropriate committees in both the Senate and the House have now stated they are ready to conduct these hearings, and they will be expeditious hearings.

Does it make any sense to pass bad legislation to try to bring about good legislation? We are going to bring that about anyway, because there is a sharing of views here, and we understand we should not have windfall profits off the troubles of this Nation and that we ought to share these burdens equitably. But in bringing this to pass, we want to encourage self-sufficiency in energy in this country. And we want to phrase this tax law as to really encourage, yes, even force these companies to drill in this country, to bring in more oil, to help hold down the price of oil, to build the refineries that should have been built and are necessary in this country in order to have the fuel oil and gasoline we need, and hope we are going to be able to avoid rationing.

I believe we can increase productivity if we pass this tax legislation appropriately. I know that any man who stands up from an oil producing State, be it Texas, Louisiana, or to a lesser degree West Virginia, is immediately suspect. They say he is going to speak for the oil industry.

The oil industry is an important industry in my State. It provides hundreds of thousands of jobs, and that concerns me. You bet it does. I want to see it a healthy and viable industry, and it had better be if we are going to be self-sufficient in this country on our energy supplies.

But let me remind Senators that I was a Senator from an oil-producing State who voted for Senator EAGLETON'S amendment for mandatory allocations, to see that there was an equitable distribution of energy supplies in this country. I stood on this floor before the Christmas recess and said we ought to change the leasing agreements offshore. The leasing agreements offshore in this country today provide for 16⅔ percent of the revenues from production going to the U.S. Treasury. I said that is not enough, that we ought to change it to the same kind of agreement these companies have given to 11 other countries in the world, so that when they recover their costs 65 percent of the production goes to the host country and 35 percent of it goes to the company.

I have met a lot of opposition over that, but I think if they can do it for foreign countries, they can offer the same kind of deal to our taxpayers in drilling on public lands for private profit.

What I want to see is equity, and that is what I am striving for in this piece of legislation.

Again, Mr. President, what emergency is there to it if they say it does not go into effect for a year? Why can we not, then, have the time, by orderly procedure in public hearings, so that everyone can be heard, and find out the ultimate effect of this legislation and discover the kind of legislation that will work toward self-sufficiency in energy supplies?

I thank the Senator very much.

Mr. LONG. Mr. President, I thank the Senator from Texas.

Permit me to say that if we are to meet the energy crisis that exists in this Nation both now and for the future, there is going to have to be a huge increase in investments to produce more energy. I have not seen anyone's estimate of that, except the Chase Manhattan Bank's, as they know something about oil, gas, and coal. They should be qualified to speak on the subject, because they loan large amounts of money for those enterprises and they know what it takes for someone to succeeed in that kind of business. They tell me that between now and 1985 we are going to be needing about $500 billion in investments in oil, gas, coal, shale, and atomic power. Most of that will have to be in oil and gas because that is the one the easiset to get at at this moment, based on the present state of the technology. This huge investment will have to be done over a period of the next 12 years if we are going to be able to provide this Nation with its requirements.

Figure it out for yourself, Mr. President. That means that we will need about $40 billion in investments a year in this type of thing.

They further say that it would not be fair to ask a lender to lend all of the $500 billion, but that we should be able to take about half the money out of profits in order to provide that type of effort. That would mean that companies would have to take about $20 billion out of profits to plow back in to match the $20 billion that the banks and lending institutions would be lending for this purpose.

If the energy companies cannot earn $20 billion a year, then the lending institutions think it would be bad business to lend the additional $20 billion a year to match it.

Where is that money going to come from? It will have to come from profits.

But, here we have a law that would not let you make the profits. So this is a law whose impact works directly against solving the energy crisis. This is so because it would not permit private enterprise to earn enough money to pay for its share of the wells and the refineries and the pipelines and the mines that must be developed. It would not permit private industry to earn enough money to pay for the profit share of the investment. It would, therefore, be a bad loan for any banker to lend you the money to try to do the other half on.

What it would mean is that the money would not be available. So, what would the alternative be?

