

payments are applied to the balance due on the mortgage loan; to the Committee on Banking and Currency.

By Mrs. COLLINS of Illinois:

H.R. 12276. A bill to expedite the domestic production of steel roof bolts and steel roof bolt plates used in coal mining operations; to the Committee on Banking and Currency.

By Mr. ROBERT W. DANIEL, JR. (for himself and Mr. WHITEHURST):

H.R. 12277. A bill to require that a percentage of U.S. oil imports be carried on U.S.-flag vessels; to the Committee on Merchant Marine and Fisheries.

By Mr. DE LA GARZA:

H.R. 12278. A bill to provide that the State of Texas shall be exempt from the provisions of the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. FLYNT (for himself, Mr. STEPHENS, Mr. MATHIS of Georgia, and Mr. YOUNG of Georgia):

H.R. 12279. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. FRASER (for himself and Mr. DIGGS):

H.R. 12280. A bill to amend the United Nations Participation Act of 1945 to halt the importation of Rhodesian chrome; to the Committee on Foreign Affairs.

By Mrs. GRIFFITHS:

H.R. 12281. A bill to continue until the close of June 30, 1975, the suspension of duties on certain forms of copper; to the Committee on Ways and Means.

By Mr. KASTENMEIER:

H.R. 12282. A bill to establish a Federal Oil and Gas Corporation; to the Committee on Interior and Insular Affairs.

H.R. 12283. A bill 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; to the Committee on Interstate and Foreign Commerce.

By Mr. LATTI (for himself and Mr. GUYER):

H.R. 12284. A bill to permit the legislature or Governor of any State to exempt the State from daylight saving time on a year-round basis; to the Committee on Interstate and Foreign Commerce.

By Mr. QUIE (for himself, Mr. PERKINS, Mr. ESHLEMAN, and Mr. BRAD-EMAS):

H.R. 12285. A bill to encourage and assist States and localities to develop, demonstrate, and evaluate means of improving the utilization and effectiveness of human services through integrated planning, management, and delivery of those services in order to achieve the objectives of personal independence and individual and family economic self-sufficiency; to the Committee on Education and Labor.

By Mr. RAILSBACK (for himself, Mr. BIESTER, Mr. BUTLER, Mr. COHEN, and Mr. FISH):

H.R. 12286. A bill to provide for appropriate access by the Congress to information required in connection with proceedings relating to the impeachment of the President or the Vice President; to the Committee on the Judiciary.

By Mr. ROSTENKOWSKI:

H.R. 12287. A bill to amend the Internal Revenue Code of 1954 to provide income tax simplification and reform of the provisions relating to subchapter S corporations; to the Committee on Ways and Means.

H.R. 12288. A bill to amend the Internal Revenue Code of 1954 to provide income tax incentives to improve the economics of recycling waste paper; to the Committee on Ways and Means.

H.R. 12289. A bill to extend to all unmarried individuals the full tax benefits of income splitting now enjoyed by unmarried individuals filing joint returns; to the Committee on Ways and Means.

By Mr. SIKES (for himself and Mr. FUQUA):

H.R. 12290. A bill to declare a portion of the Wakulla River, Fla., as a non-navigable water of the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. SHRIVER (for himself, Mr. HUDNUT, Mr. WYMAN, and Mr. WRIGHT):

H.R. 12291. A bill to amend the Community Mental Health Centers Act to provide for the extension thereof, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. VANDER JAGT (for himself, Mr. BREAUX, and Mr. RONCALIO of Wyoming):

H.R. 12292. A bill to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance the national attack on diabetes; to the Committee on Interstate and Foreign Commerce.

By Mr. WILLIAMS:

H.R. 12293. A bill to prohibit for a temporary period the exportation of ferrous scrap, and for other purposes; to the Committee on Banking and Currency.

By Mr. LEHMAN (for himself, Mr. GUNTER, Mr. ADDABO, Mr. ANDREWS

of North Carolina, Mr. BADILLO, Mr. BIAGGI, Ms. CHISHOLM, Ms. COLLINS of Illinois, Mr. DENT, Mr. DERWINSKI, Mr. EDWARDS of California, Mr. FULTON, Mr. GIALMO, Mr. GREEN of Pennsylvania, Mrs. HANSEN of Washington, Mr. HUNGATE, and Mr. KETCHUM):

H. Res. 785. A resolution creating a select committee to conduct an investigation and study of the role of the oil and gas industry in contributing to the current energy crisis; to the Committee on Rules.

By Mr. MILLS (for himself and Mr. SCHNEEBELI):

H. Res. 786. A resolution providing funds for the expenses of the Committee on Ways and Means in the second session of the 93d Congress; to the Committee on House Administration.

SENATE—Thursday, January 24, 1974

The Senate met at 12 o'clock noon and was called to order by the Vice President.

PRAYER

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

Almighty God, we lift our noonday prayer to Thee for strength and wisdom sufficient for our duties, great or small, seen or unseen. Equip us that we may be Thy ministers in the service of the Nation. Keep us clean and true. Spare us from being surprised by sin or trapped by unexpected evil. Give us stout hearts to bear our own burdens, willing hearts to bear the burdens of others, and believing hearts to cast our burden upon Thee. Guide us through all the stresses and strains of our troubled times to the time of Thy coming kingdom.

We pray in the name of the great Burden Bearer. Amen.

THE JOURNAL

Mr. ROBERT C. BYRD, Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, January 23, 1974, be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

ATTENDANCE OF A SENATOR

Hon. HUBERT H. HUMPHREY, a Senator from the State of Minnesota, attended the session of the Senate today.

COMMITTEE MEETINGS DURING SENATE SESSION

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

The VICE PRESIDENT. Without objection, it is so ordered.

ORDER WITH RESPECT TO YEAS AND NAY VOTES TODAY

Mr. ROBERT C. BYRD, Mr. President, I ask unanimous consent that no rollcall votes occur today on the unfinished business, H.R. 8214, or on any other matter prior to the hour of 2:30 p.m.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBERT C. BYRD, Mr. President, I ask unanimous consent that any roll-

call votes that are ordered today on any matter prior to the hour of 2:30 p.m. begin at the hour of 2:30 p.m., and that the votes, then, if more than one is indicated, occur in sequence on the basis on which they were ordered.

The VICE PRESIDENT. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TODAY

Mr. ROBERT C. BYRD, Mr. President, I ask unanimous consent that, following the execution of the two orders that were entered on yesterday for the recognition of Senators GRIFFIN and ROBERT C. BYRD, there be a period for the transaction of routine morning business today for not to exceed 45 minutes, with statements therein limited to 5 minutes each.

The VICE PRESIDENT. Without objection, it is so ordered.

SENATE RESOLUTION 243—ELECTION OF WILLIAM F. HILDENBRAND AS SECRETARY FOR THE MINORITY OF THE SENATE

Mr. HUGH SCOTT, Mr. President, I submit a resolution which I send to the

desk, and ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be stated.

The assistant legislative clerk read as follows:

Resolved, That William F. Hildenbrand, of the District of Columbia, be, and he is hereby, elected secretary for the minority of the Senate.

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

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

Mr. ROBERT C. BYRD. Mr. President, may I just take 3 of the minutes which ordinarily are allotted to the distinguished majority leader or his designee. I wish to congratulate Mr. Bill Hildenbrand on his having been selected the new secretary for the minority.

I also want to commend Mr. Mark Trice who has served so well and so long in that position in the Senate.

I want also to express my own personal gratification that the Republican conference has elected Bill Hildenbrand to fill that position. Over the past few years, it has been my privilege to assist in securing unanimous-consent agreements on various and sundry measures, and I have found Bill Hildenbrand to be always most cooperative and most effective in assisting in reaching those agreements. I want to express my personal appreciation to him publicly.

In addition, I wish him well in his new duties. I know that he will continue in his fine and effective way to do a splendid job as secretary for the minority.

I believe that I state the situation correctly when I say that the offices of the Senate which require election by the Senate as a whole are as follows: Under current Senate practice, the Vice President, if I am correct; the President pro tempore; the Acting President pro tempore; the Secretary of the Senate, the Sergeant at Arms; the secretary for the majority; the secretary for the minority; and the Chaplain are elected by the Senate.

The VICE PRESIDENT. The Chair is advised that resolutions are adopted by the Senate for the election of those officials.

Mr. ROBERT C. BYRD. The Congressional Handbook, prepared by the Joint Committee on Congressional Operations, shows that the positions of Secretary of the Senate and Sergeant at Arms are elected by the membership of the Senate; while the secretaries for the majority and the minority are elected by the majority and minority membership, respectively, of the Senate. It would seem to me that that has been demonstrated to be in error. I think the record ought to be clear that the secretary for the majority and the secretary for the minority are also elected by the Senate.

The VICE PRESIDENT. That is correct; the Chair is so advised.

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

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

Mr. ROBERT C. BYRD. I am glad to yield.

Mr. COTTON. As the chairman of the minority conference, I should like to join in congratulating Bill Hildenbrand upon his unanimous election to fill—if it can be filled—the place vacated by the retirement of J. Mark Trice. I am sure that the minority was unanimous in its decision.

I look forward to continued cooperation with Bill Hildenbrand and the cooperation he has given on the minority side, and on the majority side, as well, I am sure.

I should like also to serve notice that shortly the Republican conference will be formally in session so as to adopt a resolution in regard to the more than half century of service of J. Mark Trice in this body. The resolutions adopted by the minority conference perhaps could be appropriately amended, so that they would be more appropriate.

I would hope that either the minority leader or I, as chairman of the conference, would be permitted later to bring into the Senate those resolutions honoring Mark Trice on his retirement after nearly 60 years—much more than 50 years—of service to the Senate of the United States.

Mr. HUGH SCOTT. I would suggest that that be done, and that it be done by the distinguished chairman of the minority conference.

Mr. President, may I be recognized on my own time?

The VICE PRESIDENT. The Senator from Pennsylvania is recognized.

Mr. HUGH SCOTT. It is quite true that the secretary to the majority and the secretary of the minority are elected by the entire Senate. I believe it has been the unbroken custom that the secretary to the majority is selected by the members of the majority party in the first instance, and the secretary to the minority is selected by the members of the minority party in the first instance. But the final act of ratification of their authority to hold office occurs when the Senate, by proper resolution, acts favorably.

I am very happy to report that the minority conference acted not only favorably on Mr. Hildenbrand but unanimously as well, and we will now have the benefit of his talents in a larger area of responsibility. He has drafted many a resolution which I had the opportunity to submit. I think this is the first resolution that bears his name. His talents have been many and his skill very great in legislative matters, and his helpfulness will continue in these matters.

I think the Senator from West Virginia and I have reference to the need for working out unanimous-consent agreements. It is about the only way the Senate can function efficiently. These often take a great deal of patience, a great deal of time, and the involvement of a large number of interested Senators.

I am glad that we have Mr. Hildenbrand in a position in which he can continue to be helpful.

I think that for the record I should announce that on Monday, he will be succeeded as administrative assistant to the minority leader, in my office within the Senate wing, by Mr. Kenneth Davis, of Montgomery County, Pa., who is al-

ready a member of my legislative staff and has had much familiarity with the operations of the Senate, including his appearance on the floor in support of the minority leader or of my activities as the Senator from Pennsylvania in the past.

I join in congratulating Bill Hildenbrand. I know that he can do an excellent job. He has performed many other services in the executive branch as well as the legislative, the most recent being as legislative assistant to our beloved former colleague, the Senator from Delaware, Mr. Boggs. Delaware is a small State, but it produces great people.

Mr. ROBERT C. BYRD. Mr. President, if the distinguished minority leader will yield, I wish to express congratulations again to Mr. Hildenbrand.

I express appreciation to the minority leader for substantiating what I have attempted to have the Chair do, and that is to clarify the precedents here with respect to the elected officers of the Senate. The majority and minority secretaries, respectively, are selected, as the distinguished minority leader has just stated, by their respective membership, but that selection is ratified by a later election by the Senate in approving the resolution.

Mr. HUGH SCOTT. That is quite correct, and I believe the Chair has so held.

Mr. ROBERT C. BYRD. So we all join in welcoming Mr. Hildenbrand to that select group of elected Senate officers.

Mr. HUGH SCOTT. That is right.

SENATE RESOLUTION 244—COMMITTEE ASSIGNMENT OF SENATOR DOLE

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

The VICE PRESIDENT. The resolution will be stated.

The assistant legislative clerk read as follows:

S. RES. 244

Resolved, That Mr. Dole, of Kansas, be, and he is hereby, assigned to service on the Committee on Post Office and Civil Service, to fill a vacancy on that committee, and that he be relieved from his service on the Select Committee on Small Business.

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

There being on objection, the resolution was considered and agreed to.

APPOINTMENT OF SENATOR BROCK TO THE SPECIAL COMMITTEE ON AGING

The VICE PRESIDENT. The Chair, pursuant to Senate Resolution 33, 87th Congress, as amended and supplemented, appoints the Senator from Tennessee (Mr. Brock) to the Special Committee on Aging, in lieu of the Senator from Ohio Mr. Saxbe, resigned.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may now be recognized under the order entered yesterday, prior to the recognition of Mr.

GRIFFIN and without prejudice to Mr. GRIFFIN.

The VICE PRESIDENT. Without objection, it is so ordered.

The Senator is recognized for not to exceed 10 minutes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may be permitted to yield as much of my time as he may require to the distinguished Senator from Wisconsin (Mr. NELSON).

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

(The remarks Senator NELSON made at this point on the introduction of S. 2884, dealing with the repeal of the depletion allowance, are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, how much time do I have remaining under the order?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from New Hampshire allot to me 2 minutes from Mr. GRIFFIN's time?

Mr. STAFFORD. Mr. President, on behalf of the Senator from Michigan, I am happy to yield whatever time the Senator from West Virginia wishes at this time.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Vermont.

KHARTOUM MURDERERS REMAIN UNPUNISHED

Mr. ROBERT C. BYRD. Mr. President, on March 2, 1973, Arab terrorists invaded the American Embassy in Khartoum and, before they eventually surrendered to Sudanese officials, they murdered the U.S. Ambassador to Sudan Cleo A. Noel, Jr., and the embassy's Charge d'Affaires George C. Moore.

The cold-blooded murders shocked the world, but what I find almost equally shocking is the fact that, as of this date, the murderers have not been brought to justice.

On September 12, 1973, I wrote to the State Department for a status on the case. I was informed that the presiding magistrate had postponed the hearings until November 13. I made a second inquiry on November 20; and, in its reply to my letter of that date, the State Department informed me that the proceedings had been adjourned until December 2.

I am today sending a third letter to the State Department, again inquiring as to the status of the case.

I have been continually disturbed by the fact that, ever since stories of the brutal murders vanished from the front pages of our newspapers, very little official information on the legal proceedings has been made public. It is important, I believe, that we not consign this case to the "out-of-sight, out-of-mind" category.

We should, instead, do what is diplomatically feasible to assure that the mur-

derers answer for their crime. To do less would be to dishonor Messrs. Noel and Moore, two Americans who very literally gave their lives in the service of their country.

Mr. President, I ask unanimous consent that my three letters to the State Department, along with the Department's letters replying to my first two inquiries, be printed in the RECORD.

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

SEPTEMBER 12, 1973.

HON. HENRY KISSINGER,
Secretary of State-Designate,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: I would be obliged if you would provide me with a report on the current status of actions being taken, or contemplated to be taken, by the Sudanese Government in bringing to justice the murderers of U.S. Ambassador Noel and Charge d'Affaires Moore.

I am aware that the United States Government has proceeded formally and guardedly in this matter, and has assumed that the government of the Sudan will act properly and decisively to punish the assassins. I am disturbed, however, that there has been no official information released to the American people recently, as to what steps are being taken by the Government of the Sudan to bring the killers to trial.

I would appreciate an early reply.

Sincerely yours,

ROBERT C. BYRD,
U.S. Senator.

OCTOBER 3, 1973.

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

DEAR SENATOR BYRD: The Secretary has asked me to reply to your letter of September 12, 1973 requesting information as to the steps being taken by the Government of Sudan to bring the murderers of U.S. Ambassador Noel and Charge d'Affaires Moore to trial. The magisterial inquiry into the crimes, a step analogous to our Grand Jury proceedings, began on September 25. The defendants requested a postponement in view of the fact that a substantial proportion of the attorneys on their Defense Committee were in prison as a result of alleged involvement in recent civil disturbances. The presiding magistrate agreed to postpone further hearings until November 13.

Under the circumstances, a request for postponement was to be expected. We think it should be emphasized that the inquiry did begin and that the postponement was not indefinite, but to a fixed date in the relatively near future, after the conclusion of the Muslim holy month of Ramadan which begins on September 28.

I trust that this information has been responsive to your inquiry. However, if you have any further questions, please let us know.

Sincerely,

MARSHALL WRIGHT,
Assistant Secretary for Congressional
Relations.

NOVEMBER 20, 1973.

HON. HENRY KISSINGER,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: On September 12, 1973, I wrote to you and asked for a report on the status of actions being taken by the Sudanese Government to bring to justice the murderers of Ambassador Noel and Charge d'Affaires Moore.

On October 3, 1973, I received a reply from

the Assistant Secretary for Congressional Relations, to the effect that administrative delays in Khartoum necessitated a postponement of further hearings till November 13, 1973.

While I am not unmindful of your other preoccupations in the Middle East, might I enquire whether the postponed hearings have begun, or otherwise be advised of the current status of the case?

Sincerely yours,

ROBERT C. BYRD,
U.S. Senator.

DECEMBER 4, 1973.

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

DEAR SENATOR BYRD: Your letter to the Secretary of November 20, 1973, requested a report on the status of actions being taken by the Sudanese Government to bring to justice the murders of Ambassador Noel and Charge d'Affaires Moore.

The magisterial inquiry into the crimes, a step similar to our Grand Jury proceedings, resumed on November 15. Lawyers for the defense have raised a number of technical questions, including a claim that the Sudan lacks jurisdiction to try the terrorists. On November 24, the magistrate adjourned the hearings until December 2 to study the contentions of the defense and to allow the prosecution time to prepare a rebuttal. There is every indication that the Sudanese judicial authorities are handling this sensitive case in a careful and deliberate manner.

I hope that this information is helpful and will be glad to respond to any further questions which you may have.

Sincerely yours,

MARSHALL WRIGHT,
Assistant Secretary for Congressional
Relations.

JANUARY 23, 1974.

HON. HENRY KISSINGER,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: On September 12, 1973, and again on November 20, 1973, I wrote to you and asked for a status report of actions being taken by the Sudanese Government to bring to justice the murderers of United States Ambassador Noel and Charge d'Affaires Moore.

In your reply to my November 20 enquiry, you advised me that "there is every indication that the Sudanese judicial authorities are handling this sensitive case in a careful and deliberate manner." You further noted that hearings on the case would resume on December 2, 1973, after a delay for the purpose of settling certain procedural questions.

If, in fact, the hearings were resumed on or about December 2, I would appreciate being advised as to the course they have taken, or otherwise being informed of the current status of the case. I am cognizant of the fact that other developments of great magnitude have occurred in the Middle East since the Khartoum murders, but I am disturbed lest this heinous crime against American diplomats overseas be consigned to the "out-of-sight, out-of-mind" category.

I would appreciate an early reply.

Sincerely yours,

ROBERT C. BYRD,
U.S. Senator.

QUORUM CALL

Mr. STAFFORD. Mr. President, I am prepared to yield back the remainder of the time of the assistant minority leader.

Mr. ROBERT C. BYRD. Mr. President, would the distinguished Senator reserve that time and use it for a quorum instead?

Mr STAFFORD. I would be very glad to do so.

Mr. President, I withdraw my request to yield back the remainder of the time of the assistant minority leader, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

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

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

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

SEVENTH ANNUAL REPORT ON IMPLEMENTATION OF AUTOMOTIVE PRODUCTS TRADE ACT OF 1965—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. HUDDLESTON) laid before the Senate a message from the President of the United States, which, with the accompanying report, was referred to the Committee on Finance. The message is as follows:

To the Congress of the United States:

I hereby transmit the seventh annual report on the implementation of the Automotive Products Trade Act of 1965. The report contains information with respect to the United States-Canada Automotive Products Agreement, including information concerning automotive trade, production, prices, and employment in 1972. Also included is other information relating to activities under the act.

THE WHITE HOUSE, January 24, 1974.

ANNUAL REPORT OF THE OFFICE OF ALIEN PROPERTY—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. HUDDLESTON) laid before the Senate a message from the President of the United States, which, with the accompanying report, was referred to the Committee on the Judiciary. The message is as follows:

To the Congress of the United States:

I herewith transmit the annual report of the Office of Alien Property, Department of Justice, for the fiscal year ended June 30, 1972, in accordance with section 6 of the Trading With the Enemy Act, as amended.

RICHARD NIXON.

THE WHITE HOUSE, January 24, 1974.

SEVENTEENTH AND EIGHTEENTH ANNUAL REPORTS OF THE HEALTH RESEARCH FACILITIES CONSTRUCTION PROGRAM—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. HUDDLESTON) laid before the Senate a message from the President of the United States, which, with the accompanying

reports, were referred to the Committee on Labor and Public Welfare.

To the Congress of the United States:

I transmit herewith the Seventeenth and Eighteenth Annual Reports of the Health Research Facilities Construction Program for activities during fiscal years 1972 and 1973.

RICHARD NIXON.

THE WHITE HOUSE, January 24, 1974.

EDUCATION OF CHILDREN—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. HUDDLESTON) laid before the Senate a message from the President of the United States, which was referred to the Committee on Labor and Public Welfare. The message is as follows:

To the Congress of the United States:

The Congress returns to Washington this week at a time when America faces many difficult challenges. Each of them will spark honest differences of opinion and generate spirited debates during the coming year.

But one goal which unites all of our people is to provide each of our children with a sound basic education. No matter what race, faith or family circumstance, each child should have equal access to a good education.

We have made substantial progress toward this goal, but we can maintain that momentum only if we commit ourselves to a continuing renewal of the educational process. During the coming legislative year, there are many proposals which I believe the Congress should enact to improve our educational system. Among the highest priorities which I would urge upon the 93d Congress are these:

- Consolidating major grant programs for elementary and secondary, vocational and adult education and increasing decision-making authority for State and local education agencies.
- Providing advanced funding so that State and local school authorities can plan their programs with greater certainty—a new and important concept in the financing of education.
- Targeting Federal funds so that students who have the greatest need—the truly disadvantaged—are the major recipients of funds.
- Expanding the grant and loan programs for students faced with the rapidly increasing costs of postsecondary education.
- And increasing support for organizations such as the National Institute of Education, which are searching for better ways to educate more than 60 million students in the United States.

I. A RECORD OF PROGRESS

This Administration has worked hard to expand educational opportunities for every child and we have made substantial progress:

- We have established a new program of Basic Educational Opportunity Grants to further our goal that no qualified student be denied access to

postsecondary education for lack of money.

—We have provided special aid for local school districts to help them deal with the problems of desegregation.

—We have created a National Institute of Education to marshal our research skill systematically so that we can better understand how students learn and how they can be taught more effectively.

—We have provided support to develop new ways of helping children learn to read.

—We have substantially increased support to colleges serving minorities and students from economically disadvantaged backgrounds.

In taking these and other steps over the past five years, we have increased Federal spending for education from \$5.1 billion in fiscal year 1970 to an estimated \$7.6 billion in the budget I will propose next month for fiscal year 1975.

This support has helped enrich the diverse educational system and has contributed greatly to our national strength and vitality.

II. PRINCIPLES FOR THE FUTURE

While real progress has been made, there are additional problems which must be addressed if we are to make the promise of a quality education a reality for all Americans. Americans have never been complacent about their educational system, but today they are increasingly concerned—and with reason.

—Parents of children who are not learning to read know it is becoming more difficult to lead a satisfying and productive life without this basic skill.

—Parents often see their children moving through elementary and high school without acquiring an understanding of what careers are open to them and what skills will enable them to obtain a rewarding job.

—Many families do not see how they will be able to meet the rising costs of their children's college education.

—Teachers who want to try something new or make old methods work better too often have no place to turn for reliable information about what works and why.

—Local school administrators must plan their budgets without knowing, until the last moment, what Federal aid will be available.

We all want to commit our energies to solving these problems and to making our schools better. We must now find ways to focus these energies.

To do so, I believe, we should adhere to five basic principles of constructive action:

—First, the Federal Government should continue to support national priorities in education without seeking to control and direct State and local responses to those priorities. Schools which must respond to detailed and elaborate Federal red tape will be hindered in responding to the demands of students, teachers and parents. A concrete application of this principle is the consolidated education grants legislation which the Congress is now considering. I

again urge that this legislation be framed to achieve the maximum possible consolidation of funding authorities, so that State and local agencies can use Federal funds to meet national priorities in their own ways.

—*Second, the Federal Government must make it possible for citizens, students, parents and administrators to plan ahead.* The request I will be making in my budget for advanced funding of the consolidated education grants reflects this principle.

—*Third, to the maximum extent possible we should put the important choices in the hands of students and parents themselves.* A concrete example of this principle is the Basic Opportunity grant program which permits students to apply funds toward an education at the school of their choice.

—*Fourth, the Federal Government must play a more responsible role in funding research to find out what works in education.* My proposal for the establishment of a National Institute of Education in 1970, and the funding for the institute I will recommend in my new budget show how I believe this principle can be carried out.

—*Fifth, we must firmly insist that all Americans have an equal opportunity for education.* The legislation I am supporting, the new budget, and the enforcement of non-discrimination to which I am committed all reflect this principle.