A few—not a majority but a few—would like to nationalize the industry and try to find the money by taxing the eyeballs off the American people to find the money to drill for the oil, to drill for the gas, to mine for the coal to build the atomic plants—or whatever it takes otherwise.

That is a poor way to proceed, in my judgment, to place such a completely irresponsible and unfair tax—such a completely unreasonable tax—on the industry so that the industry could not do what is expected of it, or by rigging the tax laws so that the industry cannot possibly do its job properly. Then the argument would be put forward that we should nationalize the industry because, it is said, it has failed to do the job.

It would be foolish for anyone to do business like that, unless he believes we should socialize everything in this country, or he does not believe in the free enterprise system. I am sure that not a single Senator believes that we should abandon the free enterprise system over this issue.

Mr. President, I ask unanimous consent to have printed in the RECORD a press release which I issued on January 18, 1974, announcing hearings, beginning tomorrow morning, to explore the workability of the tax proposal in the bill before us, the so-called Renegotiated Excess Profits Tax Provisions.

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

CHAIRMAN RUSSELL B. LONG ANNOUNCES HEARING ON PROPOSED WINDFALL PROFITS TAX PROVISION

Honorable Russell B. Long (D., La.), Chairman of the Senate Finance Committee today announced that hearings on a proposed windfall profits tax provision will be held on Tuesday and Wednesday, January 22 and 23, 1974, in Room 2221, Dirksen Senate Office Building, at 10:00 A.M. The hearing will

focus on the provisions of the proposed windfall profits tax set forth below.

The Chairman stated the purpose of this hearing is to assist the Committee in analyzing the feasibility of administering and interpreting the provisions of this proposed tax and to learn whether there are any serious problems of taxpayer compliance under such a proposal.

Particular attention will be devoted to an evaluation of the definition of windfall profits contained in this proposal, which is essentially the same as the definition of windfall profits in S. 2589.

The witnesses who will appear before the Committee have been requested to address themselves to the following points.

1. What problems do you anticipate would arise in the administration of such a "windfall" profits tax, including areas such as development of regulations, rulings, and litigation?

2. Based on enactment of such a tax, what kind of advice would you give energy corporations with respect to the planning of their operations, including proposed capital investments for the purpose of expanding their energy reserves and supplies?

PROPOSED WINDFALL PROFITS TAX

(a) *Imposition of Tax.*—In addition to other taxes imposed by this subtitle, there is hereby imposed a "windfall profits" tax on the taxable income of every energy corporation for each taxable year ending after December 31, 1973. In computing such tax a credit shall be allowed for the taxes imposed on such corporations under section 11 with respect to the income subject to the addition to tax imposed herein.

(b) *Definition of Income Subject to Windfall Profits Tax.*—The addition to tax imposed under subsection (a) shall be equal to 85 percent of the amount by which the profits of any energy corporation for the taxable year derived from the sale of any energy products are determined by the Secretary or his delegate to be in excess of the lesser of—

(1) a reasonable profit with respect to the particular seller as determined by the Secretary or his delegate upon consideration of—

(A) the reasonableness of its costs and profits with particular regard to volume of production;

(B) the net worth, with particular regard to the amount and source of capital employed;

(C) the extent of risk assumed;

(D) the efficiency and productivity, particularly with regard to cost reduction techniques and economics of operation; and

(E) other factors the consideration of which the public interest and fair and equitable dealing may require which may be established and published by the Secretary or his delegate; or

(2) the greater of—

(A) the average profit obtained by sellers of energy products during the calendar years 1967 through 1971; or

(B) the average profit obtained by the particular seller of energy products during such calendar years.

(c) Except as provided in subsection (b), for the purposes of this section, the term "windfall profits" means profit in excess of the average profit obtained by all sellers for such products during the calendar years 1967 through 1971.

A number of witnesses who have been involved in the administration of the tax laws in connection with their positions as high Treasury officials have been invited to appear and comment on this issue. The following witnesses have indicated, on short notice, they will appear *Tuesday, January 22, 1974.*

Mortimer Caplan, former Commissioner of Internal Revenue Service.

Charles W. Davis, former Chief Counsel of Internal Revenue Service.

John E. Nolan, former Assistant Secretary of the Treasury.

Johnnie Walters, former Commissioner of Internal Revenue Service.

Randolph Thrower, former Commissioner of Internal Revenue Service.

Edwin Cohen, former Undersecretary to be read by Joel Barlow.

Jerome Kurtz, former Tax Legislation Counsel.

Wednesday, January 23, 1974:

Honorable William E. Simon, Deputy Secretary of Treasury and Administrator, Federal Energy Office.

Sheldon S. Cohen, former Chief Counsel and former Commissioner, Internal Revenue Service.

Crane Hauser, former Chief Counsel, Internal Revenue Service.

Mitchell Rogovin, former Chief Counsel, Internal Revenue Service.

K. Martin Worthy, former Chief Counsel, Internal Revenue Service.

The Chairman stated: "If, after further consideration, the Senate in its wisdom decides to accord the Committee adequate time, prior to acting on the Conference Report on S. 2589, the Committee will hold broad hearings which will be open to all witnesses desiring to testify on the subject of the windfall profits tax proposal set forth above and on other windfall profits proposals." The Chairman further stated that the witnesses invited to testify at this time were selected solely on the basis of their prior experience in holding high positions in the Treasury Department with responsibility for administration of the tax laws under various Administrations, both Democratic and Republican.

Mr. GRAVEL. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. GRAVEL. Mr. President, I should like to reinforce one of the comments made about the Chase Manhattan Bank. In fact, it was testimony that your subcommittee, Mr. Chairman, heard during hearings in October, a full 30 to 40 days before this monstrosity was hatched. The hearings were to obtain information on how we should handle the problem of excess profits.

As a result of the hearings, the week before we adjourned, the last session, I put in a bill that had a section in it to deal with, in what I thought was a more reasonable fashion, the problem of excess profits. The dilemma is easily faced. We must avoid what usually happens in this type of panic legislation. We must not go in the wrong direction.

The American people can understand that it will take money to solve the problem, that there is no magic to it, that it will not happen automatically. We will not get more oil or any other kind of energy without more money.

As recommended by Winger, the oil companies—if they are to meet their responsibilities in meeting capital requirements, as was just laid out by my colleague from Louisiana—will have to enjoy a minimum of 18 percent profitability.

I find unconscionable that newspapers and organizations inveigh against the oil companies for getting excess profits. There is no question that the oil companies are no better and no worse than any other part of American industry. Most of the oil companies have not seen reasonable profits in the past 15 years. The average profits on oil over the past 15 years have been one point below manufacturing—they have been one point below many of the public newspapers that now inveigh against them for unconscionable profits.

What we need is a device to permit the oil companies to make a decent profit so that they can do the job they are supposed to be doing. If unreasonable profits are being made, we can easily put on a ceiling across the top and say that above that top figure, any amount made must be put back into production, and not tax them at a confiscatory rate. That would be a more reasonable way to do the job of bringing oil energy into this country, as opposed to the approach we see developing. As my colleague has pointed out, we will be designing failure this way. And once the failure is observed, they will point to them and say, "Aha, see? They failed. Therefore we must nationalize them."

Mr. LONG. To point out further how ridiculous this thing is, in Alaska we made one of the largest finds of oil that we know of anywhere in the free world. We are talking about the North Slope of Alaska, of course. Everybody agrees that the big hope of solving our energy crisis is to be able to bring that oil down here through a pipeline. However, it took us 5 years to pass a bill. Despite the best efforts and the great perseverance of the Senators from Alaska and others we finally got the bill through to bring the oil down from Alaska to a seaport from which it could be shipped to the mainland of the United States.

However, in view of the fact that the oil cannot be marketed at this time, practically none of that Alaskan oil is showing any profit. Assuming that the companies who have leases up in Alaka are showing a profit, I construe this bill to say that unless they can find a way to lose money, every nickel they make will have to be given back. So, why should anyone want to drill a well in Alaska if he is, in fact, going to have to give away his product for no profit whatsoever?