III. ELEMENTARY AND SECONDARY EDUCATION

Traditionally State and local governments have exercised primary responsibility for education in this country. States and localities provide more than 90 percent of the money for elementary and secondary education while the Federal Government provides less than 10 percent. But in the last decade the tail has wagged the dog. Federal laws, rules and regulations have imposed an elaborate set of "do's" and "don'ts." They often prevent State and local agencies from using Federal funds to best meet their needs.

FORWARD FUNDING

As if the Federal red tape were not confusing enough, the Federal funding process has created a situation in which school districts develop future budgets with a diminished degree of confidence or accuracy. School districts, for instance, have been faced with three entirely different allocations of funds just since July of 1973. As one school board member put it: "When we put our budget together, we don't know what we'll get from the Federal Government, so we have to be gamblers." School districts across the Nation will begin putting their annual budgets together next month, but unless we soon enact reforms they will not know how much their Federal funds will be until late fall.

To overcome this deficiency, which has plagued school boards in recent years, I plan to ask for supplemental appropriations for the current fiscal year of \$2.85 billion. The money will be used by schools in the school year beginning

this fall. If the Congress acts on this request swiftly, those who run our elementary and secondary schools as well as vocational and adult education programs would for the first time know how much Federal money they would have before the school year begins, not several months after the year has begun.

The supplemental appropriations request will be formally transmitted to the Congress as soon as acceptable authorizing legislation is enacted. It is therefore important for that authorizing legislation to be passed early this spring, so that we can provide forward funding at the earliest possible date.

CONSOLIDATING FUNDS FOR ELEMENTARY AND SECONDARY EDUCATION

In 1971 I asked the Congress to consolidate and simplify numerous Federal aid programs for education. I again urged this in 1972.

Last year, I proposed this reform under the label of the Better Schools Act. The label itself, unfortunately, became a controversial matter within the Congress. It is not the label that should concern us, however, but the children and the structure of the programs designed to help them. I am pleased that during the last session of the Congress, the executive branch and the appropriate authorizing committees began to deal more seriously with an improved program structure, and I am persuaded that with hard work and careful thought, a bill acceptable to both branches can result.

The appropriate committees of both Houses have written steps to simplify existing programs for innovation and support services into the measures they are now considering. The Senate Subcommittee on Education has initiated a further consolidation of various discretionary and categorical programs into a special projects authority, with provisions for gifted and talented children. But further consolidation is still needed. I am therefore proposing consolidation of present programs of vocational education and a merger of existing authorities in adult education.

FAIRER DISTRIBUTION OF FUNDS FOR THE DISADVANTAGED

Another issue of continuing concern is the development of a better way to distribute Federal funds for disadvantaged children. The current system of reimbursement often results in school districts being paid for children who are no longer there.

A new formula for distribution of these vital funds must be adopted, targeting the available money on the greatest concentrations of disadvantaged children and on the development of basic skills. That formula should also take into account the differing costs for education in different locales. We must also adopt a definition of poverty which more accurately reflects today's conditions.

AIDING HANDICAPPED CHILDREN

There is growing awareness in the Nation of the special educational needs of handicapped children. In 90 demonstration projects we are seeking to learn how to identify handicapped children earlier and give them the help they need to enter regular school when other children do.

I am now proposing that eight discretionary authorities be consolidated into four broad programs for the education of the handicapped. One of these new programs, Resource Implementation, would help teachers identify learning problems; the Professional Development program would provide teachers with special skills to overcome barriers to learning; Innovation and Development would provide new methods and materials for teaching; and Special Centers and Services would accelerate progress in aiding severely handicapped children.

PHASING OUT IMPACT AID

Another program affecting many school districts throughout the Nation is School Assistance in Federally Affected Areas—aid to districts where Federal installations bring significant enrollment increases. I am proposing 100 percent Federal funding of the program for school districts where enrollment consists of 25 percent or more of children whose parents both live and work on Federal property, and 90 percent funding for school districts where these children comprise less than 25 percent.

In the past we have also funded programs for children whose parents work on Federal property but do not live on Federal installations. Since parents of such children already contribute substantially to State and local governments to help pay educational costs, I see no reason for all American taxpayers to continue subsidizing this special group of school districts. However, a transition period is needed for districts which have depended heavily on these Federal funds. I will therefore propose that no local school district whose subsidy is being terminated will lose more than 5 percent of its total operating budget in the first year that we phase out the program. It is only fair to give school districts as much notice as possible to plan and conform their budgets to Federal financing policies.

TARGETING AID FOR DESEGREGATION

In coming weeks, I will send to the Congress a proposal for a new project grant program to aid school districts undergoing voluntary or court-ordered desegregation. This program should replace the current Emergency School Aid Act when the act expires this June.

A national formula program is no longer needed to handle this problem. What is needed is a targeted approach to solve specific problems.

As opposed to the national formula now employed under the Emergency School Aid Act, the new project grant program would target desegregation aid to solve specific programs. In addition, we will continue to provide technical assistance to local districts, helping them to meet problems relating to desegregation.

PROVIDING FOR INDIAN CHILDREN

A targeted approach is also needed to deal more effectively with the needs of Indian children. There is a special Federal responsibility to provide educational services to Indian tribes and communities, and we propose to place emphasis on project grants for this purpose.

BILINGUAL EDUCATION

Because of the great diversity of our Nation, we must also provide special assistance to children of families whose native language is other than English. I ask the Congress to continue support for demonstration projects which help develop better ways to provide bilingual education.

IV. POSTSECONDARY EDUCATION

This Administration is committed to the goal that no qualified student should be denied a college education because of a lack of funds. Today we are in a position to accomplish a major expansion of student opportunities and choice.

An education beyond high school is a major goal of many young Americans today. In recent years, however, the cost of college or other training has threatened to price this dream beyond the means of many families.

Since 1970 I have been urging the Congress to enact and fund student aid programs that would reduce to manageable size the problem of financing higher education for all families.

EXPANDING AID TO NEEDY STUDENTS

In 1972 the Congress responded by enacting the Basic Educational Opportunity Grant program, the primary vehicle for reaching the neediest students. The current program provides for an average grant of only \$260 and limits eligibility to entering freshmen. The program I propose for FY 1975—totaling \$1.3 billion—would provide a grant of up to \$1,400 depending on need.

Supplementing this Basic Grant program is a Guaranteed Student Loan program designed to increase access to loans. This program is both for needy students receiving Basic Grants, and for students who are not eligible for Basic Grants but who need or wish to spread the costs of postsecondary education over time.

Over the past year, some students who have sought loans have found it difficult or impossible to locate lenders willing to make federally guaranteed loans.

To remedy this problem I have instructed the Department of Health, Education, and Welfare and the Treasury Department to contact the major lending institutions and to request that they reaffirm their commitment to our Nation's educational needs by making adequate funds available for student loans. If, as the progress of this program is reviewed, additional changes appear to be necessary, I will propose them.

The Basic Grant and Guaranteed Student Loan programs, supplemented by the College Work Study program, expand opportunities for postsecondary education. My budget request for these programs would provide more such opportunities than ever before. Building on Basic Grants, students can rely on work, loans, and family resources, plus State, local and private forms of assistance to meet the remainder of their financial needs.

DEVELOPING INSTITUTIONS

I will request funding of the full authorization for the Developing Institutions program—an authorization that is four times the funding level when I took

office. This program helps to strengthen the capabilities of colleges which are serving Black, Spanish-American, and American Indian students as well as students from economically disadvantaged backgrounds—a special concern of my Administration.

V. INNOVATION AND REFORM
NATIONAL INSTITUTE OF EDUCATION

An essential element in our effort to provide every American an equal and increasing opportunity for education is the development and dissemination of alternative educational approaches through research. For too long we threw money at educational problems, feeling that bigger would mean better.

To strengthen support for education research and development, the National Institute of Education was created with strong bipartisan support. The institute is now beginning to provide the leadership in educational research and development that is needed.

In 1975 it will continue to concentrate on several major tasks:

- finding answers to the problems that students have in learning essential skills such as reading and mathematics;
 - improving State and local capability to solve the educational problems of their youth;
 - increasing the educational benefits to students through improving the productivity of our schools;
 - and assisting students to better understand the relationship between the school and the world of work.
- Through this latter activity, the National Institute of Education has taken on the responsibility to carry out the Career Education objectives I set forth in my 1972 message. The institute is developing new ways to introduce young people to various career opportunities and is experimenting with new methods of preparing them to get and keep jobs that pay well and offer opportunities for advancement.

Education research is not a luxury but a necessity if Americans are to get the education they want for their children at a sensible cost. Accordingly, I would like to emphasize most strongly the need for adequate funding of the institute.

FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

The Fund for the Improvement of Postsecondary Education constitutes another important new Federal initiative to achieve needed innovation and reform. The fund was created to support exemplary activities and new directions which promise to increase the quality, effectiveness, and diversity of postsecondary educational opportunities. The fund is now providing support for the development and demonstration of more effective approaches to college education.

RIGHT TO READ

The Right to Read effort is well on its way to becoming a prime example of the way that a Federal, State and local partnership can achieve positive results. Under this program, we are now on the way toward achieving a 1980 goal of eliminating functional illiteracy among 90 percent of those 16 years and older and 99

percent of the youth of America. I ask the Congress to continue giving this program its full support.

LIBRARY PARTNERSHIP ACT

While I continue to believe that State and local authorities bear the primary responsibility for the maintenance of public libraries, I also believe that the Federal Government has a responsible role to play. One of my new initiatives for 1975 is the Library Partnership Act. This legislation would encourage the establishment of reference and information services on a demonstration basis and could lead to significant improvements in public library services across the United States.

HEAD START

During 1975, the Head Start program will reach 282,000 children on a year-round basis and some 78,000 pre-schoolers in the summer. It will also extend its activities to include handicapped students. My 1975 budget will increase operating funds for this program and will provide funds to ensure that all children participating in Head Start can obtain a nourishing breakfast and lunch.

VI. THE NEED FOR COMMITMENT

The proposals I have outlined above are designed to address the educational challenges of tomorrow. They are designed to enhance the effectiveness of the Federal dollar. They are designed to facilitate the operations of our State and local school systems.

For the necessary reforms and rejuvenation of our schools to occur, however, it will take more than Federal programs and more than Federal money. It will require that each of us commit ourselves, with money, time and attention, to that process. Only with individual commitment, with the commitment of State and local school administrators and teachers, with the commitment of parents and students, and with the commitment of the Federal Government, can we obtain a revitalized and rewarding American educational system.

RICHARD NIXON.

THE WHITE HOUSE, January 24, 1974.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. HUDDLESTON) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of Senate proceedings.)

ORDER OF BUSINESS

Mr. STAFFORD. Mr. President, I ask unanimous consent that I may yield back the remainder of my time.

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

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will be a period for the transaction of routine morning business.

ness of not to exceed 45 minutes, with statements therein limited to 5 minutes.

ORDER FOR ADJOURNMENT

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 12 o'clock noon 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 on tomorrow, after the two leaders or their designees have been recognized under the standing order, there be a period for the transaction of routine morning business of not to exceed 45 minutes, with statements limited therein to 5 minutes.

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 second assistant legislative clerk proceeded to call the roll.

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

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

NATIONAL ENERGY EMERGENCY ACT OF 1973—CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that it be in order at this time to proceed to the consideration of the conference report on S. 2589.

The PRESIDING OFFICER. The clerk will report the conference report by title.

The assistant legislative clerk read as follows:

The report of the committee of conference on 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.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Montana? The Chair hears none, and it is so ordered.

The Senate resumed the consideration of the conference report.

CLOTURE MOTION

Mr. MANSFIELD. Mr. President, I send to the desk a cloture motion and ask that it be read.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The assistant legislative clerk read the cloture motion as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the pending report of 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.

WILLIAM D. HATHAWAY,
HAROLD E. HUGHES,
JOHN O. PASTORE,
WALTER F. MONDALE,
ALAN CRANSTON,
ABRAHAM RIBICOFF,
MIKE MANSFIELD,
EDMUND S. MUSKIE,
FLOYD K. HASKELL,
JOE BIDEN,
HENRY M. JACKSON,
JENNINGS RANDOLPH,
GAYLORD NELSON,
THOMAS F. EAGLETON,
DANIEL K. INOUE,
PHILIP A. HART,
GEORGE MCGOVERN,
HOWARD M. METZENBAUM,
DICK CLARK,
ADLAI E. STEVENSON III,
LAWTON CHILES.

RESUMPTION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of morning business.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

REFERRAL OF S. 2869 TO COMMITTEE ON PUBLIC WORKS

Mr. RIBICOFF. Mr. President, the bill S. 2869, 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, was referred to the Committee on Commerce in error. I therefore ask unanimous consent that the Committee on Commerce be discharged from further consideration of the bill and that it be referred to the Committee on Public Works. This request has been cleared with the Committee on Commerce.

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

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. NELSON (for himself and Mr. HATHAWAY):

S. 2884. A bill to amend the Internal Revenue Code of 1954 to disallow the percentage depletion method of computing the deduction for depletion of oil and gas wells and oil shale deposits. Referred to the Committee on Finance.

By Mr. JACKSON (for himself, Mr. MAGNUSON, Mr. BIBLE, Mr. BIDEN, Mr. INOUE, Mr. CHILES, Mr. RIBICOFF, Mr. METZENBAUM, Mr. MCGOVERN, Mr. EAGLETON, and Mr. MONDALE):

S. 2885. A bill to amend section 4 of the Emergency Petroleum Allocation Act of 1973 to direct the President to establish ceiling prices on petroleum and related goods. Referred to the Committee on Interior and Insular Affairs.

By Mr. BENTSEN:

S. 2886. A bill to amend the Internal Revenue Code of 1954 to provide that the percentage depletion method may be used only for oil and gas wells located in the United States or adjacent to the North American continent. Referred to the Committee on Finance.

By Mr. BARTLETT:

S. 2887. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974. Referred to the Committee on Commerce.

S. 2888. A bill to convey certain land of the United States to the Inter-Tribal Council, Incorporated, Miami, Oklahoma. Referred to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON (by request):

S. 2889. A bill to amend the Federal Aviation Act of 1958 to make it clear that the civil penalty provisions of the Act are applicable to ticket agents who grant rebates, and to authorize the Civil Aeronautics Board to inspect the records of ticket agents. Referred to the Committee on Commerce.

By Mr. BEALL (for himself and Mr. DOMINICK):

S. 2890. A bill to amend the General Education Provisions Act to provide that funds appropriated for applicable programs for fiscal year 1974 shall remain available during the succeeding fiscal year and that such funds for fiscal year 1973 shall remain available during fiscal year 1974 and 1975. Referred to the Committee on Labor and Public Welfare.

By Mr. MCCLURE:

S. 2891. A bill to amend the Internal Revenue Code of 1954 in order to tax excess petroleum industry profits, to encourage investments in the expansion of domestic energy supplies, and to create an incentive tax credit for research and development of new or expanded energy sources. Referred to the Committee on Finance.

By Mr. MONDALE:

S. 2892. A bill to amend the Economic Stabilization Act of 1970. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. KENNEDY (for himself, Mr. JAVITS, Mr. CRANSTON, Mr. EAGLETON, Mr. HATHAWAY, Mr. HUGHES, Mr. MONDALE, Mr. PELL, Mr. RANDOLPH, Mr. SCHWEIKER, Mr. STAFFORD, and Mr. WILLIAMS):

S. 2893. A bill to amend the Public Health Service Act to improve the national cancer program and to authorize appropriations for such program for the next 3 fiscal years. Referred to the Committee on Labor and Public Welfare.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. NELSON (for himself and Mr. HATHAWAY):

S. 2884. A bill to amend the Internal Revenue Code of 1954 to disallow the percentage depletion method of computing the deduction for depletion of oil and gas wells and oil shale deposits. Referred to the Committee on Finance.

Mr. NELSON. Mr. President, I send to the desk a bill to amend the Internal Revenue Code of 1954 to disallow the percentage depletion method of computing the deduction for depletion of oil, gas, and oil shale deposits. I ask that the bill be appropriately referred.

The PRESIDING OFFICER (Mr. HUBLESTON). The bill will be received and appropriately referred.

Mr. NELSON. Mr. President, this bill would repeal the percentage depletion allowance. Its repeal would increase the tax on windfall profits of oil companies and close one of the most notorious loopholes in the tax code. This tax preference, costing the American taxpayer over \$1.5 billion a year, has totally failed to provide America a secure source of energy or to encourage domestic production. In fact, it, among other things, has made it more profitable for the American oil industry to explore and drill in Arabian countries.

A 1969 Treasury Department study showed that although \$1.4 billion in Federal revenue was being lost annually through the depletion allowance, it had little influence on exploration and resulted in additional oil reserves valued at only \$150 million. If the depletion allowance is not changed, this tax gift to the oil companies could soar to \$3 billion this year.

The administration proposal announced yesterday is cosmetic and probably will not raise an additional dollar in taxes nor discourage production abroad. This is because the oil companies will still have plenty of foreign tax credits left and will end up paying only minimal taxes on their foreign earnings.

The oil industry is faced with embarrassment of riches. The energy shortage which has meant to most Americans, increasing prices and lowering thermostats, has meant to the oil companies a bonanza of profits. While private initiative and industry should be rewarded, these profits do not reflect increased productivity or production, but rather reflects the oil companies position as beneficiaries of monopolistic pricing decisions of a few Arabian sheiks. As Federal Energy Chief William Simon testified before the Senate Finance Committee yesterday:

There is no doubt that some windfall profits have been made during the past few months and have contributed to the sharply increased overall reported profits of oil companies.

In discussing oil companies' profits, it should be understood that even under normal circumstances, oil industry's profits are larger than for any other industry. In 1972, for example, oil company earnings were twice as large as those of U.S. automobile companies and more than seven times as great as the profits of the iron and steel industry.

What is occurring now is hardly normal. The year 1973 has been a golden year for the oil industry.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the profits of the eight major oil companies for the first 9 months of 1973 compared to those of the same period in 1972.

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

TABLE 1.—PROFITS OF MAJOR OIL COMPANIES

	January-September, 1972 (millions)	January-September, 1973 (millions)	Change (percent)
Exxon.....	\$1,039	\$1,656	Up 59
Texaco.....	622	839	Up 39
Gulf Oil.....	356	570	Up 60
Mobil Oil.....	413	571	Up 38
Standard Oil (California).....	401	560	Up 40
Standard Oil (Indiana).....	295	390	Up 32
Shell.....	190	253	Up 33
Atlantic Richfield.....	130	178	Up 37

Note: Excludes all nonrecurring profits and losses reported separately.

Source: Standard & Poor's Corp.

Mr. NELSON. For the total industry, profits for the first 9 months of 1973 were up by 47 percent to over \$6 billion after taxes. In the third quarter of last year, profits of the oil industry were greater than the combined profits of the airline, automobile, beverage, container, food, machine tool, metal, paper, steel, textile, tire and rubber, and trucking industries. Oil company profits compared both as a percentage of sales and as a percentage of net worth are better than the average for all industries. For the entire year of 1973, two oil industry analysts, Sterling McKittrick, Jr., and Stanley Wojkowski analyzed the profits for 16 of the top oil companies in terms of earnings per share. Once again, we see a shocking picture of fantastic percentage increases in profits.

Mr. President, I ask unanimous consent that a table showing this analysis be printed in the RECORD at this time.

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

TABLE 2.—INCREASE IN PROFITS REFLECTED IN EARNINGS PER SHARES OF 16 OIL COMPANIES

	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

Mr. NELSON. Much of this increased profit is due to the skyrocketing price of foreign oil, but there has been substantial increases in the price of domestic oil. On May 15, 1972, the price for old

domestic oil—oil either already flowing or readily available—was about \$3.62 a barrel. Since then, the Cost of Living Council has allowed its price to rise to \$5.25, amounting to a \$4.75 billion a year bonanza for the oil companies. Officials of the Federal Energy Office admitted in congressional testimony that they lacked evidence showing that the resulting higher profits are being invested in increase production.

While 1973 profits are spectacular, 1974 profits will be unbelievable. According to estimates by Walter Heller, former Chairman of the Council of Economic Advisers under President Kennedy, and George L. Perry, the recent 50-percent increase in oil prices will result in approximately \$24 billion in additional profits. These windfall profits have led Congress to consider various forms of additional taxes on the oil industry.

If we are concerned with windfall profits, it makes more sense as a matter of logic, taxpayers' attitudes toward our tax system, and administrative ease as a first step to end immediately the existing depletion allowances allowed for oil and gas. If Congress enacts an excess profit tax without repealing the depletion allowance, it would be like stepping on a car's brakes and accelerator at the same time. The tax benefit to the oil companies from the current percentage depletion allowance for oil and gas was about 1.5 billion in 1972. The oil depletion allowance has been a costly failure. It has not provided secure sources of supply or significantly increased domestic production.

Percentage depletion allows a standard tax deduction of 22 percent of gross income from oil and gas production and results in a reduced effective tax rate for the industry. This is an extraordinary tax benefit because it permits the tax-free recovery of dollar amounts which are far greater than the taxpayer's original investment in the depletable property. This is why the depletion deduction is a subsidy and not just a simple mechanism for depreciating the taxpayer's capital investment. In addition, that portion of the percentage depletion deduction which represents ordinary tax-free recovery of capital investments is usually recovered more rapidly than would be the case if computations were made analogously to the computation of depreciation in nonextractive industries. Thus, percentage depletion confers a double benefit:

First. Deductions in excess of initial costs; and

Second. Deductions of initial costs that are usually accelerated relative to non-extractive industries.

Since the depletion allowance is calculated at 22 percent of the price of crude oil increases in price automatically result in a rise in the depletion deduction. In other words, the higher the price the higher the tax writeoff. If the current percentage depletion is left unchanged, increases in price will result in substantial additional tax benefits. For example, if price doubles, the tax revenues lost because of the percentage depletion will double to about \$3 billion a year.

Although since 1913, the oil industry

has enjoyed special tax provisions, there has been very little study on the effect of these provisions. The only major attempt to estimate the effect of the special tax provisions for income earned in oil and gas production on the reserve holding behavior of the domestic petroleum industry was a study done by CONSAD Research Corp. under commission from the U.S. Treasury—CONSAD 1969. This study concluded that—

Percentage depletion is a relatively inefficient method of encouraging exploration and the resultant discovery of new domestic reserves of liquid petroleum. This is in part due to the low sensitivity of desired reserve levels to the price subsidy represented by percentage depletion, and in part to the inefficiency of the allowance for this purpose since over 40 percent of it is paid for foreign production and non-operating interests in domestic production.*

It found that U.S. Treasury was losing about \$1.4 billion in Federal revenue to achieve \$150 million in additional reserves.

The CONSAD study remains the best evaluation of this issue. The most recent partial study of the problem by the Joint Economic Committee completed in July 1972 says that the CONSAD study "is the best report available," and notes that most economists agree generally with its conclusions.

The JEC study concludes, however, that the oil depletion allowance may be more important than CONSAD implies, but it notes that the oil companies have never effectively refuted the CONSAD conclusion on this point.

Other CONSAD points concerning the depletion allowance are:

The allowance is an inefficient way to encourage exploration, because more than 40 percent of all depletion goes to foreign properties or nonoperating interests. Overseas drilling is very profitable and needs no incentives. Nonoperating interests do not drill for oil.

Less than 20 percent of depletion goes to small explorers for oil. Sixty percent of the tax break goes to the 35 largest companies.

The depletion allowance encourages wasteful drilling of unnecessary wells in already known fields because depletion can only be taken on producing wells. It does not encourage new "risky" drilling.

Twenty-three percent of depletion went to foreign properties.

Economists have long argued that price would be a much more effective and efficient incentive for exploration and production than tax breaks. Recent price increases are not only more than adequate incentives for oil companies to increase production but have already made up the difference in increased profits for oil companies if the depletion allowance were to be repealed.

On November 28, before the Finance Subcommittee on Energy, Prof. Edward Erickson of the State University of North Carolina and associates—who criti-

cize the CONSAD study as understating the value of the depletion allowance—testified that present price increases more than adequately compensate for the elimination of the oil depletion allowance.

Mr. President, I ask unanimous consent to insert in the RECORD at this time pertinent parts of Professor Erickson's testimony on this matter.

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

PROFESSOR ERICKSON'S TESTIMONY

Assume that contracts were negotiated on the expectation of \$4.00 a barrel of oil. Then, to maintain the profitability of long-run contracts, the following prices would have to be realized:

In the absence of percentage depletion alone, \$4.70 a barrel oil.

Moreover, most current production was not developed on the basis of expectations of \$5.00 a barrel oil. Much of it was developed on price expectations more in the neighborhood of \$3.00 a barrel oil. Therefore, even if some properties were to experience capital losses on the basis of sunk costs incurred on the basis of \$5.00 a barrel oil it is more than likely that on average, these losses would be made up on gains from other oil.

Prices can compensate for the elimination of the special tax provisions the industry now enjoys.¹

Mr. NELSON. Professor Erickson calculates that \$4.70 for a barrel of oil would compensate oil companies for the loss of the depletion allowance assuming an expected price of \$4 a barrel. Today, the price for old oil is \$5.25 and the price for a barrel of new oil has reached as high as \$12 with the current average domestic price for a barrel of oil being \$6.50. Moreover, it should be noted that Professor Erickson calculates the price expectation for most existing oil contracts is probably in the neighborhood of \$3 a barrel, resulting in even greater gains for the oil companies than his figures would indicate.