I am aware of the situation in Louisiana where there is a wealthy family which owns a lot of private land. There is a huge amount of oil underneath that land. A great many wells could be drilled there and it could be expected that those wells would produce a great deal of oil.

But the way I read this proposed statute, every dollar they made would have to be given back. They would be giving away their return for nothing. So why should they not do what people are expected to do in a free enterprise economy? Simply sit there and wait until this so-called law expires and when the law expires to proceed to drill their wells. Would they not be idiots not to do that?

All the oil down there belongs to that wealthy family, and to the heirs who went before them, so why should they not just sit there and produce only what they are producing now and forego the opportunity to drill for more oil or produce more until this law expires?

Do not think that laws cannot be that stupid. We have had demonstration of things that are just that stupid under existing laws.

I read an article about a situation in Houston in which a producer who is also

a seller of drill pipe was sitting there with enough pipe to drill 300 wells. The Nation desperately needs the production from all 300 wells. We have people who want to drill the 300 wells. But you could not get one link of that pipe. The owners announced that they were not going to sell another link of pipe until next year. Why? Because under the price control laws, they are limited to a certain profit, and they had already made all the profit they would be permitted to make for last year, 1973. They told everybody—and proceeded to carry it out—that they were not going to sell any more pipe until 1974. So the 300 wells simply were not drilled.

That is a duplication of the economic idiocy that caused the producers of poultry last year to drown all the little chicks, because the producers were not going to be permitted to charge enough for the chickens in order to pay for their feed. So they simply destroyed all the chicks.

We have seen too much of that type of foolishness in the past, and we have seen how difficult it is to repeal some of those bad laws or to amend them.

We should prevent the passage of laws that will make the energy crisis worse. I am persuaded as of now—and until somebody convinces me otherwise, I will remain of this opinion—that if we pass this bill as it stands, it is a bill to make it impossible to find the capital to drill the wells to solve the energy crisis.

Until that time, we will be struggling around with choosing between unsatisfactory answers, between rationing and making people line up for six blocks at the filling stations. In either event, it would be an unsatisfactory answer.

In the hope that by bringing out the the facts the Senate will be fully enlightened on this subject, I will try to provide the Senate with enough information it should have to see that the proposal before us is not workable, is not properly drafted, will not achieve its objective, and is self-defeating, if what we want to do is to provide the Nation with more energy.

If one wants to nationalize the entire industry and wants the public go without energy or to have a great deal less, then one might be justified in voting for this conference report. Under the circumstances, I think the Senate would be well advised to take enough time to learn what this proposal is, what it would do, how it would work, and how it would not work.

The Senator from Texas made the point that we are told that this law would not go into effect until January 1975. Mr. President, what that proposal says is that it would go into effect in 1975, retroactive to January 1974. It is as though one said that the law goes into effect now, as of January 1974, because that is what the law is, unless you can find the votes to change it.

Mr. President, at a future point, when, hopefully, more Senators will be present to hear it, I will discuss what I believe to be the unwise features of this measure. Meanwhile, I hope very much that the members of the committee will be present tomorrow, and that anyone else who is interested will be present, to inform himself on this measure, in the hope that the Senate can legislate wisely.

Mr. GRAVEL. I ask the Senator whether, in the course of the hearings tomorrow, he might pose the very simple excess profits tax provision introduced at the last hearing, and solicit opinion from these experts, not only as to the ridiculousness of the present proposal, but also as to the possible acceptability of the other, to demonstrate to the Senate that the Committee on Finance has been pursuing this problem and is prepared to make recommendations to the body as soon as the House has acted, as is proper in this kind of legislation.

Mr. LONG. I suggest that the Senator ask about that. I hope he will be present tomorrow. I know that he will be present if he can be. The Senator had scheduled hearings on this subject already—that is, on the energy problem—and I invite him to ask the witnesses about this matter.

In my judgment, we have this energy crisis because Congress was not wise. The Executive has not been all that wise, either. But Congress had it within its power to prevent this energy crisis. All we had to do was to provide the energy companies with enough incentive so that they would find it more profitable to produce the energy here than somewhere else, and we would have had all the energy we need. But it was not the wisdom of Congress that we ought to do business that way. Thus we saw Congress vote for laws that made it more profitable to produce the oil in the Near East, in Libya, Algeria, even Venezuela, than here, with the result that the domestic industry has been permitted to deteriorate, while foreign countries have been developed with American money.