The repeal of the depletion allowance, as demonstrated by the CONSAD study, would have no effect on the production and exploration of the oil industry. This conclusion was confirmed by William Simon, Director of the Federal Energy Administration, in answer to a series of questions by Senator Jackson. Mr. Simon's answers acknowledged that the changes in the depletion deduction will have little effect on the rate of discovery efforts and no effect on the rate of production or addition to reserves. Mr. Simon writes:

In the short run, changes in percentage depletion rates should have little effect on the rate of expenditure of discovery effort. This is due to the fact that in undertaking a discovery effort where the probability of success is 10 percent or less, the present value of a future stream of depletion deductions attainable in the event a new reservoir is found is necessarily low.

In the long-run, a change in percentage depletion should have no effect, per se, on the rate of production or additions to reserves. A reduction in the depletion percentage means, "simply, that less of the cost

of finding and developing reserves is borne by Federal taxpayers. Compensatory oil and gas price changes would therefore occur, their magnitude depending on the sensitivity of demand to differences in oil and gas prices. If demand is insensitive to price, a reduction in percentage depletion will cause a compensatory rise in the price of oil; the same quantity will be produced, but it will be more fully paid for by consumers than is presently the case. However, there is reason to believe that, even in this extreme case of price-insensitive demand, the necessary price increase to offset a reduction in percentage depletion will be less than is implied by the average reduction in depletion allowance per unit of oil and gas. That is, if the total cost of eliciting a supply of oil and gas were completely covered by market prices paid by consumers, the total outlay would be less than that which would be paid by taxpayers and consumers with the present tax incentives. This follows from the consideration that the existence of percentage depletion causes the total investment in oil and gas reserves to include excessive numbers of development wells, as noted above, and more rapid exhaustion of underlying reserves."²

Because of its lack of merit the oil depletion allowance has been the center of extensive criticism and controversy. President Harry Truman in 1950 asserted that "no loophole in the tax law is so inequitable." Around the same time Republican Senator Robert Taft protested that the oil depletion allowance was "to a large extent a gift, a special privilege beyond what anyone else can get." President John Kennedy pledged to close loopholes in the tax laws and added that "among the most conspicuous loopholes are depletion allowances which are inequitable."

The conspicuous lack of merit in the oil depletion allowance has recently caused even some of its supporters to have second thoughts. On Christmas Day there was a startling announcement that Atlantic Richfield, the country's fourth largest domestic oil producer, will shortly begin a concerted campaign to end the oil depletion allowance. It is time to end this anachronistic incentive which has failed to achieve any of its stated purposes, costing taxpayers billions of dollars and giving the oil industry a bad name.

By Mr. JACKSON (for himself, Mr. MAGNUSON, Mr. BIBLE, Mr. BIDEEN, Mr. INOUYE, Mr. CHILES, Mr. RIBICOFF, Mr. METZENBAUM, Mr. MCGOVERN, Mr. EAGLETON, and Mr. MONDALE):

S. 2885. A bill to amend section 4 of the Emergency Petroleum Allocation Act of 1973 to direct the President to establish ceiling prices on petroleum and related goods. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, in December 1972, the National Petroleum Council, an advisory body composed of representatives of the major oil companies, presented to the Secretary of the Interior and the Congress a report on U.S. energy policy. The NPC report esti-

*CONSAD Research Corporation, *The Economic Factors affecting the level of Domestic Petroleum Reserves*, Part 4 of the Ways and Means Committee and the Senate Finance Committee, Tax Reform Studies and Proposals, U.S. Treasury, Government Printing Office, 1969.

¹ Professor Edward Erickson, testimony before the Senate Finance Committee subcommittee on Energy, November 28th, 1973. Part I, page 213.

² Answers submitted by William Simon to questions asked him by Senator Jackson on behalf of the Senate Interior and Insular Affairs Committee as part of hearings on the Nation's Energy Industries, March 6, 1973.

mated that to achieve the greatest feasible level of domestic self-sufficiency, the domestic price of crude oil would have to rise from \$3.18 per barrel in 1970 to \$3.65 in 1975. In August 1972, the Independent Petroleum Association of America testified before the Committee on Interior and Insular Affairs that a domestic price of \$4.10 per barrel would be adequate to assure the United States 100 percent self-sufficiency by 1980.

These projections were in constant dollars so to be fair and to take account of inflation, the NPC price would have to be increased to \$4.35 and the IPAA price would have to be \$4.55 today.

These were the prices domestic industry said it needed only a little over a year ago to achieve the maximum level of domestic self-sufficiency.

In his statement to the Finance Committee on January 23, 1974, Deputy Secretary Simon estimated that the long term supply price of crude oil—the level needed to bring supply and demand into balance, that is, to eliminate the shortage—is “in the neighborhood of \$7 per barrel within the next few years.” Any price higher than that creates, in Secretary Simon's words:

A “windfall”—a price to producers which is more than producers could have anticipated when investments were made and more than that required to produce all that we can in fact expect to be supplied.

Notwithstanding Mr. Simon's insight in this matter, the Federal Energy Office and the Cost of Living Council have allowed a price for “old” oil of \$5.25—a level for flowing oil wells which is far in excess of the industry's own estimate of the long-run supply price, and well in excess of what producers could have anticipated. More important, this price increase on old or flowing oil cannot have a significant impact upon the supply of oil or even provide any increased incentive for the production of new oil.

Mr. Simon's office has totally decontrolled the prices of the so-called “new oil,” together with an equivalent amount of old oil, so-called “released” oil. This from stripper well, is now selling at an average of \$10.35 per barrel—more than twice the level industry estimated a year ago to be necessary for maximum self-sufficiency, and about 50 percent higher than the level Mr. Simon himself believes could be useful in eliciting new supply.

Profits of the seven largest oil companies increased by 46 percent in the first three quarters of 1973 over the same period in 1972, on a sales volume that increased only 6 percent. There is every indication that oil company profits are now running at nearly twice the level of a year ago. Top company officials, in testimony this week before the Permanent Investigations Subcommittee, acknowledged that the main reason for the surge in profits was the increase in prices of the crude oil that is exempt from price control.

No one in the administration has offered any serious justification for either the jump in old oil prices or for decontrolling new oil. What seems to be at work is a continuing conviction that the way to eliminate the fuel shortage is to increase prices—by taxes or otherwise—

high enough to limit demand by pricing gasoline and fuel oil beyond the reach of many Americans. This philosophy is apparent in the administration's so-called windfall profits tax proposal, which is not a profits tax at all, but an “excise” tax on crude oil that would be passed directly on to consumers.

I am today introducing a bill which would amend the Emergency Petroleum Allocation Act to require ceiling prices on all crude oil, refined petroleum products, and related goods. These ceilings would prevent price increases in excess of those that would actually increase long-run supply and diminish long-run demand.

Ceiling prices would be limited to a dollar-for-dollar cost passthrough, except for the sole purpose of encouraging increased domestic exploration and production of crude oil or investment in new refining and transportation capacity. Any such increase would have to be accompanied by a detailed statement of the extent and the means by which any price increases which are greater than a passthrough of cost can be reasonably expected to increase supply.

My intention and expectation in submitting this amendment is to roll back the price of domestic crude oil and to establish a ceiling for any crude, no higher than Mr. Simon's \$7 per barrel. Moreover, I would expect that, under this legislation, any price above \$4.50 per barrel would have to be justified in close detail as providing a significant increase in long-term supply.

By Mr. BENTSEN:

S. 2886. A bill to amend the Internal Revenue Code of 1954 to provide that the percentage depletion method may be used only for oil and gas wells located in the United States or adjacent to the North American Continent. Referred to the Committee on Finance.

Mr. BENTSEN. Mr. President, today I am introducing a bill to limit the percentage depletion allowance on oil and gas production to North America. I announced this measure in a speech on the Senate floor on December 14 of last year.

Under present law, our tax code allows oil companies the same depletion allowance for production in the Middle East as it does for domestic production. If our Nation is to move toward the goal of energy independence, then a depletion allowance that encourages oil exploration and production outside North America only works against that goal.

I believe we should work with our immediate neighbors to both the North and South to develop our energy resources in areas where our relations are friendly and where delivery channels are relatively secure.

My bill would allow the percentage depletion allowance on production from the area between the North Pole and the Panama Canal and from the outer edge of the Aleutian Islands to a line including Newfoundland and the Caribbean islands.

By Mr. BARTLETT:

S. 2887. A bill to terminate the Emergency Daylight Saving Time Energy Con-

servation Act of 1973 on the last Sunday of October 1974. Referred to the Committee on Commerce.

Mr. BARTLETT. Mr. President, today I am introducing a bill to limit the experiment in year-round daylight savings time to 1 year.¹

Although we have been under the year-round plan for only 3 weeks, already, the disadvantages I anticipated have become real and the advantages hoped for are not being realized. Moreover, our people are dissatisfied.

As I warned during the debate on the daylight saving time bill, parents are particularly concerned about their young children forced to wait before dawn on streetcorners for their schoolbus. There is evidence that the lives of our schoolchildren are being endangered.

Also, it has added inconvenience to those persons such as farmers who must begin their work day at an early hour.

These inconveniences and sacrifices could be tolerated if any real benefit were apparent. However, the early indications are that we are not saving energy by converting to year-round daylight savings.

Certainly it is too early for final figures but Oklahoma Gas & Electric Co. in Oklahoma City has advised us they are using more electricity now than prior to the conversion to the new time. They believe it is partially attributable to daylight savings time.

The daylight saving time bill as enacted by the Congress provides for a 2-year trial period with a study after the first year. The bill I have introduced will limit the duration of year-round daylight savings to 1 year. Then, if the study yields positive results the Congress can then extend it. Otherwise under my bill we will revert to normal time next October.

I ask unanimous consent that a resolution passed by the Oklahoma legislature requesting an exemption to daylight saving time be included in full in the RECORD at the conclusion of these remarks.

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

RESOLUTION

Whereas, the beginning of a work day or school day one hour earlier, in winter's darkness of night, is inconvenient to the population and inappropriate for commerce in the State of Oklahoma and the western part of the Central Standard Time Zone; and

Whereas, the act, and the implementation required by the Secretary of Transportation in the Emergency Daylight Saving Time Energy Conservation Act of 1973, does not, in said area, operate to the convenience of commerce or the population. To the contrary, the act and implementation required makes necessary a greater use of energy by broadening necessity for early morning consumption of electricity and fuel in homes, factories, shops, offices and motor vehicles. Rather than requiring their children to stand waiting at school bus stops in the cold darkness of early morn, numerous parents throughout the entire area will transport them to school in the family gasoline burner.

¹ On Dec. 4, during the debate on the Daylight Savings Time Bill, I introduced this same bill as an amendment but it failed by a margin of 51-31.

Now, therefore, be it resolved by the House of Representatives of the 2nd Session of the 34th Oklahoma Legislature, the Senate concurring therein:

That the Congress of the United States be, and hereby is, memorialized to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 (Public Law 93-182) to a result that Oklahoma be exempt from the provisions of said act.

That an authenticated copy of this Concurrent Resolution shall be distributed to each member of the Oklahoma Congressional Delegation.

Adopted by the House of Representatives the 14th day of January, 1974.

JAMES E. HAMILTON,
President Pro Tempore of the Senate.

By Mr. BARTLETT:

S. 2888. A bill to convey certain land of the United States to the Inter-Tribal Council, Inc., Miami, Okla. Referred to the Committee on Interior and Insular Affairs.

Mr. BARTLETT. Mr. President, I am today introducing legislation which would convey certain lands of the United States in fee title to the Inter-Tribal Council, Inc., of Miami, Okla. For some years now the Inter-Tribal Council of Miami, Okla., a nonprofit State corporation, has tried to have legislation enacted to convey to them 114 acres of land, located in Ottawa County, Okla., which are excess to the needs of the Bureau of Indian Affairs. The land which the council desire to obtain was purchased by the Federal Government and used for farming and dairying operations in connection with the Seneca Indian School until these operations were discontinued some 9 years ago. The land is excess to the needs of the Bureau of Indian Affairs, and at present is not being used for any purposes.

The purpose for which the Inter-Tribal Council was created is to promote the general health and welfare of the tribal members. Member tribes of the corporation or the Seneca, Quapaw, Peoria, Modoc, Ottawa, Shawnee, Miami, and Wyandotte. The principal objective of the council in seeking to have this land conveyed to them is to raise the socioeconomic level of the tribal members residing in the area through the creation of jobs. The council does not own other land. The 114 acres they wish to acquire is favorably located for industrial development purposes, and having it conveyed to them would put them in an excellent position to negotiate with representatives of industries interested in locating in the area.

The donation of this land to a group of small selected tribes is an effective means for furthering the purposes for which industrial development funds are appropriated to the Bureau of Indian Affairs. The location of industrial enterprises on the land would fulfill a real need and the individual Indians in the area stand to benefit immeasurably by the enactment of this legislation.

By Mr. MAGNUSON (by request):

S. 2889. A bill to amend the Federal Aviation Act of 1958 to make it clear that the civil penalty provisions of the act are applicable to ticket agents who grant rebates, and to authorize the Civil Aeronautics Board to inspect the records

of ticket agents. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request, for appropriate reference, a bill to amend the Federal Aviation Act of 1958 to make it clear that the civil penalty provisions of the act are applicable to ticket agents who grant rebates, and to authorize the Civil Aeronautics Board to inspect the records of ticket agents, and ask unanimous consent that the letter of transmittal and statement of purpose and need be printed in the RECORD with the text of the bill.

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

CIVIL AERONAUTICS BOARD,
Washington, D.C., November 28, 1973.
Hon. FRANCIS R. VALEO,
Secretary of the Senate,
Washington, D.C.

DEAR MR. VALEO: The Civil Aeronautics Board recommends to the Senate for its consideration the enclosed draft of a proposed bill "To amend the Federal Aviation Act of 1958 to make it clear that the civil penalty provisions of the Act are applicable to ticket agents who grant rebates, and to authorize the Civil Aeronautics Board to inspect the records of ticket agents."

The Board has been advised by the Office of Management and Budget that there is no objection to the transmission of the draft bill to the Senate from the standpoint of the Administration's program.

Sincerely,

ROBERT D. TIMM,
Chairman.

STATEMENT OF PURPOSE AND NEED FOR A DRAFT BILL TO AMEND THE FEDERAL AVIATION ACT OF 1958 TO MAKE IT CLEAR THAT THE CIVIL PENALTY PROVISIONS OF THE ACT ARE APPLICABLE TO TICKET AGENTS WHO GRANT REBATES, AND TO AUTHORIZE THE CIVIL AERONAUTICS BOARD TO INSPECT THE RECORDS OF TICKET AGENTS

Both air carriers and ticket agents are subject to the criminal penalties of section 902(d) of the Federal Aviation Act (49 U.S.C. 1472(d)) for knowing and willful grants of rebates. However, while air carriers are also subject to civil penalties for rebating under section 901(a) of the Act (49 U.S.C. 1471(a)), it is at least arguable that ticket agents are not. The problem is that at the time Congress determined to subject ticket agents to penalties for various kinds of actions relating to air transportation, rebating was subject to monetary penalties only pursuant to section 902 ("Criminal Penalties") of the Act. Accordingly, Congress dealt with the possibility of rebating by ticket agents by subjecting ticket agents in 1952 to section 902 (P.L. 538, 66 Stat. 629). Ten years later, the Act was amended to provide for civil penalties for violations of title IV of the Act (P.L. 87-528, 76 Stat. 149). Thus, a violation of section 403(b) of the Act (49 U.S.C. 1373(b)), which prohibits air carriers from charging more than the amount specified in the pertinent tariff and from granting rebates, thereby became a ground for the imposition of a civil penalty. However, since neither section 403 nor any other substantive provision of the Act prohibits ticket agents from rebating, the anomaly arose whereby ticket agents are arguably immune from civil penalties for the same actions that would subject them to criminal penalties.

The difficulties in proof and procedural complexities involved in respect to making a criminal case against a ticket agent under section 902 render that approach highly impracticable. Accordingly, the bill amends section 403(b) to make it clear that ticket agents are prohibited from charging their

customers either more or less than the tariff amount.

As to Board authority to inspect the records of ticket agents, air carriers are required by section 407(e) of the Act (49 U.S.C. 1377(e)) to give the Board access "to all lands, buildings, and equipment of any air carrier and to all accounts, records, and memoranda . . . kept by air carriers." No such explicit authority exists with respect to ticket agents. Since section 407(e) is applicable only to air carriers, the Board must rely on the cooperation of the ticket agents in enforcement problems involving them or upon the time-consuming subpoena procedure. This has resulted in serious difficulties. In many instances ticket agents have refused to make their records available, which has resulted in delayed enforcement action and lost opportunities to obtain important documentary evidence of violations of the Act.

The bill amends section 407(e) so as to subject ticket agents to the requirements of the section.

S. 2889

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 403(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1373(b)) is amended to read as follows: "No air carrier or foreign air carrier or any ticket agent shall charge or demand or collect or receive a greater or less or different compensation for air transportation, or for any service in connection therewith, than the rates, fares, and charges specified in then currently effective tariffs of such air carrier or foreign air carrier; and no air carrier or foreign air carrier or ticket agent shall, in any manner or by any device, directly or indirectly, or through any agent or broker, or otherwise, refund or remit any portion of the rates, fares, or charges so specified, or extend to any person any privileges or facilities, with respect to matters required by the Board to be specified in such tariffs, except those specified therein."

Sec. 2. The first sentence of section 407(e) of such Act (49 U.S.C. 1377(e)) is amended to read as follows: "The Board shall at all times have access to all lands, buildings, and equipment of any carrier and to all accounts, records, and memoranda, including all documents, papers, and correspondence, now or hereafter existing, and kept or required to be kept by air carriers or ticket agents; and it may employ special agents or auditors, who shall have authority under the orders of the Board to inspect and examine any and all such lands, buildings, equipment, accounts, records, and memoranda."

By Mr. BEALL (for himself and Mr. DOMINICK):

S. 2890. A bill to amend the General Education Provisions Act to provide that funds appropriated for applicable programs for fiscal year 1974 shall remain available during the succeeding fiscal year and that such funds for fiscal year 1973 shall remain available during fiscal year 1974 and 1975. Referred to the Committee on Labor and Public Welfare.

Mr. BEALL. Mr. President, in 1963 the Congress enacted a provision in the education laws allowing education agencies to carry over funds appropriated in one year to the succeeding year. This provision has been invaluable to school districts and has done much to prevent unwise and often wasteful spending. Without this provision school districts would be forced to spend the funds in the fiscal year in which they were appropriated or lose them. Given this alterna-

tive, school districts naturally rushed to spend the funds. As the old adage goes "haste makes waste."

Obviously this is not conducive to good planning and efficient and effective use of educational funds. The need for the continuation of this provision is even more important this year since the administration recently released \$466 million in impounded education funds. Without the continuation of this amendment all of these funds would have to be spent by June 30, 1974, or revert to the Treasury.

I am introducing today, along with Senator DOMINICK, a bill identical to that introduced by Congressmen QUIE and PERKINS yesterday. This bill would extend the 1968 provision and also make available for an additional year for obligations by local school districts those educational funds impounded by the administration in fiscal year 1973.

S. 1539, which has been ordered reported by the Education Subcommittee to the full committee, extends the 1968 provisions for 5 years and would also allow the carrying over of the impounded aid funds for an additional year. I am, however, introducing this separate bill today because it is going to take us a while to complete our action on S. 1539 and because of the great uneasiness among local school districts. In the meantime without the assurance that they will be able to carry over appropriated funds, school districts will likely hurry to spend the funds. We should remove this fear from them so that they may employ the educational funds wisely.

By Mr. McCURE:

S. 2891. A bill to amend the Internal Revenue Code of 1954 in order to tax excess petroleum industry profits, to encourage investments in the expansion of domestic energy supplies, and to create an incentive tax credit for research and development of new or expanded energy sources. Referred to the Committee on Finance.

Mr. McCURE. Mr. President, we find ourselves as a Nation in a dilemma. On the one hand we have vast untapped domestic fuel sources and the capability to develop the technology necessary to unleash numerous forms of new energy sources. Yet on the other hand we are bound by a critical energy shortage. Prices for fuel and related products have shot upward. We know from past experience that in such situations some individuals and segments of industries have not been able to resist the temptation to increase prices more rapidly than costs during a period of shortage. The American people can be caught in two ways: By higher prices and by the shortage of fuels.

Meeting our Nation's future energy needs is going to require a tremendous capital investment. The Chase Manhattan Bank has reported that the financial needs of the petroleum industry for the 15-year period of 1970 to 1985 will be \$1 trillion, \$350 billion. Such a capital expenditure is staggering, even by congressional standards. And where is this money to come from? From the Government? From private industry?

It is all too obvious what the differences between private enterprise and governmental programs are. I refer to efficiency in the use of funds, speed in arriving at the objectives, ability to shift programs, and desire for a more competitive product. It is not in our country's best interest to federalize this program of energy expansion. Instead we should stimulate the skills and efforts of private enterprise to develop for us a new era—one of sufficient energy through expanded technology. Thus we need to encourage vast sums of investment into expanding our present energy supplies and developing the advanced technology necessary to unlock new forms of energy and energy sources. And there is no better way to start than by utilizing the profits of the petroleum industry. That is precisely what my bill is designed to do.

My bill will levy a 90-percent tax on that income of the petroleum industry which is above an average rate of return for all industries. All corporations with an invested capital structure exceeding \$2.5 million are covered by the bill, if theirs is a business primarily involved in any level of the petroleum industry, from exploration and extraction to retail sales. The first taxable year will be 1973.

The index to determine what is a fair rate of return would come from the Federal Trade Commission. It would be based on the average percentage rate of return on invested capital for all manufacturing corporations. The FTC is directed to include this information in its quarterly financial reports for manufacturing corporations. Thus the rate of return available to the petroleum industry, without penalty, would float with the economy and at the same time be readily discernable. In this manner they would remain competitive in their search for new and additional funds.

A special deduction will be allowed when figuring taxable income applicable to the excess profits tax. This deduction will be for new investments made in an effort to increase our domestic energy supply—research, exploration, and development. A 5-year set-aside program is allowed during which these investments must be made, to be free of the excess profits tax.

The opportunity for constructive, and perhaps dramatic, action is numerous. Without attempting to list them all, my bill points to the areas of location, production, transportation, conversion, processing, utilization pollution abatement, and conservation. Progress can be and must be made in each of these fields having important impact on our total energy supply.

This proposal also expands the present 7 percent investment tax credit to include investments made for domestic research and development facilities for new or expanded energy sources.

I ask unanimous consent to have the bill I introduced printed in the RECORD.

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

S. 2891

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 "Excess Petroleum Profits Tax Act of 1974."

SEC. 1. Part II of subchapter A of Chapter 1 of the Internal Revenue Code of 1954, as amended (relating to corporation income taxes), is amended by adding after section 12 a new section as follows:

"Section.—Excess Petroleum Profits Tax."

"(a) IN GENERAL.—Notwithstanding other taxes imposed by this subtitle, an excess profits surtax is hereby imposed on the taxable income of all petroleum industry corporations for each taxable year beginning after December 31, 1972. The surtax shall be equal to the surcharge as computed under subsection (b)."

"(b) SURCHARGE.—The surcharge is equal to 90 percent of the amount by which the taxable income exceeds the surcharge exemption for the taxable year. Section 11 shall only apply to that amount of taxable income which does not exceed the surcharge exemption for the taxable year."

"(c) SURCHARGE EXEMPTION.—For purposes of this section, the surcharge exemption for any taxable year shall be the percentage rate of return, on the capital investment of a petroleum industry corporation, equal to the average rate of return on capital investment for all manufacturing corporations for that taxable year. Determination of the average rate of return on capital investment, by industry and for all manufacturing corporations, shall be made by the Federal Trade Commission and submitted in its Quarterly Financial Reports for manufacturing corporations, beginning with the quarter following enactment of this bill. The Commissioner is further directed to compile and publish the rate of return on capital investment, by industry and for all manufacturing corporations, starting with the first quarter of 1973 and extending through the quarter in which this bill is enacted."

"(d) EXCEPTIONS.—"

"(1) SMALL CORPORATIONS.—This section shall apply to all petroleum industry corporations having an invested capital structure exceeding \$2,500,000."

"(2) SET-ASIDE FUND.—The corporation may establish a special fund to be used according to subsection (f) in which yearly income, subject to the surcharge, may be set aside without surcharge consequence. However, such set aside funds which are not properly invested within 5 years of the taxable year in which they were earned shall be subject to the surcharge with no further exceptions."

"(e) DEFINITIONS.—"

"(1) PETROLEUM INDUSTRY CORPORATION.—For purposes of this section the term petroleum industry corporation means any corporation engaged in the exploration, extraction, refining, transportation, distribution, manufacture, production, and/or sale of any petroleum or petroleum product as its principal business."

"(2) TAXABLE INCOME.—For purposes of computation of the surcharge imposed by this section, taxable income shall be computed without regard to any deductions allowed by reason of the carryback or carryover of any loss."

"(f) SPECIAL DEDUCTION.—In computing the surcharge imposed by this section, there shall be excluded from income, subject to the surcharge, an amount equal to the investment made in the same taxable year or as authorized under subsection (d) (2), for the following purposes:"

"(1) exploration or development of new domestic fuel;"

"(2) increased domestic productive capacity;"

"(3) research and development of new domestic energy sources, fuels, or uses;"

"(4) research and development of energy technology affecting"

"(A) location,"

"(B) production,"

"(C) transportation,"

"(D) conversion,"
 "(E) processing,"
 "(F) utilization,"
 "(G) pollution abatement, or"
 "(H) conservation; or"
 "(5) other investment reasonably calculated to increase the domestic energy supply or the more efficient use of such energy supply."

SEC. 2. (a) Section 48(a) of the Internal Revenue Code of 1954, as amended (relating to investment tax credits), is amended by inserting at the end of clause (1) (B) (ii) the following:

"(iii) constitutes a domestic research and development facility for new or expanded energy sources, or"

"(iv) constitutes tangible property specifically invested in to increase the domestic energy supply or its more efficient use, or"

(b) Section 48 of such Code is amended by redesignating subsection (k) as (1), and by inserting after subsection (j) the following:

"(k) NEW OR EXPANDED ENERGY SOURCES."

"(1) NEW ENERGY SOURCES.—This term shall include (but not be restricted to) oil shale, tar sand, coal liquefaction, coal gasification, geothermal, solar, hydrogen, and magneto-hydrodynamics energy."

"(2) EXPANDED ENERGY SOURCES.—This term shall include (but not be restricted to) the energy sources in (1), plus petroleum, coal, hydroelectric, and atomic energy sources."

SEC. 3. (a) The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this Act, except as provided for in section 3(b).

(b) The Commissioner of the Federal Trade Commission shall prescribe such regulations and procedures as are necessary to carry out the compilation and publication of rate of return data as directed in section 1(c) of this Act.

SEC. 4. The amendments made by this Act shall become effective with respect to taxable years beginning after December 31, 1972.

By Mr. MONDALE:

S. 2892. A bill to amend the Economic Stabilization Act of 1970. Referred to the Committee on Banking, Housing, and Urban Affairs.

Mr. MONDALE. Mr. President, this week the December Consumer Price Index figures were released, and they made for their usual sad reading. Once again, paced by increases of 11 percent for home heating oil and 4.4 percent for gasoline, inflation took its toll on the Nation's economy. Once again, the American working family had to absorb another decline in purchasing power, a decline which last year reached 3 percent.

There are, obviously, a variety of causes for this inflation. Food prices continue to rise, and the cost of industrial commodities shows no sign of slowing their rapid advance. The Nixon administration, nevertheless, seems intent on phasing out or eliminating controls by the expiration of the Economic Stabilization Act at the end of April.

Yet there is little doubt that in at least one area, controls on prices are desperately needed. Since the beginning of November, the Wholesale Price Index for refined petroleum products has jumped an astounding 60.9 percent. For all of 1973, crude oil prices on the wholesale level rose by 27.5 percent, while refined product prices were up by 125 percent.

I believe that there is no question as to the need for an immediate freeze and

rollback in domestic crude oil and refined petroleum product prices. Since the beginning of 1973, the price of "old"—price controlled—crude petroleum has risen from about \$3.50 per barrel to \$5.25 per barrel. Included in this increase was an increase of \$1 per barrel, allowed by the Cost of Living Council on December 19, 1973, which resulted in an increase of revenue to the oil companies of \$3 billion per year without any promise of increased domestic production.

In the same time period, the price of "new"—decontrolled—domestic crude oil has more than tripled, to a current level of about \$10 per barrel. These increases have resulted in additional revenues to the oil companies of this country of approximately \$6½ billion per year.

In each instance—both for new and old domestic crude oil—the bulk of the increases have occurred since the beginning of the Arab oil embargo. In spite of the fact that production costs for domestic crude oil have risen only slightly in the period since the embargo began, prices of old oil have been allowed to rise by \$1 per barrel and prices of new oil have shot up from levels of about \$5.75 just before the embargo began to the current \$10 per barrel figure.

There simply is no justification for price increases of this magnitude. They are costing consumers in this country tens of billions of dollars in higher prices, and are resulting in windfall profits to the oil producers of this country.

And, significantly, many within the oil business itself over the past year have indicated that they regarded prices of \$5 to \$6 per barrel as adequate to stimulate the new domestic exploration of oil in which we are all interested.

In July of 1972, Business Week reported that:

Higher prices, of course, are what the oil industry has been seeking in its efforts to tap "secure" but often marginal domestic energy sources. "If the price of domestic crude moves up a bit more," says John G. McLean, chairman of Continental Oil Co., "we can get at some additional reserves and produce them economically." He calculates that deeper drilling in older oil fields—tertiary recovery—will be economical when domestic crude rises to \$4 a barrel, from its present average of \$3.40. Rising oil prices will also bring "synthetic" fuels into economic range. McLean figures that Alberta's big deposits of Athabasca tar sands could be processed into crude oil at a commercial rate when the price of regular crude reaches about \$5 per barrel—McLean believes, too, that vast shale oil deposits in the Western States could be tapped economically at prices of \$5 to \$6 per barrel.

On October 24, 1973—when the price of old crude was \$4.25 per barrel and the price of new crude was about \$5.50—John E. Swearingen, chairman of the Standard Oil Co. of Indiana, stated that:

Recent increases in the prices of domestic crude oil and natural gas have provided additional incentives and additional funds for intensified exploration for new supplies of oil and gas. Our company has embarked upon the most extensive exploration and development program in its history with particular emphasis on the U.S.

The Petroleum Independent, the magazine published by the Independent Petroleum Association of America, in its November 1973 issue quoted a Houston producer-geologist as saying:

There's no doubt that prospects are for increased drilling. Everybody I know is planning on it. With new oil prices from \$5.30 to \$6.00 per barrel, there's incentive now to go looking for oil.

And the same issue of that magazine quotes another producer-geologist:

The oil price rise is definitely a healthy sign. I've never seen so much outside investor money available for drilling. It wouldn't be difficult for one geologist to raise more money than he can intelligently spend.

All of these statements point to the fact that while the oil industry stated that they needed higher prices in order to encourage domestic exploration, even they consistently indicated that prices for "new" oil of \$5 to \$6 per barrel would be most sufficient to encourage additional domestic exploration and development of our oil resources.

These prices for "new" oil were the prices prevailing on or about November 1, 1973, before the Arab embargo began to exert its effects on domestic oil prices.

Quite simply, there is no reason why unconscionable increases in prices abroad—prices not set in response to free market forces—should be used as the excuse to raise prices on domestic oil production to embargo-induced levels.

I am therefore introducing legislation today to direct the President to implement an immediate price freeze on all domestic crude petroleum and petroleum products, and, within 30 days thereafter, a rollback of such prices to the levels in existence on November 1, 1973.

This legislation attempts to retain the vitally needed price incentive on "new" oil necessary to induce increased domestic oil production, while at the same time removing the windfall price increases which have resulted from increased domestic prices induced by the Arab oil embargo.

In addition, it would roll back the inexcusable \$1 per barrel increase which the Cost of Living Council allowed on "old" oil on December 19, 1973. This increase—from \$4.25 per barrel to \$5.25 per barrel—represented an added cost for American consumers of \$3 billion per year. And yet the oil industry made no promises for increased production resulting from this price increase on the same oil on which they were making handsome profits 1 year ago at \$3.50 per barrel.

The legislation also allows the President to make exceptions necessary to prevent gross inequities and hardships, and to encourage and preserve the competitive viability of the independent sector of the oil industry.

Finally, it would require that the President issue rules to insure that all sales of crude petroleum at the refinery level or petroleum products at the wholesale level reflect, in sales to any purchaser, the average costs of its foreign and domestic crude oil and petroleum products.

This is designed to cope with a number of current problems.

First, it should prove of substantial benefit to the independent sector of the industry—particularly in the area of

heating oil. At present, the major oil companies—which have both domestic and foreign crude oil sources—are selling the higher priced foreign oil to independent refiners and are selling refined products produced from foreign oil to independent wholesalers and marketers. This results in a competitive disadvantage to independents, who are now forced to sell their products at much higher prices than wholesale and retail outlets of the major companies, which are using their own supplies of lower-priced domestic oil to supply their own outlets. The resolution would put an end to this practice.

And second, it should provide relief to those geographic sectors of the country—in particular, the New England and Middle Atlantic States, the Upper Midwest and the west coast—which are more heavily dependent on foreign oil for their supplies, by requiring the producing companies to average foreign and domestic prices in all sales to spread price increases equitably throughout the Nation.

Mr. President, I believe that this legislation would enable us to increase the vital domestic oil supplies we all want to encourage, while insuring the American consumer a fair price for these products.

As compared to current prices, the rollback envisioned in this legislation would save American consumers \$7 billion per year, while still providing a fair rate of return and profitability to the oil industry.

It is my expectation that this legislation, along with other similar legislation, will receive a speedy hearing in a number of Senate committees. Out of those hearings will hopefully emerge a strong congressional directive to roll back the exorbitant price increases on domestic oil and petroleum products and to ease the threat of soaring inflation, rising unemployment and a severe recession this year.

Mr. President, I ask unanimous consent that the text of this legislation be printed in the RECORD at the conclusion of my remarks.

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

S. 2892

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, "The Economic Stabilization Act of 1970 is amended by inserting in section 203 the following new subsections:

(k) Immediately upon the enactment of this section, the President shall issue an order to establish a ceiling on prices of crude oil and petroleum products at levels not greater than the highest levels pertaining to a substantial volume of actual transactions by each business enterprise or other person during the fourteen day period ending January 19, 1974, for like or similar commodities, or if no transactions occurred during such period, then the highest applicable level in the nearest preceding fourteen day period.

(l) The ceiling on prices required under subsection (k) shall be applicable to all retail prices and to wholesale prices for unfinished, finished or processed goods.

(m) As soon practicable, but not later than 30 days after the date of enactment of this section, the President shall by written order stating in full the considerations for his actions, roll back prices for crude oil and petroleum products to levels no higher than those

prevailing in the seven-day period ending November 1, 1973, in order to reduce inflation. Price increases announced after November 1, 1973, and made retroactive to dates prior to November 1, 1973, shall not be considered as having been in effect prior to such date for purposes of this subsection. The President may make specific exceptions from the rollback by written order to compensate for increased costs for crude oil and petroleum products produced or refined outside the United States, but in no event shall such exceptions allow more than a passthrough for increases in the costs of such commodities. Such orders shall state procedures and adequate public notice of any price exceptions and shall disallow any profit margins on any crude petroleum or petroleum products in excess of the margin applicable in the seven-day period ending November 1, 1973.

(n) The President may, by written order stating in full the considerations for his actions, make such additional exceptions and variations to the orders required under this section as may be necessary to prevent gross inequities and hardships, and to encourage and preserve the competitive viability of branded independent marketers, small refiners, nonbranded independent marketers, and independent refiners, as defined in the Emergency Petroleum Allocation Act of 1973 (Public Law 93-159).

(o) The President shall, by written order, issue rules to insure that all corporations or other entities engaging in sales of crude petroleum at the refinery level or petroleum products at the wholesale level reflect, in sales to any purchaser, the average costs of its foreign and domestic crude oil and petroleum products.

(p) Section 406 of Public Law 93-153 is hereby repealed.

(q) For purposes of this section, "petroleum product" means gasoline, kerosene, distillates (including Number 2 fuel oil), LPG, refined lubricating oils, or diesel fuel."

By Mr. KENNEDY (for himself, Mr. JAVITS, Mr. CRANSTON, Mr. EAGLETON, Mr. HATHAWAY, Mr. HUGHES, Mr. MONDALE, Mr. PELL, Mr. RANDOLPH, Mr. SCHWEIKER, Mr. STAFFORD, and Mr. WILLIAMS):

S. 2893. A bill to amend the Public Health Service Act to improve the national cancer program and to authorize appropriations for such program for the next 3 fiscal years. Referred to the Committee on Labor and Public Welfare.

NATIONAL CANCER ACT OF 1974

Mr. KENNEDY. Mr. President, today I am introducing the National Cancer Act of 1974. This bill, upon which the Senate Health Subcommittee will conduct hearings next Wednesday morning, January 30, 1974, is a 3-year extension of the National Cancer Act, which is set to expire this June.

The provisions of this bill are modeled after the recommendations of the President's Cancer Panel and the National Cancer Advisory Board. At the conclusion of my remarks I will briefly describe the specific amendments the bill includes. I understand that an identical bill is also being introduced today in the House of Representatives by my friend and colleague, Congressman PAUL ROGERS.

"Cancer" is a term applied to more than 100 clinically distinct diseases which kill someone in the United States every one-and-a-half minutes. In 1973,

it was estimated that 642,000 Americans would become new cancer cases, 1,310,000 Americans would be cancer patients, and 350,000 Americans would die of cancer. The annual cost of cancer is about \$18 billion, which can not measure the incalculable suffering of victims, their friends and families.

Cancer is a widespread biological phenomenon with different incidences, appearances, and functioning. It is induced by widely different chemical, physical, and biological agents, most of which are unknown. Cancers have many similarities to the host tissues from which they originate. This makes early diagnosis more difficult than with infectious diseases caused by organisms which the body recognizes as foreign to the host tissue. A major effort of the national cancer program is to develop tests which can identify the presence of small numbers of cancer cells with a reliability similar to that of well known serologic tests for bacterial diseases.

In the early stages of cancer there may be relatively few cancer cells among billions of normal cells. The best chances for curative treatment are at this stage because the balance of forces is in favor of the patient and a skilled therapist. Unfortunately, however, most patients do not seek medical attention until their initial cancer has progressed by abnormal growth and destructive invasiveness to establish new cancerous growths—metastases. If untreated, cancers usually are fatal. However research supported by the National Cancer Institute has developed effective therapies for curing or controlling 10 forms of advanced cancer that were invariably fatal a decade ago.

Cancer causation involves many interrelated factors: Heredity, exposure to a variety of agents, singly or in combination and at various doses and routes of administration; host factors that produce different resistances to different agents and different means of handling the many agents—host metabolism, hormonal patterns, immunological response of the host. Epidemiological data, particularly in occupational settings, have clearly implicated approximately 22 chemical agents in human cancer causation; about a thousand chemicals are now known to induce cancer in animals.

In the early 1900's few cancer patients had any hope of cure. The 5-year survival rate in the late 1930's was about 1 in 5. Ten years later it was 1 in 4 and today the figure is about 1 in 3. This means that roughly 55,000 patients are being saved each year. The immediate goal of cancer control in this country is to save 321,000 lives a year, or half of those who develop cancer. On the basis of 5-year survival, about 224,000 Americans will be saved from cancer this year. About 1,500,000 Americans are alive and free of cancer 5 years after treatment. An additional 1 million cancer patients diagnosed and treated within the last 5 years will live to join these ranks.

Although these improvements in cure rates are impressive and gratifying, the vastly complex nature of cancer requires a coordinated biomedical research effort of unprecedented dimensions. Many methodologies and approaches

must be used to solve problems and gain significant new knowledge. Cancer is a chronic disease process, with causation and development extending over several years in most patients. In fact, with several occupational cancers, the period of exposure to the causative agent occurs about a decade prior to the diagnosis. This long time span makes it difficult to evaluate research findings and new methods of prevention, diagnosis, and treatment.

Since its creation in 1937 the National Cancer Institute has been the primary agency through which the Federal Government has sought to marshal biomedical research toward the goal of controlling cancer. The activities of the Institute have been directed toward providing, through research, improved means for the prevention and diagnosis of cancers in man, and the cure and rehabilitation of those cancers that have not been prevented.

The National Cancer Act of 1971 rested on the conviction that medical and scientific understanding of cancer had reached a level where sustained pursuit of new scientific leads could advance national capacities to prevent, diagnose, and treat cancer. The act stipulated that an intensified and coordinated national program would be needed to quicken the pace for developing the means to bring cancer under control.

The National Cancer Act gives the National Cancer Institute the responsibility for organizing this complex undertaking and for channeling the resources needed for this program. The act specifically directs the Director of the Institute to "plan and develop an expanded, intensified, and coordinated cancer research program encompassing the programs of the National Cancer Institute, related programs of the research institutes, and other Federal and non-Federal programs." This mandate includes support for cancer research in industry and in other countries outside the United States.

To speed the translation of research results in widespread applications, the act directs the establishment of a cancer control program to demonstrate to both the medical community and general public the applications of the latest advances in cancer prevention and control.

The act further directed the Institute to provide supporting resources for the national cancer program. These include:

Collection, analysis, and dissemination of all data useful in the prevention, diagnosis, and treatment of cancer, including establishment of an international cancer research data bank.

Continuing support of appropriate manpower training programs in fundamental sciences and clinical disciplines.

Support of the large-scale production and distribution of specialized biological materials and other chemicals and drugs for research.

An overall strategy for the national cancer program has been developed, based on a consensus among Federal and non-Federal clinicians and laboratory scientists about the direction, content and pace of the research program. The strategy and plan for the national program will be revised regularly as new information and concepts flow from the

laboratory and clinic. The overall strategy involves the systematic sharing of cancer information by public and private agencies throughout this country and abroad. It requires continued assessment of resource needs and logistical planning to meet those needs. In some cases, it necessitates the redeployment of existing facilities, the rapid evolution of new kinds and combinations of research support, the reassignment of science management responsibilities, and the development of new mechanisms of technological transfer and information retrieval and application.

The national cancer program plan includes a strategic plan and an operational plan. The strategic plan, developed with a broad spectrum of advice from the scientific and medical communities, presents the major national goal, objectives, program strategy, implementation strategy, and estimated resources necessary to achieve the objectives. The operational plan, which is nearing completion, will include more detailed information concerning plans for specific research programs to implement the strategic plan.

A preliminary outline of the national cancer program plan and the research strategy was developed by the National Cancer Institute with the advice of the National Advisory Cancer Council. Then, in a unique event in the history of biology and medicine in this country, 250 laboratory and clinical scientists met in a series of 40 planning sessions between October 1971 and March 1972 to develop a scientific and operational foundation for the national cancer program. The resulting strategic plan was reviewed by the President's Cancer Panel, the National Cancer Advisory Board, the Director and staff of the National Institutes of Health, National Cancer Institute staff, the Association of American Cancer Institutes, the American Association for Cancer Research and the Institute of Medicine of the National Academy of Sciences.

The goal of the national cancer program is to develop means to significantly reduce the incidence of cancer in man and the suffering and death from cancer. The general strategy of the program is to provide for a balanced effort covering the entire spectrum of basic applied and developmental research. The strategy will be implemented through laboratory, field, and clinical programs that are judged most likely to produce the information and technology that can be transferred rapidly to medical practice. The program will be "balanced" in the sense that all promising options will be pursued, taking into account the current state of research knowledge, the probability of success of the option, and the impact of the successful completion of the option.

The national cancer program has a mandate that goes beyond the traditional NIH research mission. Simply stated, the program must build effective bridges from laboratory and clinical research to those who can benefit from the results of research—to physicians, their cancer patients, and all at risk to cancer.

CENTERS

The most visible manifestation of bridgebuilding during the past year has been the establishment of a national network of cancer centers demonstrating optimum cancer care at locations selected to provide maximum public and professional access.

In 1971, when the National Cancer Act granted NCI authority to establish new clinical cancer research and demonstration centers, there were three preexisting comprehensive cancer centers: The M. D. Anderson Hospital and Tumor Institute, Houston; Memorial Sloan-Kettering Cancer Center, New York; and Roswell Park Memorial Institute, Buffalo.

Some 20.6 million people were within 60 miles of these three centers and 33.7 million people were within 120 miles.

Within the past year, nine additional medical institutions have established comprehensive cancer centers with assistance from the National Cancer Institute. These institutions are:

University of Alabama School of Medicine, Birmingham.

Children's Cancer Research Foundation, Boston.

Duke University Medical Center, Durham, N.C.

Fred Hutchinson Cancer Research Center affiliated with the University of Washington, Seattle.

The Johns Hopkins Medical Institutions, Baltimore.

University of Miami School of Medicine, Miami.

Mayo Foundation, Rochester, Minn.

University of Southern California—with the Los Angeles County Department of Hospitals—Los Angeles.

University of Wisconsin Medical Center, Madison.

As a result, today, 53 million Americans are within 60 miles of a comprehensive cancer center and 98 million are within 120 miles.

The distances 60 miles and 120 miles are not arbitrary. Studies show that 60 miles is generally the greatest distance a patient can reasonably drive for daily therapy, and 120 miles is the greatest distance a patient might be expected to travel for consultation without requiring an overnight stay.

By July 1974, at least six additional comprehensive centers will be underway. At that time, well over one-half the population should be close enough for a patient to visit a comprehensive cancer center for a consultation and return home the same day by surface transportation. The country will need 30 to 35 comprehensive cancer centers to serve adequately the entire U.S. population.

Now, Mr. President, I want to describe the particular aspects of my bill. First of all, it is a 3-year extension of the act through June 30, 1977. The bill proposes substantial increases in the two sets of authorization levels for the program. For the basic research and training program the bill authorizes \$750 million, \$830 million, and \$985 million for the fiscal years 1975, 1976, and 1977 respectively. For the prevention and control program the bill authorizes \$50 million, \$65 million, and \$85 million for those same fiscal years. The bill also removes

the limitation in the act which prohibits the creation of not more than 15 comprehensive cancer centers. I believe the Nation requires 30 to 35 such centers in order to bring high quality comprehensive cancer care within the reach of everyone. I can see no reason why any family should be denied the best possible cancer diagnosis and treatment simply because of where they live. Finally, Mr. President, the bill makes a number of minor, though important technical amendments to the Cancer Act.

In conclusion, I am delighted that this bill has the bipartisan cosponsorship of so many member of my Health Subcommittee. As I indicated a moment ago, I will chair hearings of the Health Subcommittee on this bill next Wednesday, during which testimony will be received from the President's Cancer Panel, the administration, the American Cancer Society, the Candlelighters, the Association of American Medical Colleges, and a panel of Comprehensive Cancer Center directors. It is my intention to have the committee report this bill back to the Senate with whatever amendments it deems desirable as promptly as possible, so that there will be no disruption in the continuation of this Nation's cancer program.

ADDITIONAL COSPONSORS OF BILLS

S. 1708

At the request of Mr. CRANSTON, the Senator from Texas (Mr. BENTSEN), was added as a cosponsor of S. 1708, to amend title X of the Public Health Service Act to extend appropriations authorizations for 3 fiscal years and to revise and improve authorities in such title for family planning services programs, planning, training and public information activities, and population research.

S. 2422

At the request of Mr. MATHIAS, the Senator from New Jersey (Mr. CASE) was added as a cosponsor of S. 2422, to establish a National Center for the Prevention and Control of Rape and provide financial assistance for a research and demonstration program into the causes, consequences, prevention, treatment, and control of rape.

S. 2528

Mr. MONDALE. Mr. President, I ask unanimous consent that the Senator from Maine (Mr. HATHAWAY) may be added as a cosponsor of S. 2528, the Social Services Amendments of 1973. I regret that due to clerical error Mr. HATHAWAY was not listed as a cosponsor of my bill when he made the request last October.

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

S. 2822

At the request of Mr. MATHIAS, the Senator from New Hampshire (Mr. MCINTYRE) was added as a cosponsor to S. 2822, to encourage the preservation of open lands in or near urban areas by amending the Internal Revenue Code of 1954 to provide that real property which is farmland, woodland, or open scenic land and forms part of an estate shall be valued, for estate tax purposes, at its value as farmland, woodland, or open

scenic land—rather than at its fair market value—if it continues to be used as such for at least 5 years after the date on which the estate tax return is filed.

SENATE CONCURRENT RESOLUTION 64—SUBMISSION OF A CONCURRENT RESOLUTION AUTHORIZING THE PRINTING OF AS A SENATE DOCUMENT CONGRESSIONAL EULOGIES AND OTHER TRIBUTES TO THE LATE J. EDGAR HOOVER

(Referred to the Committee on Rules and Administration.)

Mr. EASTLAND submitted the following concurrent resolution:

S. CON. RES. 64

Resolved by the Senate (the House of Representatives concurring). That there be printed with an illustration as a Senate document a compilation of materials eulogizing the late J. Edgar Hoover, including: Memorial tributes in the Congress; the eulogy by Warren E. Burger, Chief Justice of the United States, in the Rotunda of the United States Capitol, on May 3, 1972; the funeral services for Mr. Hoover at the National Presbyterian Church, Washington, D.C., including the eulogy by President Richard M. Nixon and the tribute by the Reverend Edward L. R. Elson, Chaplain of the United States Senate; and various articles and editorials relating to the life and work of J. Edgar Hoover and his contributions to the well being of the American people.

Sec. 2. There shall be printed five thousand five hundred fifty additional copies of the document authorized by section 1 of this concurrent resolution, of which four thousand and four hundred twenty shall be for the use of the House of Representatives, one thousand thirty shall be for the use of the United States Senate, and one hundred shall be for the use of the Senate Committee on the Judiciary.

Sec. 3. The copy for such document shall be prepared under the direction of the Joint Committee on Printing, and the document shall be printed and bound in the format currently used for memorial tributes to deceased Members of Congress.

SENATE RESOLUTION 245—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS FOR INQUIRIES AND INVESTIGATIONS

(Referred to the Committee on Rules and Administration.)

Mr. ROBERT C. BYRD (for Mr. JACKSON), from the Committee on Interior and Insular Affairs, reported the following resolution:

S. RES. 245

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Interior and Insular Affairs, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of

any such department or agency, and (4) to consent to the assignment of personnel of other committees of the Senate to assist in carrying out the purposes of section 3 of this resolution. Travel and other expenses, other than salary, of any personnel from other committees assigned to the committee pursuant to this paragraph for the purposes of section 3 of this resolution may be paid under this resolution.

Sec. 2. The expenses of the committee under this resolution shall not exceed \$475,000, of which amount (1) not to exceed \$25,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. To assist the committee in a study of national fuels and energy policy pursuant to Senate Resolution 45, agreed to May 3, 1971, the chairman and ranking minority member of each of the Committees on Commerce and Public Works, or members of such committees designated by such chairmen and ranking minority members to serve in their places, and the ranking majority and minority Senate members of the Joint Committee on Atomic Energy, or Senate members of that committee designated by such ranking majority and minority Senate members to serve in their places, shall participate and shall serve as ex officio members of the committee for the purpose of conducting the fuels and energy policy study.