Even now, a great number of people in industry find it more profitable to invest their money in the North Sea, drilling for oil, than in the United States. When we make it more profitable to drill for and produce fuel here than over there, we will be on our way to solving the problem.

It is unfortunate that the acts of this Congress and of previous Congresses have been such that it has been more profitable to produce the oil abroad than here. So when the foreign countries organize and get together and say, "You are going to have to pay a fantastic price for the oil or you don't get it," that is how it has to be.

Much as I would wish the House Commerce Committee luck, I do not think they have the power to regulate these foreign countries. If they think they have the power, they will find that there is a good Russian fleet in the Indian Ocean that will change their mind.

We will have to rely upon our own industry, and in order to do that, we will have to have the capacity to produce energy. As long as we pass laws that make it more difficult to build an industry in this country to provide our own requirements of fuel, we are going to be at the mercy of the oil countries. That is one of the lessons we learned last year.

Mr. GRAVEL. I placed in the RECORD last December statements made by the Senator from Louisiana, who said the same thing 10 and 15 years ago.

As the Senator realizes, it was not the decision of this Congress to make policy that way—whether it was incentives abroad or by controlling gas—which skewed our entire energy picture.

We have heard a great deal about the conspiracy of the oil companies to create scarcity, to jack up the price. I know of only one group that is categorically holding off the market known quantities of oil so that we could see a depression of price as a result of increased supply, and that group happens to be the Congress of the United States. I can cite no better example than Petroleum Reserve No. 4, where there exists 33 to 100 billion barrels of oil. Yet, we see policy formulated on this floor that puts out a trickle of 7 million, which is a bubble so far as costs in exploration on the North Slope are concerned. Still, even beyond that, we leave it in the hands of the Navy, for some sacrosanct reason, and they sit on a whole pile of oil, which we know exists, which could be drilled, which could be exploited, and which could be placed in the national supply. Then we would have no shortfalls at all today. Yet, they hang onto this oil, under the guise of national defense. We just had a crisis. We were embargoed, and what happened? National defense was served.

The military took all the oil they needed right off the top of the national inventory and left the American people with the remainder. That is as it should be, but it points out the idiocy of holding in reserve crude oil that we know exists, and when the crisis occurs, going to the general supply rather than the special reserve.

So who is the culprit? I say it is Congress and the Navy. I hope the American people will wake up and realize that the oil is there and it is their oil; all they have to do is drill for it. I am talking about hiring the private companies to do it for us. I hope we can bring some intelligence to this matter.

J. MARK TRICE: A LEGEND IN HIS TIME

Mr. GRIFFIN. Mr. President, as Senators may have noticed, the Senate is different in an important respect today as compared to the Senate we left on the last day of the last session. Something is missing—and that something is the quiet presence on the floor of Mark Trice in his customary place as secretary of the minority.

As of the close of business on December 30, 1973, Mark Trice retired after establishing a most remarkable record of service to the Senate and to a legion of Senators over the years. When he cleaned out his desk and went home that day, he had served the Senate for 53 years and 4 months. Few men have served any institution of any government so long—and none more ably and with such complete devotion as Mark Trice has served this Senate.

Mark came to the Senate as a page in 1916 at the age of 14. Subsequently, he became secretary to the Senate sergeant-at-arms and later, as political fortunes dictated, secretary to the minority, secretary to the majority, and then for a

period which was all too brief from a Republican point of view, as secretary of the Senate.

In his earlier years, Mark studied law and was admitted to the District of Columbia Bar. But except for a 3-year period, from 1929 to 1932, when he was in private practice, the Senate has occupied his time and attention year in and year out.

We have become so accustomed to having Mark with us that it is difficult to think of the Senate without him. During his service, we could always count on him being here, giving Senators of both parties the benefit of his vast knowledge of the Senate and its mysterious ways—and doing so with the utmost thoughtfulness and courtesy.