Sec. 4. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 5. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the Chairman of the committee.

SENATE RESOLUTION 246—SUBMISSION OF A RESOLUTION RELATING TO EX OFFICIO MEMBERSHIP OF THE COMMITTEE ON APPROPRIATIONS

(Referred to the Committee on Rules and Administration.)

Mr. HATHAWAY submitted the following resolution:

S. RES. 246

Resolved, That the table in paragraph 6 (a) of rule XVI of the Standing Rules of the Senate is amended by adding at the end thereof the following:

"Committee on Labor and Public Welfare. For the Departments of Labor and Health, Education, and Welfare."

ADDITIONAL COSPONSORS OF A RESOLUTION

SENATE RESOLUTION 222

At the request of Mr. MAGNUSON, the Senator from Hawaii (Mr. FONG), the Senator from Nebraska (Mr. HRUSKA), and the Senator from Minnesota (Mr. MONDALE) were added as cosponsors of the resolution (S. Res. 222), to authorize a national ocean policy study.

FEDERAL ADVISORY COMMITTEE ACT OVERSIGHT HEARINGS TO CONTINUE

Mr. METCALF. Mr. President, during the 1st session of the 93d Congress, the Subcommittee on Budgeting, Management, and Expenditures began its oversight hearings and investigations into the operation and effectiveness of the

Federal Advisory Committee Act, Public Law 93-463. That law has been in effect since January 5, 1973.

The act places certain responsibilities on the Director of the Office of Management and Budget. The OMB has issued draft guidelines implementing the act. I feel it is important to bring a witness from OMB before the subcommittee to explain its procedures and experiences under the act. On February 5, 1974, at 10:30 a.m., in room 1114, OMB Deputy Director Fred Malek will testify. Further information concerning the hearing may be obtained from the Subcommittee on Budgeting, Management, and Expenditures, 225-1474.

LEGAL SERVICES CORPORATION

Mr. FANNIN. Mr. President, the debate on S. 2686 during the closing days of the last session and the impending consideration of this bill has to some extent awakened the media to the serious consequences of this bill.

I ask unanimous consent to have printed in the RECORD a recent commentary on the CBS radio network on the "Spectrum" program by Phyllis Schlafly, and Robert S. Allen's column on the same subject which was released on January 12, 1974.

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

"SPECTRUM" VARYING SHADES OF PERSONAL OPINION ON CURRENT ISSUES

I'm Phyllis Schlafly.

One of the strangest anomalies in the Nixon Administration is the way it violates all rules of politics by repeatedly offending its friends in a vain attempt to placate its enemies. Take, for example, the case of Governor Meldrim Thomson of New Hampshire, who was the one who organized support for President Nixon at the last Governor's Conference. Governor Thomson recently vetoed the Federal Legal Services program within his state, but he was promptly overruled by the OEO bureaucrats in Washington who are determined that no one shall interfere with their programs designed to bring about revolutionary social change.

Legal Services is now a branch of the Office of Economic Opportunity. It was set up as a means of providing free legal aid to the poor, but it was quickly turned into a vehicle by which thousands of government lawyers could spend their time, at our expense, working to change our laws by litigation through the courts and by organizing pressure groups, instead of by the orderly, constitutional process of legislation. Legal Services lawyers, whose salaries are paid by federal taxes, have been in the forefront of all kinds of radical activities from busing to abortion.

Now, these radical government lawyers are asking Congress to expand their powers. If the new Legal Services bill—called the Nelson-Javits bill—passes Congress, all governors will be deprived of their right to veto the Legal Services program within their states. This new bill will give some 2500 government lawyers \$71 million to spend to promote radical change through test-case litigation, lobbying, the organization of pressure groups and propaganda.

Unfortunately, the staffers who purport to speak for the White House on the Legal Services bill have been pursuing a policy which can best be described as "how to lose friends and alienate people." They have been lining up with the proponents of the Nelson-Javits bill and, at the same time, riding roughshod over the President's supporters who believe

that the time has come to put a stop to the way this federally-funded agency has become a shelter for radical legal agitators to advance their personal notions on questions of public policy.

I'm Phyllis Schlafly for Spectrum.

HECTORED THROUGH SENATE

WASHINGTON, January 12.—Ominous tip-off on the likely militant New Left nature of the impending session of Congress is a backstage scheme to speedily ram through legislation setting up a far-reaching so-called "legal aid for the poor" program.

To be financed initially with \$71.5 million in federal funds, this hefty ante would be raised to \$100 million next year.

In addition, the hundreds of activist local legal services that would be created throughout the country would have virtually unlimited access to the facilities and equipment of the General Services Administration—such as automobiles, business machines, office supplies, etc.—at a cost of more millions to taxpayers.

Extraordinary feature of this affair is that legal services probably has the worst scandal-smear record in the federal government—second only to the Office of Economic Opportunity (OEO), which administers the malodorous and bedraggled so-called "anti-poverty program" that has cost taxpayers around \$20 billion in the nine years of its tawdry existence.

Yet despite legal services' nauseous record, liberal militants of both parties have strenuously maneuvered and pressured for several years to make it a permanent independent federal operation.

They set the stage for another blitz drive to do that in the hectic closing hours of last year's session.

With the powerful connivance of Senate Democratic Leader Mike Mansfield, Mont., they succeeded in making an extremist legal services bill the Senate's pending business on Jan. 28. By that time, they hope to have mustered sufficient bipartisan backing to impose cloture and thus force an early vote.

Sponsors of this far-out measure are two of the Senate's foremost activists—Republican Jacob Javits, N.Y., and Democrat Gaylord Nelson, Wis.

Both are up for election this year, and both are running "high, wide and handsome." They are either sponsoring or loudly supporting just about every reform or leftist cause on the horizon.

ANYTHING GOES

The liberals' furious efforts to pile-drive a legal services measure through Congress strikingly resemble the malodorous record of the legal services program.

The self-righteous and lofty-burbling dogooders have repeatedly flouted and disregarded proper and specified parliamentary procedure and practices, and baldly pursued a crass "anything goes" policy to get their way.

Example: A liberal-packed House Education and Labor subcommittee, wholly without holding public hearings, rushed through in three days a bill establishing a "National Legal Services Corporation" for the unctuously proclaimed purpose of providing "legal services to the poor"—with a price tag to taxpayers of \$71.5 million, as a starter.

Then with the unabashed collusion of House Democratic leaders, this drastic measure was steamrolled through that chamber—despite vehement protests and opposition by both Democrats and Republicans.

Rep. Earl Landgrebe, R-Ind., Education and Labor committeeman, bluntly characterized the bill as "leftist activism," and charged, "Its primary purpose is to promote leftist causes and movements, and not to serve the poor."

Landgrebe's scathing accusation went unchallenged and unanswered.

MORE PIOUS TWO-TIMING

This shocking parliamentary skulduggery continued in the Senate.

There, instead of the House-passed bill being referred to the Judiciary Committee which has jurisdiction over legal legislation, it was "ordered held at the desk of the Senate"—a shabby procedural maneuver to bypass the requirement that the measure be sent to the Judiciary Committee.

With the legislation thus in effect pigeonholed on the "desk of the Senate," the liberal militants then got busy in the Labor and Public Welfare Committee which they completely dominate.

Members of this rigged panel include—Nelson, Javits, Edward Kennedy, D-Mass., Walter Mondale, D-Minn., William Hathaway, D-Me., Thomas Eagleton, D-Mo., Harold Hughes, D-Iowa, Alan Cranston, D-Calif., Claiborne Pell, D-R.I., Richard Schweiker, R-Pa., Robert Taft, R-O., J. Glenn Beall, R-Md.—whose brother, U.S. Attorney in Maryland, prosecuted former Vice President Agnew.

To no one's surprise, within a few days and without hearings or anything else, the activist cabal produced a new (so-called "clean") bill and had it made the order of business before the Senate.

The stage seemed all set for a repetition of what happened in the House—blitz enactment of the New Left measure.

That neat scheme was effectively scuttled by a small bipartisan group of determined opponents—headed by Sens. Jesse Helms, R-N.C., James Allen, D-Ala., Strom Thurmond, R-S.C.

They launched a series of vehement verbal attacks on the measure and scandal-blackened legal services record, and stopped the New Left drive dead in its tracks.

Twice the militants sought to strangle the counter-attack by imposing cloture. But they couldn't muster the required two-thirds, and in the end the Helms-Allen-Thurmond bloc had their way. The bill had to be laid over until Jan. 28—when this significant struggle will be resumed.

What the outcome will be is a toss-up.

To some extent, it depends on how much impact legal services' shocking record will have on the Senate—a record of which the following are typical scandalous instances:

In San Francisco, last August, the local legal service agency brought a case against a bank for refusing to hire individuals with criminal records, charging that violated civil rights laws because "minorities have a disproportionate number of arrests, convictions and other contacts with the law."

In St. Louis, legal services brought suit against the Missouri-Pacific Railroad on the ground it was denying employment to persons with records of criminal convictions. That was deemed violation of their civil rights.

In Atlanta and Baltimore, in August last year, very similar cases were filed challenging the refusal to grant a cab driver a license because of conviction for marijuana smuggling.

In Ohio, a class action suit was filed against a leading company on the ground it was "discriminating" against individuals with criminal arrest records. It was contended their civil rights were being violated.

In Miami, legal services initiated a suit contending that seizure of an automobile by the U.S. Bureau of Customs in connection with alleged possession of drugs violated the plaintiff's right to due process.

In West Virginia, a case was instituted against a prison warden to show cause why a prisoner should be denied his liberty before being assigned to solitary confinement.

Legal services, now under OEO, was set up by the latter in 1965 as an experiment with a \$600,000 allocation. OEO, established as an electioneering gimmick by President Johnson in 1964, has cost taxpayers around

\$20 billion. Last year, President Nixon marked it for junking, and appointed Howard Phillips to do that long-needed job.

But Nixon backed down under a stormy fusillade of liberal and leftist agitation and propaganda, and OEO is still functioning, but not under Phillips.

He left when his forceful dismantling was halted.

GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, next week the Senate will be faced with a rare opportunity to reassert our national dedication to the furtherance of human rights on a global scale. The occasion will be our consideration of the Genocide Convention, the first human rights treaty ever to be adopted by the United Nations General Assembly.

It has always seemed to me a cruel paradox, Mr. President, that the Nation which fought so hard to develop and expand international law in the human rights field, should let this treaty languish before the Senate for nearly a quarter-century. It is long past time for the United States to carry forward its own pronounced principles in support of human rights. This step is not only in the national interest but in the interest of men everywhere.

The United States must regain the position of moral leadership that it has lost by default. We can no longer tolerate inaction. Today, as we examine and reexamine the perquisites of a sound foreign policy, we are finally perceiving the interconnection between the promotion of human rights and the attainment of global peace. Mr. President, we have long since dedicated ourselves to bringing our grandchildren into a world that was cleaner and safer than the turbulent one all of us entered. I firmly believe that a vote in favor of ratification of the Genocide Convention is a small step in that direction.

FINAL REPORT, COMMITTEE OF NINE ON NATO

Mr. JAVITS. Mr. President, in September 1971, by order of the North Atlantic Assembly, I was appointed to serve as chairman of the Committee of Nine which was established by the Assembly to study and make recommendations on the future of the North Atlantic Alliance and the role therein of the North Atlantic Assembly. The original members joining me on the Committee of Nine were: Lester Pearson of Canada, Manlio Brosio of Italy, Lord Harlech of the United Kingdom, Prof. Walter Hallstein of Germany, M. Michael Habib-Deloncle of France, Max van der Stoep of the Netherlands, Halfdan Hegtun of Norway, and Congressman WAYNE L. HAYS. Senator John Aird succeeded Mr. Pearson upon his death. Dr. Ivo Samkalden, mayor of Amsterdam, succeeded Mr. van der Stoep upon his appointment as Foreign Minister of the Netherlands. In addition, Senator Ihsan Sabri Caglayanil, former Foreign Minister of Turkey, Ambassador Alberto Franco Nogueira, former Foreign Minister of Portugal, and Dr. Karl Mommer, former Vice President of the Bundestag of the Federal Republic of

Germany, served as advisers to the committee.

The committee submitted its Final Report to the North Atlantic Assembly in its 18th annual session in Ankara, Turkey on October 27. After being reviewed by the Political, Economic and Military Committees of the North Atlantic Assembly, the Final Report was received and accepted by the full Assembly which referred the report to the various NATO parliaments and the heads of numerous intergovernmental organizations in Europe.

Favorable comments respecting the Committee of Nine's Final Report have been issued by Secretary of State Kissinger, Secretary-General of NATO Joseph Luns, Foreign Minister Scheel of the German Federal Republic, the Foreign Minister Van der Stoep of the Netherlands, and others. To provide information to all Senators respecting this effort, I ask unanimous consent to have printed in the RECORD extracts from the Final Report of the Committee of Nine, the comments of various statesmen respecting the Final Report of the Committee of Nine and various articles commenting on the committee's Final Report. For those who wish to read the full text of the Final Report of the Committee of Nine, copies are available to Senators and Representatives.

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

DEPARTMENT OF STATE—TELEGRAM (Unclassified)

The Secretary has asked me to say that he welcomes the contribution to the thinking on Atlantic relations made by the distinguished parliamentarians of the North Atlantic Assembly's Committee of Nine, under the chairmanship of Senator Javits, which is being released today.

The Secretary shares the committee's view that Atlantic partnership remains vital in this period of transition in world affairs, especially its strong belief that the relationship must be strengthened through more equitable defense burden-sharing and a sounder understanding of the interplay between our security, political and economic relations.

The Secretary congratulates the committee for its thorough and constructive assessment. He looks forward to the discussion among the members of the assembly and their views on the recommendations of the committee of nine at the assembly's plenary session later this month in Ankara.

KISSINGER.

NATO-OTAN, PRESS SERVICE, Brussels, October 2, 1973.

On the occasion of the public release of the final report of the Committee of Nine, concerning the future of Atlantic relations, the Secretary General of NATO, Dr. Joseph M. A. H. Luns, has added his voice to those commending the work of this distinguished group.

In his opinion the report will no doubt be considered as an important contribution to understanding this topical issue. He is particularly gratified to see the emphasis which the report places on the great need for continued strength and unity in the Alliance as it enters a period of negotiations and apparent detente.

The Secretary General has conveyed to the Committee of Nine his thanks for under-

taking and completing with such distinction this study.

THE GERMAN AMBASSADOR, Washington, D.C., October 4, 1973.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.:

Minister Scheel has asked me to convey to you the statement that the German Foreign Ministry spokesman made October 2, 1973, on the occasion of the publication of the Committee on Nine report to the North Atlantic Assembly.

Translation of this statement reads as follows:

"The German Foreign Ministry has just received the final report of the Committee of Nine to the NATO Parliamentarians Assembly. With great interest, it will study this important report which contains many valuable suggestions for the future development of the Alliance. The report certainly will not only be an issue at the next meeting of the North Atlantic Assembly, it will also enrich the discussions in the Atlantic Alliance. This is clearly indicated by the composition of the Committee of Nine.

On inquiry, the German Foreign Ministry added following illustrations.

Last year, the Committee of Nine was established by the NATO Parliamentarians Assembly to provide a report on the future development of the Atlantic relationship. This report will be published today in Brussels, Washington and Ottawa. Chairman of the Committee of Nine was the well-known US Senator Jacob K. Javits. Members of the committee are prominent political personalities from the NATO countries (e.g. former NATO Secretary General Manlio Brosio, Professor Hallstein, the late former Canadian Prime Minister Lester Pearson)."

Very truly yours,

BERNDT VON STADEN.

STATEMENT OF MINISTRY OF FOREIGN AFFAIRS OF THE NETHERLANDS

The Committee of Nine was set up by the North-Atlantic Assembly in September 1971. Mr. Van der Stoep was one of the members of the committee until he was appointed Minister for Foreign Affairs.

The report published today, in the preparation of which Mr. Van der Stoep accordingly did not take part, contains, so he believes, a number of interesting ideas and may therefore certainly be regarded as a useful contribution towards the thinking that is going on elsewhere and that is directed towards moulding Atlantic relations so that they may meet the needs of the future.

Mr. Van der Stoep would not wish to endorse some of the statements and recommendations contained in the report, particularly not the passages on European and nuclear cooperation that would seem to support the idea of a European nuclear force. He also queries the observations on mini-nuclear weapons (what are called "mini-nukes").

On the other hand, the report contains many positive points. The Minister applauds the Committee's conviction that the NATO countries should consider earnestly the matter of the application of the principles of individual liberty and democracy. The explicit reference to the obligations of the industrialized NATO countries to further the well-being of the Third World also accords entirely with Dutch views on the subject. Lastly, there are the recommendations in the report that are conducive to the strengthening of the position of the North Atlantic Assembly. It is common knowledge that such recommendations are in complete accord with Dutch views on the democratic supervision of international organizations.

EUROPE AND AMERICA—THE COMMON DEFENSE (Are European-American relations in a crucial state? David Reese reviews the final report of the Committee of Nine of the North Atlantic Assembly)

During the nineteenth annual session of the North Atlantic Assembly, held in Ankara, Turkey, in late October 1973, the Javits Report, or to be precise, the Final Report of the Committee of Nine, was presented to the meeting of the North Atlantic parliamentarians. This Committee was established by the seventh annual session of the Assembly, meeting in Ottawa in September 1971, and it was asked "to conduct a thorough study of the future of the Atlantic Alliance and of the most appropriate and desirable role to be played by the Assembly."

The Committee of Nine, meeting in the past two years, interpreted its terms of reference as requiring it to make "a major reassessment" of the security, economic and political relations between Western Europe and North America during the next decade, and also to make recommendations for strengthening European-American relations "in view of the challenges and opportunities" of the next ten years. The Javits Report thus appears at a time when the international system which led to the creation of the Atlantic Alliance has undergone, in the Report's words, "profound changes".

Some of these changes are noted in the Report's introduction. The sense of imminent military aggression against the West, prevalent in the 1950s, has receded, tensions have abated, and "in preventing war and promoting *détente*, the Alliance has been a major success". But the Report considers that the North Atlantic countries must conduct their political affairs in such a manner that the contrast with the totalitarian systems of Russia and China "is striking and abundantly clear to the entire world."

In this general political context, the Javits Report also considers that the treaties between the Federal German Republic and Poland, the USSR and East Germany, together with the Four-Power agreement on Berlin, have significantly improved European stability and East-West relations, largely due to a close coordination of Western policies.

But the main thrust of the Report, which comprehensively considers with impressive historical perspective the interrelated problems of both North America and Western Europe, is to stress the danger of unilateralism, whether in security policy or in foreign economic policy: "Given the strategic importance of Western Europe, European security is as important to North America as it is to the West European countries. An intensive involvement of the United States in the common security of Europe—supported by a strong and credible nuclear deterrent and by sufficient troop deployments—remains essential for stability and peace." The Javits Report goes on: "The Committee is convinced that the common interests which brought North America and Western Europe into military alliance and intimate political and economic association remain compelling."

The Report discusses in some detail the factors which have altered the original security and economic relationships between the American and Western European members of NATO.

These include the partial rapprochement between the US and the Soviet Union and the new possibilities of achieving *détente*; the complete recovery of Western Europe and creation of an enlarged Nine-power Community; and such negotiations as the Conference on Security and Cooperation in Europe (CSCE). But at the same time the Report notes the advent of Soviet nuclear parity with the US; "the increasing threat in military capabilities which face the North-

ern and Southern flanks of the Alliance"; and, in the economic field, the new problems of trade and monetary relations which have arisen between the US and the Western European countries.

Thus while the Javits Report welcomes the lowering of international tensions, it considers that the *détente* should respect the rights of all peoples to choose their own regimes and ideologies and advocates "the greatest possible degree of interchange of persons, ideas, and goods between the countries concerned." Special attention, meanwhile, should be given to the problem of security in Europe, as the Report notes the "continued build-up" of massive and well-equipped Warsaw Pact forces on the borders of Western Europe. In view of this build-up, the Committee of Nine states that "during East-West negotiations, the countries of the Alliance must maintain their military capacity and military cohesion".

In addition, the Report considers the US, in the final analysis, must provide the strategic nuclear capability which protects Western Europe and North America. But, just as the European Community has expanded its objectives to include European Union by 1980, so common European defence policies "may be developed in the wake of common economic policies." The Committee believes that an increase in intra-European defence cooperation is "essential" and that "the European and North American members of the Alliance should begin to plan now for the systematic coalescence of Western Europe's defence capabilities—including nuclear arms—in order that Western Europe can serve as an equal partner allied with the United States and Canada by the North Atlantic Treaty in the continued commitment to common defense in the 1980s . . ."

In short, the Javits Report calls for the systematic development of a European Defence Force, armed with both conventional and nuclear capability, and formed in the closest possible co-operation with the US and Canada, under the aegis of NATO.

Similarly, the Javits Committee considers measures to prevent the breakup of the post-war monetary and trading system of the West which has brought unparalleled prosperity to its member countries in the last twenty-five years.

The Committee therefore recommends a reformed monetary system based on stable parities, and on an internationally-agreed unit of account. The overseas dollar balances should be consolidated, and a return to dollar convertibility should be facilitated. But at the same time, reform of the international monetary system will accompany the movement towards European monetary and economic union. Comprehensive multilateral trading agreements should be developed within the framework of GATT. These negotiations, the Javits Report considers, are absolutely necessary to forestall the spread of protectionism and to remove progressively existing restraints and distortions in international trade.

But success in these forthcoming negotiations on trade and monetary reform also hinge, it may be noted, on whether individual governments can master inflation. And whether the recent U.S. balance of payments surplus can be maintained, for a strong dollar still remains the best *de facto* linchpin of the Western community.

In conclusion, it should be emphasized that the Report of the Committee of Nine is a truly creative document as it deals with the future defence and economic policies of the Atlantic World. It emphasizes the inherent strength of that world, as well as the continuing Soviet military build-up in Eastern Europe. But as the Report notes, there should be no contradiction between defence and *détente*. Perhaps the underlying political problem that faces the re-structuring of the Alliance, on the lines suggested

by this Report, is the difficulty of communicating the shifts of power in world politics in the last decade to the grass roots.

It is fitting, therefore, that the Javits Report ends with a suggestion that the role of the North Atlantic Assembly should be expanded with greater official recognition. For ultimately, as this Report concludes, "a new sense of political direction in European-American relations must be established."

[From the Wall Street Journal, Oct. 3, 1973]

WHAT'S NEWS

A review of the NATO alliance by nine Western statesmen recommended that Western Europe move toward military self-reliance, but cautioned that U.S. ground troops are still necessary. Sen. Jacob Javits (R., N.Y.), who headed the Committee of Nine, said continuation of conventional NATO forces is essential because of "the political pressure which the Soviet Union is in a position to exert on Europe." The report also said Japan's participation is needed to stabilize economic arrangements.

[From the New York Times, Oct. 3, 1973]

NATO SECURITY IS LINKED TO U.S. TROOP PRESENCE

WASHINGTON, October 2.—An American-European study panel headed by Senator Jacob K. Javits declared today that it was necessary to keep United States ground troops in Europe to guarantee the security of the Western allies.

"Dependence on strategic nuclear forces alone is not sufficient to deter local hostilities," the panel said in a report issued after a two-year study of the North Atlantic Treaty Organization.

The panel, known as the Committee of Nine, was created two years ago by the North Atlantic Assembly, an association of Members of Parliaments of the 15 nations in NATO.

Senator Javits, Republican of New York, said at a news conference that the maintenance of a strong alliance was as important now as ever even though the character of the threat might have changed since NATO was formed in 1949.

NATO is essential, he said "not so much because of a threat of armed aggression as because of the political pressure which the Soviet Union is in a position to exert on Europe."

The study group, on which the United States was represented also by Representative Wayne L. Hays, Democrat of Ohio, completed its report before the Senate passed yesterday a military procurement bill with an amendment calling for United States troop withdrawals. The amendment said 110,000 of the 564,000 United States troops abroad should be brought home by the end of 1975.

The Committee of Nine recommended that alliance members "begin to plan now for the systematic coalescence of Western Europe's defense capabilities—including nuclear arms—in order that Western Europe can serve as an equal partner allied with the United States and Canada by NATO."

The report said this implied "an increase in West European self-reliance" and a gradual reduction of American troops in Europe but not until the nineteen-eighties.

Alluding to the impact on the United States' balance of payments from the stationing of large numbers of troops abroad and to United States demands for burden-sharing, the committee said:

"A solution of this problem, which bears importantly on the level of the United States troops to be maintained in Western Europe, can and should be negotiated through existing institutions."

Other recommendations in the committee report were for "gradual reduction and elimination of tariff and nontariff barriers to

trade," adjustment of agricultural production to demand and a reformed international monetary system.

The committee also called for closer cooperation with Japan, Latin America, Australia and New Zealand.

Besides the two United States members, the Committee of Nine included Senator John Aird of Canada, Lord Harlech of Britain, Manlio Brosio of Italy, Michael Habib-Deloncle of France, Walter Hallstein of West Germany, Halldan Hegtun of Norway and Dr. Ivo Samkalden of the Netherlands.

Senator Javits said the Brookings Institution of Washington and the Institute for Strategic Studies in London assisted the committee in its study, which was largely financed by foundation funds.

[From the Washington Post, Oct. 3, 1973]

A-FORCE PROPOSED FOR EUROPE

(By Murrey Marder)

Creation of a unified Western European nuclear arms force to help spread the burden of defense inside the Atlantic Alliance was recommended yesterday by a NATO study group.

The proposed nuclear force, which would pool the existing French and British nuclear weapons systems, was proposed as part of a long-range plan in a study that took two years to complete.

This long-discussed and politically sensitive European nuclear projection was coupled with emphasis on maintaining American nuclear power for overall protection of the North Atlantic Alliance, plus "sufficient North American conventional forces in Western Europe" to supply "credible deterrence" now that the Soviet Union has achieved strategic nuclear parity with the United States.

The recommendations were made by the Committee of Nine, representing the North Atlantic Assembly, composed of parliamentarians from the 15 NATO countries. Sen. Jacob K. Javits (R-N.Y.), chairman of the committee, and Rep. Wayne L. Hays (D-Ohio) discussed the report at a press conference here yesterday. The assembly will consider the report at its next meeting in Ankara, Oct. 21-27.

Secretary of State Henry A. Kissinger, in a statement, welcomed the general theme of the report without explicitly endorsing its specific proposals, such as the call for a European nuclear force.

Through a State Department spokesman, Kissinger used the occasion to revive the Nixon administration's emphasis on the linkage of defense, political and economic issues in Atlantic Alliance strategy and cost-sharing.

The United States was outmaneuvered on its linkage concept earlier this month when the nine European Common Market countries produced their unified declaration on future relations with the United States, with no mention of the overlapping interests. Bargaining is now underway to try to compromise the differences, with the next meeting set for Copenhagen on Oct. 18.

President Nixon's projected European trip awaits the outcome of these negotiations and another set of negotiations with NATO.

Kissinger, in his comments on the Committee of Nine report, said he "shares the committee's strong beliefs that the (Atlantic) relationships must be strengthened through more equitable defense burden sharing and a sounder understanding of the interplay between our security, political and economic relations."

Javits told newsmen that if Europe wants "a nuclear deterrent of its own, that is fine with us." But Javits also pointedly noted that U.S. support for nuclear forces in Europe first has to overcome "the falling away of France" from participation in the NATO de-

fense system, which, he said, "we most severely deplore."

For long-range objectives, the reports said: "The European and North American members of the alliance should begin to plan now for the systematic coalescence of Western Europe's defense capabilities—including nuclear arms—in order that Western Europe can serve as an equal partner allied with the United States and Canada by the North Atlantic Treaty in the continued commitment to common defense in the 1980s.

"This implies," the report continued, "an increase in West European military self-reliance; and it calls for the gradual and orderly devaluation of certain defense responsibilities from the United States to the Western European countries—particularly to the countries of the emerging European union—or to institutions they could use or develop."

The report said that "in the meantime" action should be taken "to bring about additional coordination and mutual technical aid between the nuclear forces of France, Great Britain and the United States."

On this key issue, however, the French participant in the study, Michael Habib-Deloncle, pointedly stated in one of his many reservations or dissents:

"The withdrawal of France from the integrated commands of the Atlantic Alliance has been an accomplished fact since 1966, and that fact is irreversible."

In addition to Javits, Hays and Habib-Deloncle, members of the committee included John Aird of Canada, Manlio Brosio of Italy, Walter Hallstein of Germany, Lord Harlech of Britain, Halldan Hegtun of Norway and Ivo Samkalden of the Netherlands.

[From the Baltimore Sun, Oct. 13, 1973]

EUROPE URGED TO BOOST DEFENSE SHARE

(By Charles W. Corddry)

WASHINGTON.—Western Europe should start planning immediately to take over some of the defense responsibilities shouldered by the United States and to increase its "military self-reliance" in nuclear as well as conventional arms, a prestigious international panel declared yesterday.

Headed by Senator Jacob K. Javits (R., N.Y.), the North Atlantic Assembly's so-called Committee of Nine said a quarter-century of political and economic change since the North Atlantic Treaty was signed has not lessened the need for the alliance but now requires a realignment of American-European security relationships.

The North Atlantic Assembly is an association of parliamentarians representing the 15 nations of the Atlantic Alliance. The report issued yesterday by its Committee of Nine was the product of two years of study on alliance prospects for the 1970's and 1980's and will be presented to the assembly at its 19th annual session, to be held in Ankara later this month.

Coming at a time of intense negotiations both within the alliance and between East and West, the document drew immediate plaudits from the secretary of state, Henry A. Kissinger, for its general thrust although he refrained from comment on specific passages, notably those dealing with separate European nuclear forces.

A statement issued in Secretary Kissinger's behalf said he "shares the committee's strong belief that the [Atlantic] relationship must be strengthened through more equitable defense burden-sharing and a sounder understanding of the interplay between our security, political and economic relations."

The latter part of the statement was a plain reference to the linkage seen here—and somewhat resisted in Europe, especially in France—between solutions to defense problems and to the range of economic issues that exacerbate American-European relations.

Although the Javits panel put forth pro-

posals on economic and political issues, its major initiatives were in the defense arena.

CALL FOR MERGED FORCES

The committee of North Americans and Europeans steadfastly rejected the thought of American troop withdrawals from Europe at present, as was to be expected. Such a development could propel Western Europe into the Soviet orbit, Mr. Javits told a press conference.

But, the committee plainly saw, as well, that Western Europe faces a new situation in the coming decade and it admonished European nations to start preparing now.

They should begin planning for "the systematic coalescence" of Western Europe's defense capabilities "including nuclear arms," the panel said, in what seemed a clear call for merged European military forces.

"This implies an increase in West European military self-reliance," the report said, "and it calls for the gradual and orderly devaluation of certain defense responsibilities from the United States to the Western European countries..."

While the committee offered no outline of responsibilities that Europe should take over from America, a larger nuclear role for the European forces clearly was envisioned. This would be based on the nuclear arms of Britain and France, and the panel proposed that steps be taken toward greater coordination and technical aid between American and European nuclear forces.

It also referred to technological developments in the nuclear field—smaller warheads and greater accuracy—that could bring changes in the size and make-up of military forces in Europe and presumably reductions in manpower.

[From the Montreal Gazette, Oct. 3, 1973]

NATO STUDY URGES COORDINATED OIL POLICY

OTTAWA.—A committee of legislators from eight of the 15 NATO countries has proposed co-ordination of energy and foreign investment policies by Europe, North America and Japan, and a review of NATO's defense strategy in Europe.

The so-called Committee of Nine—the United States has two members; Canada and six others one each—says in its report released yesterday that continued NATO strength is necessary to win relaxed relations with the Soviet Union and the Warsaw Pact.

The report, two years in the making, was submitted to Sir John Peel, president of the North Atlantic Assembly. That grouping of legislators from the NATO countries will debate the report when it meets in Ankara, Turkey, Oct. 21 to 27.

Senator John Aird (L-Ontario), Canadian member on the committee, said he expects the report to influence future policies of the alliance.

The report cites the growing demand for oil in all the countries of the North Atlantic Treaty Organization, as well as Japan. And it notes their dependence on supplies from the Middle East and Persian Gulf.

"In light of these considerations, the committee believes that it is imperative for the European Community, the other countries of Western Europe, Japan and North America to bring together their individual energy policies and strategies."

It says that could include stockpiling programs, maintaining a reserve tanker fleet, standby production facilities and provision for emergency sharing of imports.

CO-ORDINATE RESEARCH

It would also include co-ordinated research and development.

The committee says that "an understanding should be reached among the industrialized countries on foreign investment policies.

Multinational firms had brought great benefits, along with problems for governments involved.

"The international system is lacking in agreed rules and principles in this important area. Steps should be taken promptly to remedy this lack."

In this and other issues, the Committee of Nine stressed the need for co-operation between NATO and Japan, the biggest non-communist industrial power outside the alliance.

The committee, chaired by U.S. Senator Jacob Javits, says improved relations between NATO and the Warsaw Pact countries "lessen in no way the need for continuing the Atlantic Alliance."

"Indeed, the relaxation of international tensions increases the necessity for a grouping of democratic states which provides an element of continuity and stability in a changing political environment."

Now that the Soviet Union equals the United States in nuclear power, NATO's strategy of flexible response should be reviewed, the committee says.

Flexible response, developed in the early 1960s, involves choosing at NATO reaction to military aggression depending on the form of that aggression, ranging from small incursions to all-out nuclear war.

Senator Aird, chairman of the Senate foreign affairs committee, said in an interview that NATO should particularly examine the use of tactical nuclear weapons—relatively small weapons in the battlefield.

He said the development of new kinds of non-nuclear weapons—including lasers and remote-controlled missiles—may have made tactical nuclear weapons obsolete.

The report says the major threat to Western Europe has shifted from massive aggression "to types of threat in which external political pressure is likely to be more frequent than the overt use of military force."

It says that makes a co-ordinated security policy for NATO even more imperative.

[From the Toronto Star, Oct. 3, 1973] NATO COUNTRIES TOLD TO CONSULT ON ENERGY ISSUE

OTTAWA.—Canada, the United States, Europe and Japan should act together on energy matters because of their dependence on oil supplies from the Middle East and Persian Gulf, a report by a committee representing eight North Atlantic Treaty Organization (NATO) countries said yesterday.

The report, written by a committee of legislators from the eight countries, cites the growing demand for oil in all NATO countries, as well as Japan.

OTHER COUNTRIES

"In light of these considerations, the committee believes that it is imperative for the European community, the other countries of western Europe, Japan and North America to bring together their individual energy policies and strategies," the report said.

The report says this could include stockpiling programs, maintaining a reserve tanker fleet, standby production facilities, provision for emergency sharing of imports and co-ordinated research and development.

The committee's report also proposed co-ordination of foreign investment policies by Canada, the U.S., Europe and Japan and a review of NATO's defence strategy in Europe.

RELAXED RELATIONS

The report says that continued NATO strength is necessary to win relaxed relations with the Soviet Union and Warsaw Pact countries.

The committee says that "an understanding should be reached among the industrialized countries on foreign investment policies."

It says multi-national firms had brought great benefits—along with problems—to governments involved.

The report, two years in the making, was submitted to Sir John Peel, president of the

North Atlantic Assembly, and will be debated at a NATO meeting in Ankara, Turkey, Oct. 21 to 27.

Senator John Aird (L-Ontario), Canadian member on the committee, said he expects the report to influence future policies of the 15-member alliance.

THE COMMITTEE OF NINE COMPLETES MAJOR RE-ASSESSMENT OF EUROPEAN-AMERICAN RELATIONS

The Committee of Nine, a group of prominent statesmen and parliamentarians from Western Europe and North America, has completed a two-year major reassessment of the security, economic, political, and inter-parliamentary relations between Western Europe and North America during the next ten years.

Senator Jacob K. Javits (United States) is the Committee's Chairman; and its members are Senator John Aird (Canada), Senator Manlio Brosio (Italy), M. Michael Habib-Deloncle (France), Professor Walter Hallstein (Germany), Lord Harlech (United Kingdom), Congressman Wayne Hays (United States), Mr. Halfdan Hegtun (Norway), and Dr. Ivo Samkalden (Netherlands). Lester Pearson, former Prime Minister of Canada and recipient of the Nobel Prize for Peace, was a member of the Committee until his death in late-December 1972. Max van der Stoep (Netherlands) was also a member until he was appointed Minister for Foreign Affairs in May 1973. Senator Qhsan Sabri Caglayangil (Turkey), Dr. Karl Momer (Germany), and Ambassador Alberto Franco Nogueira (Portugal) were advisors to the Committee; and Darnell Whitt (United States) and Anthony Hartley (United Kingdom) were Executive Directors of the Committee of Nine.

The Committee was established in September 1971 by the North Atlantic Assembly, an association of official parliamentary representatives from the fifteen member-nations of the Atlantic Alliance. The Committee's Report will be officially presented to North Atlantic Assembly President Sir John Peel at the Assembly's International Secretariat in Brussels on Tuesday, October 2nd. The Committee has unanimously recommended that its Report be adopted by the North Atlantic Assembly at its Nineteenth Annual Session to be held in Ankara October 21st through 27th.

Significant extracts from the final report of the Committee of Nine are:

European-American security policy during the next decade means in essence to pursue simultaneously two seemingly contradictory objectives: maintaining an adequate military balance and promoting a detente with an adversary. On the eve of the twenty-fifth anniversary of the North Atlantic Treaty in 1974, the problem is no longer one of simply responding to a military threat which clearly exists, but of reconciling the requirements for military security with the long-awaited improvement in East-West relations.

The probability of security crises has shifted from all-out aggression to types of threat in which external political pressure is likely to be more frequent than the overt use of military force. Contrary to growing beliefs, these developments make a coordinated security policy more, and not less, imperative. Indeed, the role of the Atlantic Alliance in European-American affairs is essential for providing the degree of political cohesion which is the necessary condition for detente diplomacy, including specifically the current series of discussions with the Soviet Union and its allies on European security and cooperation.

While welcoming the lowering of international tensions implied by recent East-West agreements and current negotiations, the Committee stresses that detente is a lengthy and uncertain process involving national

policies directed toward an accommodation of conflicting interests. Undoubtedly, certain common interests between the Soviet Union and the members of the Atlantic Alliance (the avoidance of mutual destruction by nuclear weapons is an obvious example) can lead to further cooperation. But it is a fact that the expansion of free communication and East-West movement of information and individuals will be an essential part of any real and lasting detente. Member-nations should continue to impress upon the Soviet Union the importance they attach to democratic values. They should use the forum provided by the CSCE to emphasize those values and to give very serious attention to the freer movement of information and individuals and to human rights guaranteed by law—not only because of the intrinsic importance of these values, but also because of their relationship to European political stability.

The Soviet-American Agreement on the Prevention of Nuclear War confirms the intention of the United States to maintain the credibility of its nuclear deterrent. Dependence on strategic nuclear forces alone, however, is not sufficient to deter local hostilities, especially now that the Soviet Union has achieved strategic nuclear parity with the United States. Credible deterrence is closely connected with the continued presence of sufficient North American conventional forces in Western Europe as part of a substantial military force composed of West European and North American components. This deployment is also related to the issue of an equitable system of national contributions (both military and economic) to the common defense—a matter which remains a problem. The Committee believes that no member-nation stationing troops abroad in the common defense should suffer significantly in its balance of payments due to the foreign-exchange costs of such deployments. The West European allies currently do more in the field of cost-sharing than is generally realized in the United States. The European Community has expanded, and the decision of the European summit meeting at Paris in October 1972 to transform Community relations into a European union by 1980 suggests that among its members common foreign and defense policies may be developed in the wake of common economic policies.

Noting that significant West European defense cooperation on strategy and force levels is being undertaken in the EUROGROUP of NATO by the countries which belong to that group, the Committee of Nine recommends that the European and North American members of the Alliance should begin to plan now for the systematic coalescence of Western Europe's defense capabilities—including nuclear arms—in order that Western Europe can serve as an equal partner allied with the United States and Canada by the North Atlantic Treaty in the continued commitment to common defense in the 1980s. This implies an increase in West European military self-reliance; and it calls for the gradual and orderly devolution of certain defense responsibilities from the United States to the Western European countries—particularly to the countries of the emerging European union—or to institutions they could use or develop. Such an adjustment in European-American policies should promote the future prospects for the Alliance.

In that regard, members of the Atlantic Alliance must develop a coherent perception of the new configuration of European security and political relationships which they wish to see emerge from CSCE, MBFR, SALT, and other negotiations which affect intra-Alliance institutions as well as East-West relations. If the case for transatlantic security cooperation during the next decade is based entirely on expectation of all-out aggression, then the credibility of that cooperation will be diminished because this type of

aggression has become improbable (to a large extent due to the Atlantic Alliance).

The strains caused by disagreements over economic arrangements, as well as by political and military issues, may lead to weakening seriously American-European relations and to eroding public support for close ties between Western Europe and North America. Japan is a necessary partner, along with North America and the European Community, in developing a strong and adaptable international economic order. As part of its analysis and recommendations, the Committee calls for a reformed international monetary system that should provide for stable parities, based on an internationally-agreed unit of account, and suitable adjustments in such parities as frequently as necessary. The Committee advocates a consolidation of the large volume of American dollars held in foreign central-bank reserves and a return to dollar convertibility. Reform of the international monetary system will accompany the movement toward economic and monetary union within the European Community, with a single currency in one form or another. There is no conflict between these parallel developments.

In evaluating trade negotiations, the Committee calls for the gradual reduction and elimination of tariff and nontariff barriers to trade, and the improvement of policies in order to adjust agricultural production to demand. The Committee notes the expansion of East-West trade, calls for alignment of individual energy policies, and stresses that an understanding should be reached among the industrialized countries on foreign investment policies. In discussing the economic health of the less-developed countries, the Committee advocates generalized tariff-preference arrangements on a greatly liberalized basis, and recommends that the industrialized states should reaffirm their foreign-aid commitments to contribute annually one percent of their respective gross national products.

A majority of Committee members believes that the present very serious situation in European-American relations may require summit meetings in order to generate the political will required to coordinate national policies and carry the weight of authority sufficient to motivate public opinion. European-American summit meetings, if carefully prepared, are decisive; and, until the present serious situation is overcome, they would give the greatest impetus to solving current European-American problems. Such special meetings are compatible with West European summit meetings and would not diminish their importance or authority, either in intention or effect. The methods of the European Community have proved that the setting of objectives and times by which they must be achieved has a beneficial effect in creating a sense of urgency among national and international officials.

The Committee notes that the North Atlantic Assembly is the essential transatlantic interparliamentary forum which provides official links between North American legislators and West European parliamentary bodies. The North Atlantic Assembly should be the primary institution for interparliamentary cooperation on a broad range of problems and issues—political, security, economic, and social—which is necessary for improving relations between North America and Western Europe in the years ahead.

Regarding the Assembly's response to the Report, the Committee believes that a small group of distinguished European and North American delegates from the Assembly could visit major capitals—including Tokyo, in so far as Japan is affected—in order to convey the substance of these resolutions personally to appropriate committees of national legislatures—as well as to heads of governments, appropriate ministers, the Secretaries General of NATO and OECD, and the Commis-

sioners of the European Community. The Committee also recommends that a "high-level contact body" be set up to watch over and report on emerging European-American differences. The proposed group might consist of one or two North Americans and a similar number of West European members of the Assembly; it could report each year to the Assembly and its appropriate committees on the state of political, economic, and security aspects of European-American relations. In a third recommendation to the Assembly, the Committee suggests that the Assembly might achieve a more established status by proposing a formal protocol for subscription by the nations of Western Europe and North America or by suggesting where appropriate a suitable declaration for the same general purpose. The protocol or declaration would put directly to member-nations the issue of official status for the Assembly.

In conclusion, the Committee urges that a new sense of political direction in European-American relations must be established. The challenge in political relations between the nations of Western Europe and North America during the next decade is to foresee the necessary adjustment of policies to new challenges, and to manage the transition required by changing internal and international conditions.

The Committee of Nine held eight meetings in 1972 and 1973. Meetings took place in Italy, the United Kingdom, Canada, Germany, France and Belgium.

To assist members of the Committee in forming their opinions and recommendations on European-American relations during the next ten years, the Committee organized a research program composed of a number of research organizations and international experts in Western Europe and North America. Nearly eight hundred pages of specialized papers on political, security, social, and economic affairs were prepared by thirty authors from nine nations—including two nonaligned states, Sweden and Switzerland.

The work of the Committee of Nine has been financed entirely from funds made available by a number of private institutions and interested individuals in Western Europe and North America. Tax-exempt contributions for research and operating expenses of the Committee amounted to several hundred thousand dollars during 1972 and 1973. The Governmental Affairs Institute—a private, nonprofit professional organization in Washington—received and disbursed funds for the Committee and provided administrative services.

THE NATIONAL COMMISSION ON THE FINANCING OF POSTSECONDARY EDUCATION

Mr. HATHAWAY. Mr. President, the National Commission on the Financing of Postsecondary Education on which my distinguished colleague from Maryland, Mr. BEALL, and I have the privilege to serve, made public today its report after more than a year of study and deliberation. The Commission was authorized by the education amendments of 1972.

It is my belief that this Commission has made an unique and valuable contribution in providing a systematic approach to an extremely difficult problem. Faced with a broad congressional mandate, a myriad of plans and proposals, and heated debate generated by the reports of other study groups, the Commission could have simply added to the existing confusion by suggesting still another set of solutions for the complex

problems of financing postsecondary education. The Commission chose not to take this course. Instead it devoted much of its time and effort to establishing a foundation in fact and an orderly, reasoned approach to thinking about financing post-secondary education. The comprehensive data base on institution, students and sources of financial support, and the analytical framework established in the report should be invaluable tools to all those, including the committees of Congress, who have the responsibility for choosing among policy alternatives.

The Commission report, then, represents not a final answer to the problems of financing postsecondary education but a beginning to an orderly process toward reaching such answers. The Commission work will be of great assistance to the Senate as it begins work next year on amendments to the higher education legislation which expires at the end of 1975.

I would like to take this opportunity to express appreciation to Mr. Donald E. Leonard who served ably and tirelessly as the Commission chairman, and to the outstanding Commission staff especially Dr. Ben Lawrence, Executive Director and Dr. George Weathersby, Research Director.

I respectfully ask unanimous consent that the Conclusions and Recommendations of the Commission be printed in the RECORD.

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

CONCLUSIONS AND RECOMMENDATIONS

Postsecondary education, like the entire American society, has changed significantly during the past twenty years. To respond to this change, the first tasks of those charged with the financing of postsecondary education are to put aside outdated perceptions, look anew at the objectives of postsecondary education, and examine the methods by which those objectives may be accomplished. Those who propose changes in financing must be able to offer reasonable assurances that what they propose will produce the intended results.

For this reason, the Commission and its staff have placed the highest priority on assembling pertinent data and using them to analyze alternative policy proposals in a systematic way. Thus, while the Commission believes its recommendations to be important, so too are the substantive findings on which they are based and on which others may base their own recommendations. Therefore, this chapter includes not only the Commission's recommendations, but also those of its conclusions that it believes to be important considerations for the resolution of policy issues in the future.

POSTSECONDARY EDUCATION IN A CHANGING SOCIETY

Conclusions

1. Postsecondary education in the United States is a large enterprise including more than 2,900 traditional collegiate institutions serving some 9.3 million students and an additional 7,000 noncollegiate technical, vocational, and proprietary institutions serving approximately 1.6 million students. Postsecondary education also includes an estimated 3,500 additional institutions and organizations (serving an unknown number of students) as well as a great many other non-institutional learning opportunities (in which as many as 32 million people may participate).

2. Recognizing the broad scope of postsecondary education, the Commission has adopted for the purposes of its study the following definition, encompassing the 2,900 traditional collegiate institutions and 7,000 noncollegiate institutions:

Postsecondary education consists of formal instruction, research, public service, and other learning opportunities offered by educational institutions that primarily serve persons who have completed secondary education or who are beyond the compulsory school attendance age and that are accredited by agencies officially recognized for that purpose by the U.S. Office of Education or are otherwise eligible to participate in federal programs.

3. Total enrollment of students from the traditional college-age group (18-21) in the collegiate sector will continue to increase during the 1970s but at a rate reduced from that of the 1960s. During the 1980s, however, total enrollment of such students is likely to decline, although some sectors may experience enrollment growth. Data necessary to project enrollment from other age groups and in the noncollegiate senior are not available.

4. Ethnic and racial minorities, persons from low-income families, women, and individuals of all ages seeking continuing professional development or retraining will make up an increasing proportion of total enrollment in postsecondary education.

5. The new 18-year-old "age of majority" and emerging changes in high school programs are likely to affect postsecondary education in major ways that are not yet easily determined.

6. Institutions of postsecondary education will be under strong pressure to increase their productivity to match rising costs.

7. A number of other important changes are taking place in the society and among the institutions of postsecondary education that will have an important bearing on the level and structure of financial support necessary to serve the interests of society and individuals. These changes are described in Chapter 1.

Recommendations

1. The Commission recommends that data should be collected on those sectors of postsecondary education other than those identified herein as the collegiate and noncollegiate sectors.

OBJECTIVES FOR POSTSECONDARY EDUCATION

Conclusions

1. A set of objectives for postsecondary education in the United States is necessary for evaluating alternative proposals for financing postsecondary education.

2. A set of criteria for each objective is needed to measure the degree of achievement of the objective.

Recommendations

1. The Commission recommends the adoption of the following eight objectives:

a. Each individual should be able to enroll in some form of postsecondary education appropriate to that person's needs, capability, and motivation.

b. Each individual should have a reasonable choice among those institutions of postsecondary education that have accepted him or her.

c. Postsecondary education should make available academic assistance and counseling that will enable each individual, according to his or her needs, capability, and motivation to achieve his or her educational objectives.

d. Postsecondary education should offer programs of formal instruction and other learning opportunities and engage in research and public service of sufficient diversity to be responsive to the changing needs of individuals and society.

e. Postsecondary education should strive for excellence in all instruction, research, public service, and other learning opportunities.

f. Institutions of postsecondary education should have sufficient freedom and flexibility to maintain institutional and professional integrity and to meet, creatively and responsibly, their educational goals.

g. Institutions of postsecondary education should use financial and other resources both efficiently and effectively and employ procedures sufficient to enable those who provide the resources to determine whether those resources are achieving desired outcomes.

h. Adequate financial resources should be made available to permit the accomplishment of the foregoing objectives. This is a responsibility that should be shared by a combination of public and private sources, including federal, state, and local government, and by students, parents, and other concerned individuals and organizations.

2. The criteria used by the Commission in measuring the achievement of these objectives have been helpful in the analysis of alternative financing plans, but additional effort should be directed toward improving these criteria.

CURRENT FINANCING PATTERNS

Conclusions

1. In fiscal year 1972, the income of postsecondary educational institutions was about \$30 billion. Of this \$30 billion:

21 percent was received from students and parents;

31 percent was received from state and local governments;

27 percent was received from the federal government;

9 percent was received from gifts and endowment income; and

12 percent was received from auxiliary enterprises and other activities.