Mark's departure was in keeping with that personal dignity which has marked his long service. On the day after Christmas he came to his office in the Capitol and dictated a letter to the distinguished Senator from New Hampshire (Mr. COTTON), chairman of the Republican conference, announcing his retirement. The letter was a brief but eloquent statement of Mark's feelings with regard to the Senate.

It said:

I hereby submit my resignation as Secretary for the Minority, effective at the close of business December 30, 1973.

After 53 years of service from Page to Secretary of the Senate including other offices held during the intervening years, I have decided that after so many years of enjoyable and delightful relationships to say "good bye."

To each member of our Republican conference I wish health and happiness, continued friendship and political achievement.

Mark telephoned the substance of his letter to Senator COTTON at his home in New Hampshire. Ever thoughtful and mindful that we was an elected official of the Senate, he also dictated a similar letter to Vice President GERALD FORD in his capacity as President of the Senate.

Mark carries into retirement many rich memories of the Senate and his work over a span of more than half a century. I hope he will do some writing in his new-found leisure and share with posterity some of his recollections and experiences during a most interesting and turbulent period in American history.

Mr. President, I take this opportunity to extend to Mark and Mrs. Trice best wishes for many long and rewarding years in retirement.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

ORDER FOR RECOGNITION OF SENATOR PACKWOOD TOMORROW

Mr. ROBERT. C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders have been recognized under the standing order, the distinguished Senator from Oregon (Mr. PACKWOOD) be recognized for not to exceed 15 minutes.

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

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. After which there then be a period for the transaction of routine morning business, not to extend beyond the hour of 11 o'clock a.m., with statements limited therein to 3 minutes.

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

MESSAGE FROM THE HOUSE ON THE DEATH OF REPRESENTATIVE TEAGUE of CALIFORNIA

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. CHARLES M. TEAGUE, late a Representative from the State of California, and transmitted the resolution of the House thereon, which reads as follows:

Resolved, That the House has heard with profound sorrow of the death of the Honorable CHARLES M. TEAGUE, a Representative from the State of California.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now adjourn.

DEATH OF REPRESENTATIVE CHARLES M. TEAGUE OF CALIFORNIA

Mr. ROBERT C. BYRD. Mr. President, on behalf of the distinguished Senators from California (Mr. CRANSTON and Mr. TUNNEY), I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the resolution.

The legislative clerk read the resolution (S. Res. 232) as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Honorable CHARLES M. TEAGUE, late a Representative from the State of California.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit an enrolled copy thereof to the family of the deceased.

Resolved, That when the Senate adjourns today, it adjourn as a further mark of respect to the memory of the deceased Representative.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and unanimously agreed to.

PROGRAM

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

The Senate will convene at the hour of 10:30 a.m. After the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Oregon (Mr. PACKWOOD) will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business, not to extend beyond the hour of 11 o'clock a.m., with the usual 3-minute limitation on statements therein.

At 11 o'clock a.m. the Senate will resume consideration of S. 2798, a bill authorizing the construction, repair, and preservation of certain public works. The question at that time will be on the adoption of the Ervin amendment No. 896 to the bill S. 2798. There is a 1-hour limitation for debate on the Ervin amendment, and the yeas and nays there on have already been ordered. Hence, a yea-and-nay vote will occur at about the hour of 12 noon, unless time should be yielded back, in which case the vote will occur earlier.

On the disposition of the Ervin amendment, the Senate will continue its consideration of S. 2798 and amendments thereto. Yea and nay votes may occur on amendments and on final passage.

Upon the disposition of S. 2798, the Senate will resume consideration of the conference report on the national energy emergency bill, S. 2589. Yea and nay votes may occur.

ADJOURNMENT TO 10:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, as a further mark of respect to the memory of the late CHARLES M. TEAGUE, a Representative from the State of California, and pursuant to the previous order I now move that the Senate stand in adjournment until the hour of 10:30 a.m. tomorrow.

The motion was agreed to; and at 5:40 p.m. the Senate adjourned until tomorrow, Tuesday, January 22, 1974, at 10:30 a.m.