2. The level and character of financial support varies greatly from state to state and institution to institution, and this variation must be taken into account in developing effective national programs and policies.

3. In 1972, public financing for postsecondary educational expenditures at institutions amounted to \$17.2 billion. Of this amount, \$4.2 billion, or 26 percent, was provided through students and \$13.0 billion, or 74 percent, was provided through institutions. An additional \$1.1 billion in public support was provided to students for living costs and education-related expenditures.

Recommendations

1. The Commission recommends that comparable financial information for the entire postsecondary education enterprise be collected and reported in a timely and systematic fashion.

2. The Commission further recommends that financial information associated with institutions of postsecondary education be collected and reported in close cooperation with the states.

ASSESSING THE ACHIEVEMENT OF THE NATIONAL OBJECTIVES

Conclusions

1. The postsecondary education objective of student access, when measured in terms of income, race, ethnic group, sex, and geographic location, is not yet accomplished.

a. The participation in postsecondary education of individuals 18-24 years of age from families earning less than \$10,000 per year is 17.3 percent while the corresponding participation rate of families earning more than \$10,000 per year is 38 percent.

b. The rates of participation in postsecondary education for individuals from certain racial and ethnic minorities are far below the participation rates of other Americans.

c. Women are also underrepresented in postsecondary institutions, constituting 51

percent of the 18-24 year age group but only 44 percent of undergraduate enrollment and 39 percent of graduate enrollment.

d. The location of collegiate institutions best serves those individuals who live in small metropolitan areas. Those who live in large metropolitan areas are only somewhat better served than those who live in rural areas. Lack of data on noncollegiate institutions does not permit us to draw corresponding conclusions for the noncollegiate sector.

2. Family income alone is not the only important variable in determining an individual's decision to seek postsecondary education. Parental education and occupation may be even more important in affecting postsecondary enrollment and access measures. Among other factors, rigid high school tracking is the single most significant controllable factor.

3. There is inadequate information to enable the Commission to make a firm judgment concerning the degree of student choice. Further research could provide a more complete understanding of the interactive processes of admission, financial aid, and enrollment. Aggregate data from both the public and private sectors would suggest, however, that those students who do obtain access to some institution of postsecondary education are distributed proportionately according to income level within both sectors.

4. The extent to which students are assured an opportunity to achieve their educational objectives, once enrolled, is particularly difficult to measure. Program completion rates have been examined as one limited measure for this objective, and the cost of attendance does not appear to be a controlling variable in program completion. For many students, however, program completion is an inappropriate measure of opportunity, particularly for those enrolled in any occupationally-oriented institutions, where students may be more concerned with receiving particular instructional services than with completion of a degree or certificate program.

5. There are many program offerings available in a variety of different sizes and types of institutions. Nevertheless, the existence of a multiplicity of programs does not necessarily provide diversity, because the programs of many institutions are very similar. To the extent that individuals may wish to enroll in programs with different characteristics, diversity may well be limited.

6. Although the Commission is aware of a variety of efforts to support and measure excellence in postsecondary education, it finds excellence difficult to evaluate and finds no adequate measures to fully assess the level of achievement of the objectives of excellence. In postsecondary education, it finds excellence difficult to evaluate and finds no adequate measures to fully assess the level of achievement of the objective of excellence.

7. Current evidence indicates that institutions that receive substantial financial support from a variety of public or private sources are neither more independent nor better able to achieve their educational objectives than those primarily dependent on a single source of support. The relative availability or scarcity of financial resources is probably the most significant factor affecting institutional independence.

8. Historically, institutions have attempted to meet their responsibilities for financial accountability to their major sources of financial support through a variety of techniques. Many of the information and analytical procedures now required for the efficient and effective allocation of resources in increasingly complex institutions and for the determination of postsecondary education policy are not readily available, and those that are available are not widely used.

9. Although the financing of postsecondary education is a responsibility shared by many sources, the total amount of resources currently made available is not adequate to accomplish fully each of the objectives identified by the Commission.

THE INCIDENCE OF FINANCIAL DISTRESS AMONG INSTITUTIONS OF POSTSECONDARY EDUCATION

Conclusions

1. There is no generally accepted definition of financial distress used in the postsecondary education enterprise. For the purposes of the Commission's analysis, however, "financial distress would exist in the postsecondary education enterprise or in one of its major sectors when the lack of money and other resources prevented the desired degree of achievement of national postsecondary objectives."

2. No generally accepted standards or uniform criteria are available to ascertain the existence or extent of financial distress in postsecondary education.

3. The Commission concludes that an evaluation of financial distress in postsecondary education should incorporate at least three sets of indicators: factors concerning institutional financial status, factors related to the financing of the total postsecondary education enterprise, and factors external to postsecondary education.

4. Based on an analysis of selected statistical evidence, the financial status of the postsecondary education enterprise is not substantially jeopardizing the achievement of postsecondary education objectives. Some postsecondary institutions, however, are already in financial distress; and if present patterns and conditions of financing continue, there is a high probability that such distress will occur in several sectors of postsecondary education as well.

Recommendations

1. National standard indicators should be developed to determine the relative financial status of the different types of postsecondary educational institutions. The Commission report suggests a number of such indicators for consideration.

2. When there are substantial shifts in public financing of specific programs, they should be effected over a reasonable period of time. Appropriating funds for all education programs one year in advance of spending would be especially helpful.

3. The programmatic interrelationships among research programs, graduate education, and undergraduate education should be studied so as to understand better the induced financial effects of individual program financing decisions on an institution.

4. Grants and contracts with institutions of postsecondary education either should include long-term programmatic support that recognizes the interrelationships among the various functions of the institution or should cover the costs associated with purchasing the service as if it were provided separately from other functions within the institution.

A FRAMEWORK FOR ANALYZING NATIONAL POLICIES OR FINANCING POSTSECONDARY EDUCATION

Conclusions

1. Because the arrangements for financing postsecondary education are complex, the Commission believes that policy makers will find a comprehensive analytical framework useful in developing financing proposals that will accomplish the objectives they seek.

2. The Commission found useful one such analytical framework employing the following ten major elements: objectives, criteria to measure the achievement of objectives, a series of assumptions about the society and the institutions of postsecondary education, a set of general policies to accomplish the objectives, financing mechanisms to carry out the policies, specific financing programs, an extensive data base for postsecondary educa-

tion, a method for estimating student and institutional responses to changes in financing, a set of measurements to describe the achievement of the objectives, and, finally, a judgmental review of the financing mechanisms and programs in relation to the objectives.

Recommendation

The Commission recommends that federal, state, and other policy makers for postsecondary education use an analytical framework similar to that described in this report for considering financing proposals.

AN ANALYSIS OF ALTERNATIVE FINANCING PLANS

Conclusions

The Commission concludes that an analytical framework, similar to that described in Chapter 6, provides an instrument that can significantly improve the capacity of policy makers to make decisions about the financing of postsecondary education.

However, such frameworks are difficult to develop, as demonstrated by the limitations of the analytical model, one element of the framework. For although the analytical model provides useful estimates with respect to student response to pricing decisions, the model does not, because of deficiencies, estimate institutional responses to a variety of financing mechanisms designed to aid institutions.

Recommendation

The Commission strongly recommends further research on, and development of, analytical frameworks and models similar to those used by the Commission. The Commission also recommends further collection and analysis of data which, although currently not available, would be useful for the evaluation of the impact of major financing alternatives on the achievement of national objectives, particularly objectives related to institutions, such as diversity and excellence.

NATIONAL STANDARD PROCEDURES FOR INSTITUTIONAL COSTING AND DATA REPORTING

Conclusions

1. The most useful unit cost data for administrators and policy makers are the direct, indirect, and full (direct plus indirect equals full) annual per-student costs of instruction for each major field of study, level of instruction, and type of institution.

2. Cost-per-student calculations are technically possible for most instructional programs at most institutions; however, the currently available procedures do not fully reflect the complexities of those institutions that offer a combination of instruction, research, and public service programs or a combination of vocational and academic programs.

3. Policy makers should not rely solely on annual per-student costs of instruction for the development of policy in postsecondary education.

Recommendations

1. The Federal government should provide continuing leadership in encouraging and developing national standard procedures, appropriate to each type of institution, for calculating the direct, indirect, and full annual cost of instruction per student by level and field of study.

2. Interim national standard procedures for calculating those costs per student should be adopted by the federal government to be implemented by institutions on a voluntary basis. Cooperating institutions should receive financial assistance to cover costs related to implementation of the interim procedures and reporting their cost information. (The Commission has suggested interim national standard procedures, which are described in a separate staff document.)

3. Federal support should be provided for the development and reporting of financial and program data to supplement and extend

the cost-per-student data. Examples of suggested additional financial data may be found in Chapter 8 of this report.

4. The federal government should ensure that the data base assembled by this Commission is updated, maintained, and made available to appropriate public and private agencies.

5. The federal government should support a national center for educational information with the responsibilities and characteristics listed in the text of Chapter 8.

The primary purpose of the efforts of the Commission has been to set the context for debate on the financing of postsecondary education. In this regard, we have neither selected nor recommended any single financing plan; nor by presenting and analyzing several alternatives do we imply that the alternatives are all equally acceptable or that these are preferable to other plans not analyzed. These alternatives were examined for analytical purposes only.

It is the hope of this Commission, however, that the data and analytical framework developed by the Commission will improve the policy decisions of institutions, governments, and private organizations. There are many additional topics that the Commission would like to have addressed—and would have addressed had it had available a data base and analytical capacity at the beginning of its work. Nor is this report intended to be a definitive product. It is a beginning for those who will continue working in this critical area of public policy.

ALEXANDER SOLZHENITSYN

Mr. BIDEN. Mr. President, in the past few weeks, the Soviet author, Alexander Solzhenitsyn has been the subject of numerous articles in newspapers and magazines. He is assailed and accused of treason and sedition, both grave crimes with stiff punishments under Soviet law. Specifically, he is being attacked for having written the controversial book, "The Gulag Archipelago."

This book is primarily a study and exposition of the Soviet prison system and secret police from Lenin through Khrushchev. It reveals through Solzhenitsyn's personal experiences in the archipelago—where Soviet prison camps are located—and accounts, letters, and memoirs of some 227 victims and of the terrifying and horrible fates of the accused. Two of the most gripping suggestions of the book is that no one including Solzhenitsyn knows how many people perished under this repression. The number might well be in the millions. The worst implication is that this police system still functions today. Robert Kaiser of the Washington Post reports from Moscow reaction to the book that heap still more condemnation on Solzhenitsyn.

Solzhenitsyn's preoccupation is the history of modern Russia. This is a dangerous subject because history is not just a branch of academic learning here, it is a tool of political ideology. In the official view, what happened is not so important as what should have happened.

Mr. President, I ask unanimous consent that an article from the Washington Post of January 17, 1974, discussing Solzhenitsyn's latest book be printed in the Record.

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

[From the Washington Post, Jan. 17, 1974]

SOLZHENITSYN TOO FRANK FOR SOVIETS TO
TAKE

(By Robert G. Kaiser)

Moscow.—In the last few days, Alexander I. Solzhenitsyn has been officially abused and castigated as has no Soviet citizen in recent memory. He has been accused of crimes and transgressions that have sent many lesser-known men to Soviet prisons for long terms. He has been dismissed as a literary traitor.

Every newspaper, it seems, has joined in the chorus of condemnation. Soviet radio and television echo it. Solzhenitsyn is the big news of the day, not only in the West where his new book "The Gulag Archipelago" is the subject of unprecedented publicity, but in his own country, too.

What is the importance of this man and his books? Does the furor reveal something new about the Soviet Union—its history or its present?

Any answers must be tentative, but there are some. The Solzhenitsyn furor is not a revelation of something new. Rather it is a vehicle for revealing—in unusually clear detail—many old facts.

Solzhenitsyn is a unique figure—"our only living classic," as the poet Yevgeni Yevtushenko (now an orthodox spokesman for the status quo) once described him. Solzhenitsyn is not representative of Soviet literature or even of the disaffected intelligentsia. He is more outspoken, bitter, and courageous in his convictions, than any other talent in the modern Soviet Union.

Many Soviet writers and officials would accept that characterization without regarding it as a compliment to Solzhenitsyn. He is not universally loved and admired in the way, for instance, Boris Pasternak was. He is too bold and self-confident, too abrasive and frank for that.

Moreover, he is an unrelenting pessimist about the Soviet Union, a posture that sets him against those with a normal quotient of optimism. He seems to see no ray of hope. He thinks that literature must preserve what politics has destroyed. Solzhenitsyn believes that only literature—not least his own literature—can preserve the Russia he loves and believes is real.

Solzhenitsyn is unique in another important respect. He is the most famous contemporary writer in the world. His name is better known than most political leaders. His fame and his Nobel Prize for literature give him a special form of protection here.

Solzhenitsyn's preoccupation is the history of modern Russia. This is a dangerous subject because history is not just a branch of academic learning here, it is a tool of political ideology in the official view, what happened is not so important as what should have happened. Official historians blithely write that what should have happened actually did happen.

Solzhenitsyn replies that this is a fraud. He challenges the orthodox Soviet view of history on its most sensitive points. He writes with sympathy about Soviet soldiers who joined the Nazis to fight against their homeland. He challenges the idea that Lenin was a faultless saint in men's clothing. He demands that the Soviet Union admit the entire truth about Stalin's dictatorship and call to account those who helped perpetrate Stalin's crimes.

In all this, Solzhenitsyn is fighting against a deeply embued conventional wisdom which—it seems fair to estimate—at least 90 per cent of the Soviet population accepts unquestioningly.

There is no argument here about Lenin's qualities, about the country's heroic struggle in World War II or about the official contention that Stalin was just an aberration in the glorious history of Soviet communism.

Yet Solzhenitsyn wants to argue all these points and more in a society with no tolerance for malcontents, troublemakers or free-thinkers. He wants to argue about the existence of God with the Pope. The Pope isn't interested.

The official reaction to "The Gulag Archipelago" suggests what a sensitive nerve Solzhenitsyn has touched. The unprecedented vitriol directed against him seems an indication of the strength of conformity. The propagandists who have answered Solzhenitsyn this week have paid scant attention to facts. Their quotes from his book are generally distorted or taken out of context, their accounts of the Western publicity for the book are more emotional than accurate.

The flavor of the attacks is bitter. Private comments by Soviet journalists and officials are the same. "I have always hated traitors," a journalist said this week. Could a man be called a traitor for writing a controversial book? This journalist had no doubt that he could.

"It was said a long time ago, and correctly: He who isn't with us is against us." So wrote an ordinary citizen about Solzhenitsyn in a letter to Pravda, the official newspaper. Yuri Zhukov, Pravda's chief commentator, told Western journalists last week that he had received hundreds of letters from the general public demanding that Solzhenitsyn be harshly punished.

Generalizations are never entirely accurate. But it does seem fair to say that the Soviet people are a single-minded and tough-minded lot. Their sources of information are meager. Their patriotism is almost boundless. Their appetite for revenge and retribution is substantial. The Anglo-Saxon, Judeo-Christian notion of tolerance has little resonance in this society. Nor is there a widespread respect for what Westerners would regard as objective truth. Unswerving loyalty is most admired.

Solzhenitsyn himself is not immune to these Russian traits. He is not a liberal in the Western sense, and not an admirer of pluralism for its own sake. In a recent letter, he lambasted American politicians for making such a furor over the Watergate:

"What did they expect from a democracy that has no built-in ethical foundation, a democracy that constitutes a clash of interests, and no more than interests, a clash regulated only by the constitution without any all embracing ethical edifice?"

Yet Solzhenitsyn is different from the mass of his countrymen not least because he rejects the "all-embracing ethical edifice" that they accept. He challenges its foundations.

His international reputation and the periodic storms of controversy he has created are, ironically, not of his own making. If the Soviet authorities had published all his books, ignored them and gone on about their business, it is inconceivable that Solzhenitsyn would have become the renowned figure he is today. Nor could he have caused the authorities such serious trouble.

Again this week the authorities are insuring even more notoriety for this unique man by their attacks. The publicity that follows will sell yet more copies of "The Gulag Archipelago," and of any subsequent book by Solzhenitsyn.

PROJECT POWER IN TUCSON,
ARIZ.

Mr. FANNIN. Mr. President, the energy crisis has caused many people to wring their hands in anguish and to seek scapegoats for the shortages. Wiser men and women are looking upon the energy crisis as a challenge which can and will be overcome through constructive thought and cooperative action.

It is especially gratifying to me that one of the most innovative and ambitious community-wide attacks on the energy crisis is being carried out in Tucson, Ariz.

Project POWER was launched formally on December 20, 1973. POWER stands for Prevent Our Waste of Energy Resources. It is a program which involves the Environmental Research Laboratory of the University of Arizona, the public utilities and industry in the area, labor, commercial enterprises, and governmental units.

The objective is to encourage community conservation of our energy resources, to provide better measurements of how effective the community is performing in its conservation effort, and to establish how many jobs are being preserved through this effort.

This past weekend Dr. James J. Riley, hydrologist for the Environmental Research Laboratory, came to Washington to confer with our Federal energy officials concerning the POWER project. His purpose was two-fold, to inform Federal officials of this outstanding program which might serve as a model for others around the country, and to seek Federal encouragement to continue and expand the Tucson experiment.

One problem is that currently there is no way for a community such as Tucson to assure its own industry of the full benefits of a conservation program. When Tucson residents turn down thermostats to save natural gas, for example, the savings benefit not just Tucson but the entire system served by El Paso Natural Gas. It may be that sacrifice in one community only goes to feed waste in another community.

What the people of Tucson would like to do, perhaps as a demonstration project, is to establish a program whereby measurements would be made of the energy savings by the community, and that this energy be fully reallocated to industry in that community. Anyone saving energy in his home would have a real sense of saving his own job, or that of his friends and neighbors.

Mr. President, I commend the Environmental Research Laboratory, the many Tucson officials, industry leaders, union officials, and others who are participating in Project POWER. This program should be encouraged, and it might well be emulated by other communities around the Nation. I ask unanimous consent that the news release which was published December 20, 1973, describing Project POWER be printed in the RECORD at this time for the guidance of other officials and individuals who might be interested in carrying out such a program in their hometowns.

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

PROJECT POWER

Project Power, a new broadly based community organization, today announced a plan intended to guide the city through the energy crisis with a minimum of damage.

The Environmental Research Laboratory of the University of Arizona is the primary technical agency. Also represented are many other segments of the community including industry, labor, commercial and government.

Power is composed of Prevent Our Waste of Energy Resources. "We think it terribly critical to the future of the nation that we respond correctly to the energy crisis," said Carl N. Hodges, director of ERL and also director of the energy crisis project.

"There are technical solutions available to solve it. But the psychological reaction to the crisis could do much damage before technology is geared up. Accordingly, the price could be much more than it should be.

"We want to respond as a community with the necessary conservation measures required by the situation and yet not hurt the economy.

"We believe that an informed community can adjust the life styles of its citizens consistent with all the requirements and not reduce the quality of life."

Project Power is designed to give Tucsonians specific targets at which to direct their energies.

Engineers and scientists associated with the project have analyzed Tucson's use of energy—electricity, natural gas and gasoline. Their picture of this use is then related directly to the highest priority set by the Council—the saving of jobs.

The technicians have identified non-essential uses of energy where the most reasonable cuts can be made to provide the energy necessary to support employment and the economy.

The Project Power plan is then to give the public a regular "feedback" as to how well the community is meeting the specific goals.

In addition to solving the Tucson situation, the Council also hopes its system will serve as a national model of a "correct reaction to the energy crisis."

And beyond this, the Council intends to put before the community the information people will need to adjust to a new pattern of living.

"We are entering a new era in our use of energy," said Hodges. "There is no escaping it. We shall either learn to adjust voluntarily or we shall be forced to accept guidelines somebody else sets for us."

The Project Power goal is, then, to save jobs now and at the same time lay out a long term program, making information available to citizens so they can educate themselves.

"It will take quite a bit of community concern to solve this problem," said Hodges. "And, of course, it will be impossible to solve a problem of this magnitude without some suffering. But there is a solution. And if we do respond intelligently with voluntary curtailments, we can prevent significant economic disruptions."

The project technical staff has analyzed Tucson energy use in terms of:

1. Natural gas—used primarily for space heating.
2. Electricity—used for operating appliances and lighting.
3. Gasoline—for transportation.

The situation is complicated by the fact that all three forms of energy are interrelated and, to some extent, interchangeable.

The home owner uses natural gas primarily for heating.

Industry and commerce are somewhat more flexible. They can use either natural gas or oil for heating.

The local utility, Tucson Gas & Electric Company, uses both natural gas and oil to generate electricity.

Industry uses oil for transportation as well as heating.

The scheme developed by PROJECT POWER looks at the overall energy budget of the Metropolitan Area and analyzes where the various forms of energy can be interchanged and rechanneled.

For example, gasoline saved by the public, could then be made available to industry in that form, or, more likely, as oil.

Reductions in non-essential uses of electricity would save oil needed by Tucson Gas & Electric generators. This oil would then be available to generate electricity for essential uses required by industry to save jobs.

The natural gas situation is somewhat more complicated. To meet the crisis on a national basis, the federal government has established a natural gas allotment program. Since all industry is now curtailed on a regional basis, saving by the public here would not directly be available in Tucson although it would be a saving in the national energy pool.

PROJECT POWER has asked the President's office in Washington to use Tucson as a model in that savings in natural gas would be returned to the community in increased oil allotments for industry.

"Even if this isn't possible, we could still be successful in that if all communities follow our model, we could still accomplish the same thing by saving the energy we need for essential purposes on a broader geographical scale," said Hodges.

Hodges pointed out that Tucson is already beginning to feel the pinch of the energy crisis.

Industries under curtailment in natural gas have oil for stand-by use. But as the crisis deepens, they may not be able to get the oil. Then they may have to cut employment.

Other industries are finding it difficult to buy the oil they need, particularly for transportation. This could lead to serious layoffs.

While figures are difficult to find, the Tucson group is accepting the White House estimate of a present national energy shortage of approximately 17 percent, assuming a given weather pattern for the winter.

Although the technicians are refining the data to fit the Tucson economy, the operating practice presently is to initially accept the national pattern of energy use.

It is calculated that industry uses 37.3 percent of energy; powering transportation, 24.8 percent (including driving of cars, 13.2 percent); Heating of Homes and Offices 17.9 percent; Providing raw materials for industry 5.5 percent; Water heating, 4 percent; Air-conditioning, 2.5 percent; Refrigerating food, 2.2 percent; Lighting homes and offices, 1.5 percent; Cooking food, 1.3 percent; Other uses, 3 percent.

These percentages will vary for Tucson because of its particular economic structure and its climate.

In Tucson, most of the nonessential energy savings will be recommended to be made in the areas of driving cars, space heating and lighting.

After the fat is cut out of the energy budgets, the Council engineers found that a 30 percent or more cut in the use of gasoline for private driving in Tucson is needed if we are to meet the national demand.

Project Power staff has the use of large computers. And it is considering a community wide carpool project with their use.

Beyond that, it is presently working with individual groups around the city which are presently setting up carpools.

And it is working with other technicians in the community to analyze possible mass-transit systems.

"Anticipating the energy crisis, we began our own carpool system at Environmental Research Laboratory in May," said Hodges. "And it has been very successful. It is encouraging how many businesses and other groups have begun setting up carpools recently."

Much attention will be given to advising people on how to make energy savings in the home.

"By simply insulating our homes, we can make a very large saving in our energy," said Hodges. "And by reducing the thermostat to

68 degrees, we can cut by about 30% our energy use for home heating."

A detailed analysis has been made of one typical family's use of energy for one month.

It was found that the equivalent of 49.3 gallons of fuel oil was expended to operate a natural gas furnace, a water heater and a clothes dryer.

An almost identical amount was used for lighting and cooking.

This is a two-car family. One car, a diesel, used 36.7 gallons of fuel oil. The other used 54.2 gallons of gasoline.

"We are certainly not asking people to give up their cars," said Hodges. "But on the other hand, we suggest that they be imaginative.

"For example, if they have two cars, they should use the lighter car that operates on less gasoline the most.

"There is much waste in the American lifestyle that we can change without reducing our quality of life.

"People don't need to give up heated pools. But this is one place where solar energy can be very effective to replace natural gas. And people can make great savings by covering their pools.

"There are a great many things that people can do to save energy. And we will try to make as many suggestions as we can with a sound technical basis.

"We also would like to help people learn to make their own analysis of their energy budgets. And we suggest they begin by getting a thermometer to measure the actual temperatures in their houses."

In the analysis of the overall community, the bulk of the work has been done by engineers from the Environmental Research Laboratory and Tucson Gas & Electric Company.

Calculations on the city are based on the following figures:

Average Electrical Consumption: Residential, 25%; Commercial, 20%; Industrial (without mines, 14%; Mining, 36%; Public streets and highway lighting, 0.4%; Other sales to public authorities, 4.6% (70% to the University of Arizona).

Average Natural Gas Consumption: Industrial, 27%; Residential, 44%; Commercial, 23%; Irrigation, 6%.

"I think it take a lot of courage for Tucson Gas to cooperate with a group that essentially wants to cut their sales," said Hodges.

Project Power will make regular reports to the community as it changes its analysis of the Tucson energy budget.

It will make regular suggestions as to where new savings may be made or new adjustments can be effective.

The hope is that the project will give the community a calm, rational estimate of the challenge now before America.

At the same time, there will be regular estimates of how well Tucson is meeting the goals. For example, charts will be released indicating what percentage of the targets are met in electrical conservation or in gasoline.

"The stage was set for the energy crisis partly when a shotgun approach to improving the quality of life and the environment was applied to environmental and energy decisions," said Hodges.

"Unfortunately, many of those decisions were made hastily and promoted by people who were not technically well informed.

"For example, there were numerous campaigns which resulted in a reduction in the supply of energy without parallel efforts to reduce consumption. Partly this could have come about by such things as building smaller cars that required less gasoline.

"Also, at the same time there were restrictions on the building of automobiles that led to reduced gasoline mileage.

"There was also a crisis in understanding and a failure of the Administration in Wash-

ington, the Congress and the technologists to meet the challenge of the critics.

"The result of all these failures coupled with the Arab boycott led to our being caught in the energy shortage.

"This is a crisis that should not have happened.

"The way to get out of the crisis and to put the country on a sensible foundation for the future is to base our decisions on good technical information and to make this available to the public."

The business of the Environmental Research Laboratory is energy.

In its earlier days, it was known as the Solar Energy Laboratory of the Institute of Atmospheric Physics. At one time it built and tested a solar and heated house in Tucson.

Later it experimented with solar distillation of salt water at Puerto Penasco, Mexico. This was then combined with new types of greenhouses and environmental control systems. Out of this experience, the Laboratory established a \$3 million combination desalting plant and greenhouse in the shiekhdom of Abu Dhabi.

The name was changed to the Environmental Research Laboratory in 1967. Today, the Laboratory is a specialized bioenvironmental-engineering group with operations in the deserts of Arizona, California, the Arabian Peninsula and the Persian Gulf as well as in Mexico.

Dr. James J. Riley, hydrologist for the Laboratory and director of the operation in Abu Dhabi for three years, is coordinator of the energy crisis project.

Members of the Advisory Council for the Project Power are Mayor Lewis Murphy; Joe Castillo, chairman of the Pima County Bd. of Sup.; Joseph Wilcox, vice president of Tucson Gas & Electric; Robert Lynn, president of the Anamax Mining Co.; Col. Raymond L. Horvath, base commander of Davis-Monthan AFB; William Page, president of the Tucson Chamber of Commerce; Albert H. J. Mueller, plant manager of the Hughes Aircraft Company; Mort Weisband, business manager of the Southern Arizona Building and Construction Trades Council; William Reeves, marketing manager for Exxon; Dr. John P. Schaeffer, president of the University of Arizona; Dr. Irwin L. Spector, president of Pima College, Gary R. Barnes, chairman of the board of United Dealers of Arizona and Dan Eckstrom, mayor of South Tucson.

AN AGE OF ADOLESCENCE

Mr. CHURCH. Mr. President, poet and playwright Archibald MacLeish once said in a speech to a crowd:

The world was always yours; you would not take it.

His was an appeal to responsibility; we who live in a society are responsible for its shortcomings as well as its achievements. Our way of life was made by us, not forced upon us.

Mr. MacLeish, in an article originally copyrighted by the Boston Globe and reprinted in the January 21 issue of the Washington Post, has focused on one particular aspect of the life we have fashioned for ourselves in the United States.

He describes what he calls "An Age of Adolescence." He refers to the people "who want to stay as young as they can as long as they can and thereafter go on dressing and talking and behaving as though they still were what they can never be again."

He contrasts this state of mind to the

thought expressed by Edgar in "King Lear":

"Men must endure

Their going hence even as their coming hither.

Ripeness is all."

As chairman of the Senate Special Committee on Aging, I must concur with the point Mr. MacLeish makes so vividly.

Daily, I hear of older persons hard-pressed by economic pressures and social unconcern or outright rejection. I have encountered individuals who are almost apologetic because they are old. I work on legislation intended to deal with one problem or the other, and usually Congress sees the need for the action at hand.

But even as we fashion legislation, I cannot help but concede that changes in the general attitude toward aging are more essential than changes in legislation about aging.

As Mr. MacLeish says in his article:

For certainly, until we are willing to accept our lives, including the last years of our lives, including our deaths which are part of our lives, old age will continue to be what it now is, regardless of improvements in our hospitals and nursing homes and pensions.

One of the surest ways to change attitudes about aging, it seems to me, would be to know what our older people are doing and saying. At meetings in Idaho and elsewhere, I talk with elderly individuals who are living life to the full even after retirement is forced upon them and even though they are concerned about such immediate issues as medicare and social security.

Some have formed organizations to help one another. Some are caring for orphans in the retired senior volunteer program and in community service projects. Others are finding talents they never knew they had while still others are finding the time to engage talents they never could display before.

Not everyone in their later years, to be sure, has found a new life after retirement. Many are alone; many are withdrawn. But strong new currents are stirring among our older population. They have much to communicate with others; they should be heard not only for their own satisfaction, but for the good of all.

Mr. MacLeish's indignant statement on adolescent attitudes is an important message for all Americans. I ask unanimous consent to have it printed in the RECORD.

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

AN AGE OF ADOLESCENCE

(By Archibald MacLeish)

CONWAY, MASSACHUSETTS.—There is an epigraph in George Eliot's "Middlemarch" which no contemporary novelist would put at the head of a chapter—a marriage prayer from the Book of Tobit: "Mercifully grant we may grow aged together." People who buy novels these days don't care for aging either together or separately. They want to stay as young as they can as long as they can and thereafter go on dressing and talking and behaving as though they still were what they can never be again. If the British bath-wagon was the seaside symbol of the Victorian psyche, ours is obesity in a maiden bra.

The point is—and it is an important point for those who propose to examine old age in the contemporary world—that it is the *idea* of the thing which has gone wrong. Old age itself is no worse now than it ever was. On the contrary, its physical and mental ills are easier to bear in this medically sophisticated century than they used to be when New England farms had barred windows on the back of the house and a padlocked door with a slot for feeding. What is hard to put up with now is not the thing but our conception of the thing.

In natural societies like Confucian China and Homeric Greece an old man respected his years because the rest of mankind thought them respectable. Youth was beautiful and was loved but what mattered was living—knowing how to live—and the old who had lived longest were assumed to know most. Nestor was a great man not in spite of his age but because of it. With us, however, the order of admiration is reversed. Knowledge of life is less important than sexual proficiency and it is youth that is honored. With the logical result that it is youth which is emulated. Adolescence, which ended with the same Chinese and the self-respecting Greeks at the age of 18 or 20, is protracted to include the 30s and 40s and 50s and even the years beyond. We live, in fact, in what might well be called an Age of Adolescence. And such an age, to borrow Yeats's poignant phrase in "Sailing to Byzantium," is "no country for old men." Old women either.

What has happened is not that we have achieved what we keep describing as a new and healthier attitude toward sex. What has happened is that we have fallen back into an old and retrogressive attitude toward life. Where Shakespeare's contemporaries were capable of understanding the great conception which lifts Lear out of misery and madness—"Ripeness is all"—we in our time have returned to an infantile obsession with the pudenda which locks us into a retarded childhood.

The latest intellectual controversy in New York has divided those who think a particularly explicit movie is a "breakthrough," comparable with Stravinsky's "Sacre," from those who object that the film is not explicit enough because it doesn't exhibit the copulative organs in action. And the latest achievement of the Supreme Court, or its new majority, is a decision that the suppression of hardcore pornography (journalese for the exploitation of the pudenda in images or words) must take precedence over the guarantees of the Constitution. So dangerous is hardcore pornography to the republic, in the opinion of the new majority, that we must sacrifice yet a little more of our rapidly vanishing liberty to control it, submitting to the worst and most tyrannical of censorship—censorship by local pressure groups and institutions and cranks and professional vigilantes who will tell us what we may look at and what we may read.

Future generations, if the republic outlives the Age of Adolescence, will find all this hard to credit. That serious intellectuals should apply the criteria of the adolescent itch to discussions of art, and that high court judges should put the punishment of sellers of filthy pictures above preservation of the most fundamental of human liberties, will simply not be believed. Free men, if they are really free, really men, rule themselves, meaning that they rule their own minds.

Mencius (Men-tse), though he lived 2,000 years before Thomas Jefferson and John Adams, put that simple but essential proposition in words Revolutionary Virginia and New England would have accepted and approved. "The men of old," says Mencius (Pound's version), "wanting to clarify and diffuse throughout the empire that light which comes from looking straight into the heart and then acting, first set up good government in their own states; wanting good government in their own states they first

established order in their families; wanting order in their families they first disciplined themselves; desiring discipline in themselves they first rectified their hearts."

It was not their trousers Mencius citizens looked into but their hearts. And it was they, not their neighbors or the county commissioners or the state legislature, who decided what they should think and believe.

But what chance have we of outliving the Age of Adolescence and restoring a mature society in which the human heart will be consulted at least as often as the somatic yearnings? A mature society in which men will govern themselves by governing their hearts first? A mature society in which those who used to be respected because they had lived longest themselves, and learned most from that difficult encounter, will no longer be exiled as "irrelevant"? It is hard to say but not impossible. A few facts are visible.

First of all, we won't get rid of sexual obsession by blue laws and prohibitions. Watergate is an enlightening moral tale for those who want to believe that something called "law and order" will settle everything. We now know what we should have realized when the slogan was first flown, that "law and order" will never work because those who are returned to power to do the ordering will not, once they possess the power, obey the law. The cure will be far worse than the disease.

The second fact is the first turned inside out. If we can't recover from the Age of Adolescence by censorship and negations and prohibition—by substituting official childishness for the childishness of the streets—we may perhaps be able to shake off the incubus by affirmation. By an act of belief. By an act of belief which puts the living of life above the obsession with sex and replaces adolescent mechanics with the humanity of love. For certainly, until we are willing to accept our lives, including the last years of our lives, including our deaths which are part of our lives, old age will continue to be what it now is regardless of improvements in our hospitals and nursing homes and pensions. Only those who can say with Edgar in "Lear":

"Men must endure
Their going hence even as their coming
hither.
Ripeness is all".

Those who can say these words accepting them, will come to understand what old age really is: the farthest human journey, the journey toward the meaning of our lives.

THE BALING WIRE SHORTAGE

Mr. DOLE. Mr. President, the baling wire shortage in Kansas probably reflects similar situations throughout the Midwest and West. The lack of baling wire is causing tremendous difficulties for the haying industry all over the State of Kansas. The shortage is threatening to lead to an inadequate supply of baled hay for commercial livestock operations.

We have a small crisis on our hands in Kansas, and in other States too, I am sure, because of the baling wire shortage. We have got hay farmers who cannot buy wire anywhere because of steel companies pulling out of wire production. We have businessmen suffering from unfilled orders on baling wire.

The secondary effect of the baling wire shortage on the beef industry may have even more serious consequences. To begin with, cattlemen have enough problems already. Due to recent low prices for fed cattle, losses have ranged from \$100 to \$200 or higher on each steer. A short-

age of hay could be a contributing factor leading a lot of cattle operations to bankruptcy.

The end result would be higher prices for meat. Over in the Nutrition Committee, recently, we have heard about numerous cases of near starvation due to high food prices. Further increases in the price of food is one thing consumers could do without.

So it is appropriate that something be done to increase the supply of baling wire. I trust the Cost of Living Council will therefore respond with appropriate action.

I have become increasingly alarmed over the current shortage of baling wire which if not remedied will cause many problems for American farmers and ranchers. Today, I chaired a meeting of concerned Senators with representatives of the steel industry, Cost of Living Council, and the Departments of Agriculture and Commerce regarding this problem. I was impressed with the statement presented by my colleague from New Mexico (Mr. DOMENICI) outlining the possible economic consequences to New Mexico hay producers of the current baling wire shortage. I feel that his statement merits the attention of all Members of this body. Therefore, I request unanimous consent that Senator DOMENICI's statement be printed in the RECORD.

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

STATEMENT BY SENATOR DOMENICI

Gentlemen: Farmers and ranchers in New Mexico are vitally concerned about the current shortage of baling wire and justifiably so. In 1973, a total of 205,000 acres of alfalfa were planted in New Mexico with an average yield of 4.4 tons per acre for a total production of 902,000 tons. At an average price of \$45.00 per ton, this production brought New Mexico alfalfa growers approximately \$40,590,000. Most of this alfalfa was baled with steel wire and the remainder was cubed for feed lot use. The potential economic loss to New Mexico alfalfa farmers if no baling wire is available could exceed 25 million dollars.

Additionally, 71,000 acres of other varieties of hay produced 99,400 tons last year which brought an average price of \$35.00 per ton. New Mexico farmers received approximately \$3,479,000 for this hay which was almost all baled with steel wire. Loss potential here exceeds 3 million dollars.

These are only the potential losses to producers of hay. They do not include losses to cattle ranchers and feed lot operators. If a rancher cannot get sufficient hay to winter his brood stock, he must either divest himself of that part of his herd which his winter range will not support or purchase higher cost feeds. Either choice will ultimately result in higher consumer costs of beef. The dairyman is in a similar situation. When the feed cost to milk price ratio becomes unfavorable, he will find it advantageous to slaughter part or all of his herd. Milk supplies will drop, and prices must go up or milk shortages will develop.

I cannot stress too strongly the importance of baling wire to all New Mexicans—rural and urban. As we have seen graphically demonstrated in economic history, the agricultural production problems of today are the consumer supply and price problems of tomorrow. Our hay producers must be supplied with baling wire. They have indicated to me through their correspondence that they are willing to pay a reasonable price for it. Many are aware of the combination of

factors which have led to the current shortage, but this knowledge avails them little. Their need for wire becomes more urgent daily as baling season steadily approaches and suppliers have no wire in inventory.

Gentlemen, we must take the necessary action to insure that baling wire is available to our farmers and ranchers. And we must do this now. Baling begins in southern New Mexico in early spring. Most of our hay comes from southern New Mexico. It is too late for most of our hay producers to convert to twine. Machine changes cost from \$150 to \$450 per baler, but the cost is not the pertinent fact. Twine knotters are just not available in time for this cutting season according to our agriculture information sources in the State.

Thank you, Chairman Dole, for this opportunity to present the problems facing New Mexico hay producers because of the current baling wire shortage.

REMARKS OF SENATOR MANSFIELD AT THE SENATE DEMOCRATIC CONFERENCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD certain remarks I made at the meeting of the Democratic Conference today.

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

REMARKS OF SENATOR MIKE MANSFIELD

First, I want to welcome the Senator from Ohio, Mr. Metzenbaum, to the Democratic Conference and to state, in his behalf, how happy he was that he had the unanimous support of the Democrats on Monday last.

Second, I would like to report that the Democratic Policy Committee met yesterday with Dr. Walter Heller, one of the great economists of the nation, and we were very much impressed with what he had to say and his thesis that, if conditions continued as they are, we would face the possibility of a recession. It was interesting to note that speaking economically, the United States had an 8.8 percent rate of inflation last year, while wages increased by only 7.3 percent. Another interesting factor Dr. Heller brought to our attention was that there has now been a 38 percent decline in auto production.

Twelve months ago the Majority Conference met at the opening of the 93d Congress. The Conference convened in the aftermath of a sweeping victory for a Republican President in the 1972 elections. From the same elections, there also came an increase in the Democratic Majority in the Senate. Some chose to note the first event and to ignore the second.

While recognizing the President's electoral mandate, this Conference concluded that there was also a mandate to the Congress. It was a mandate to exercise fully our separate constitutional role in the government of the United States. As we saw it, the people had continued the President in office but, at the same time, the people had rejected government by one party or one branch.

On that premise, we moved to reinforce the nation's system of checks and balances which had been eroded by an accumulation of power, administration after administration, in the Executive Branch. As it confronted us last year, the problem was to contain this long-time trend toward Executive unilateralism in regard to the policies, programs and priorities of the Federal government. In my judgment, that trend was checked in the year 1973. It was checked by a concerted effort of the Senate and the House.

To the excessive curtailment of public information, to the arbitrary impoundment of

appropriated funds, and to the pre-emption of authority over spending priorities and budget appraisals, legislative objectives and institutional changes—to these evidences of Executive unilateralism, this Conference and its Policy Committee and the Senate as a whole reacted with a high degree of unity. Before the 1st Session of the 93d Congress was out, the Senate Majority had adopted 18 resolutions as Leadership positions on various constitutional and public issues. Before the session was out, the impact of virtually all of these resolutions was felt in policy and legislation.

Of the highest priority last January was the extrication of this nation forthwith from Vietnam. The urgency was to translate years of pious words into effective action to restore the nation's peace. That was done in 1973 and, in so doing, the Senate provided a major contribution to national policy and the nation's welfare. In the end, the withdrawal of our military forces was achieved and the gate to reinvolvement was closed by legislation.

That the bitter and tragic lesson of Vietnam might not be lost, moreover, the Senate moved to curb future arbitrary use of U.S. Forces abroad by the Executive Branch. The Congress acted to condition any military intrusions into other nations—and, hopefully, we have seen the last of them—on the express consent of Congress as prescribed in the War Powers Act.

On this point, if I may digress for a moment, it is to express the gravest concern over what can only be described as certain off-hand, widely publicized comments which were made recently by the Secretary of Defense. These comments suggested the possibility of U.S. military incursions into the Middle East to bring out the oil and a reinvolvement of our forces in the still unsettled conflict of Vietnam.

It seems to me that appointed officers of this government, especially those with responsibilities for the management of the nation's enormous military power, ought to mark their public words carefully—most carefully—with regard to highly volatile international situations. What this nation may or may not find it necessary to do abroad is a question best left for the consideration of the President with his Secretary of State and with the elected representatives of the people in the Congress. The Secretary of Defense would do well to concentrate his concern on holding down the costs of his Department which place an enormous tax burden on the people of the nation and on keeping the armed forces in a state of sufficient readiness to respond to the lawful directions of the President and the Congress. Off-hand comments on questions of foreign policy are not in the compass of that responsibility and I would suggest, most respectfully, therefore, that the Senate's Armed Services Committee which has oversight of the Defense Department should examine into any tendencies to stray beyond that compass.

In reviewing the work of the first session, I would note, not only the role of the Senate in curbing our military involvement in Indochina and the war powers resolution but also major farm legislation, a Social Security benefits increase, the Alaska pipeline, mandatory fuel allocation, flood disaster protection, vocational rehabilitation, Federal aid to highways, mass transit, reorganization of the railroads, veterans' health care and benefits increase, campaign financing and private pension reform. Some of these measures were suggested by the President. Others had their origins in Congress and were co-opted readily by the President. Still others were advanced by the Congress notwithstanding the reluctances of the Executive Branch. In any event, the entire session in my judgment was an expression of a vigorous, cooperative and creative independence on the part of the Senate and the House. Every member of the Sen-

ate—Republican and Democrat alike—has reason to be gratified personally for having been a part of it.

This session begins, then, on that base. It is my hope and expectation that the Congress will maintain the tempo of the past year and move deliberately and steadily through such major issues as national health insurance, housing aid, private pension reform, no-fault insurance, Congressional budget control, adjustments in the tax structure and any other matters of importance and urgency which may arise.

Looking ahead, I would also note that the Senate and the House, ten months from now, will face the people in an election. We should not dread that prospect. We should look forward to it. We should look forward to it not only on the basis of the record but as an affirmation of the democratic process. I say that, notwithstanding the widespread public cynicism, pessimism and doubt which the Watergate syndrome has sown with regard to all government. Before the coming election, it seems to me that there is time to rebuild the Federal electoral structure in a manner which will again engage the public trust.

The people have a right to an electoral system capable of yielding honest, responsible and responsive government, open to all and shaped to meet the needs of all. In my judgment, existing political campaign laws grope toward that goal but are some distance from it. Indeed, in some ways, they act to discourage general and modest participation in the process. Revisions are necessary and should be forthcoming in this session.

It is not the transitory political lives of each of us that are at stake. It is the political life of the nation that is at stake. To excuse Watergate and what it implies from our political life before it becomes fatal to freedom is a fundamental responsibility of the elected officials of this government.

Even as the people did not ask for government by a single party or a single branch in the last election, neither did they ask for government by the will or whim of the richest or the most powerful and influential. That is the nub of the problem. To foreclose an excessive intrusion of great wealth, whether of corporations, unions, individuals or whatever into the electoral process, is a solemn obligation, an urgent obligation.

Thirteen years ago, almost to the day, I made this statement on the floor of the Senate:

"I do not think that it serves the interests of the entire nation when elections can be influenced significantly or even decided by the question of which candidate can raise the most money. I do not think it serves the national interest when the expenses for those who campaign to serve all the people must be financed by a relative handful of people and organizations which make large contributions directly or indirectly. I do not think it adds to the dignity and vitality of the nation's political life when a major source of political finance is the patently unsatisfactory practice of selling two-dollar steaks at one-hundred-dollar-a-plate dinners."

The price of the steak has gone up to five dollars and the dinners to five hundred or more. Except for this factor of inflation, however, I see no reason to alter the observations.

In my judgment, we shall not come finally to grips with the problem except as we are prepared to pay for the public business of elections largely with public funds. I would hope, therefore, that this is the Congress in which proposals along these lines advocated over the years by Senators Long, Scott, Kennedy, Mondale, Cranston, Mathias and others, finally see the light of day. If it was in 1972 that Watergate arose, and in 1973 that it was revealed and investigated, may it be said it was in 1974 that it was finally resolved in a new system of open elections openly paid for.

What Watergate did to public confidence with regard to the nation's electoral process, the energy crisis has done in the realm of the nation's economy. Grave uncertainties have arisen, as the ramifications of the petroleum shortage have suddenly been seen to extend beyond the gas tank into every other aspect of our society.

It is no wonder that the supply and price of fuel has dominated national discussion during the past ten weeks. Even at this late date there are more questions than answers. All that we have really learned is that we were not equipped to understand the problem, let alone to deal with it. To be sure, shortages had been forecast for years. Yet, somehow the message was apparently never received or merely ignored in the responsible Executive agencies.

The consumption of ever-increasing amounts of energy and, in particular, of petroleum-derived energy was stimulated as basic to our culture. Now, we have shifted gears and the watchword is curtailment of consumption. May I say that the people of the nation, as usual, in their wisdom have recognized the need and have displayed a remarkable degree of self-discipline in meeting the problem. That has been the single most important element in preventing a national catastrophe.

The agreement between Egypt and Israel is also of significance in this connection. The President and Secretary of State, Mr. Kissinger, are to be commended for the part which they have played in that situation. Indeed, they have understood and acted with great astuteness on the interplay of the Middle East conflict and other aspects of the international situation and the energy question. While I am on this subject, I would like to commend the peripatetic Secretary of State, Mr. Kissinger, not merely for his achievements in regard to the Middle East but elsewhere in the world, notably in the improvement of relationships with China and the Soviet Union.

Mr. Kissinger has the confidence of the Senate, as indicated by the overwhelming vote for his confirmation last year. It would be my hope that the rapport between the Secretary and the Senate will grow closer in the months ahead. Under the strains of the energy shortage which affects other nations far more drastically than our own, and the stress of other economic difficulties, there is the danger of the crumbling of international cooperation, notably as it involves our relations with Western Europe and Japan. That, indeed, would be the final straw. The consequences of a devil-take-the-hindmost division would be disastrous to all concerned. It must be avoided at all costs. In this connection, I am delighted that the President expects to meet next month with the representatives of several European nations and Japan.

To return to the matter of the energy crisis at home, it is clear that plentiful cheap energy is not again on the horizons of life in the United States. We cannot undo what has been done, nor do what has not been done. The principal responsibilities of government, now, are to see to it that the impact of this crisis does not devastate the economy and that the price of past neglect and indifference is borne equitably by all Americans. To that end, it is no longer acceptable that the facts on the production and distribution of energy be cloistered in the executive offices of private corporations, which, wherever they may operate, are chartered in this country and receive the benefits and protection extended by the government of the United States. It is essential that the facts—all the facts—be uncovered and laid before the nation. We must be fair in the process.

I would expect, therefore, that the inquiries which have already begun in committees of the Senate will proceed rapidly but deliber-

ately. We do not need scapegoats. We need a foundation of fact on which to build an effective national policy on energy and a whole range of related questions. We have got to know far more than we know now if we are to meet the threat to the nation's well-being which is inherent in the petroleum situation—the threat of widespread business shutdowns, transportation paralysis, vast unemployment, runaway inflation, culminating, to say the least, in a severe recession. If there are those who still doubt the seriousness of the threat, I would suggest an examination of the appalling situation now confronting the United Kingdom.

The energy crisis has shocked this nation. In so doing, it has also illuminated suddenly the precarious manner in which our national economic life has come to be organized. Shortages of petroleum have admonished us to note that there are other essential resources which are also not available in limitless supply inside our national borders. As Senator Muskie has pointed out, in our sudden concern over the exhaustibility of petroleum, we ought not to forget that pure air and water are also exhaustible resources. What of aluminum, nickel, tin, iron and copper, and many other materials? Where will the supplies of these and other essentials come from in the years ahead? What of food?

To say that we have been extravagant, even profligate, is to put it mildly. We spend nearly \$3 billion a year on air-conditioning and less than \$150 million on air pollution control. We throw away 60 billion beverage containers a year, yet spend only \$5 million to research recycling techniques. Pollution is building dead seas off the coast of New York and New Jersey and elsewhere. Yet, during the recent recess the President chose to impose \$3 billion that had been appropriated for the treatment of waste.

It would be my hope, therefore, that we will go beyond the energy crisis in the coming session of Congress. The need is to take a careful look not only at the immediate flashing of this or that danger signal but at the whole integrated switchboard of our national existence. It may be that it is time to consider setting up some organization for coordinating our thinking as to what is more important and what is less important to the nation and its future, for delineating the durable needs of a decent national survival. Perhaps, some new and continuing machinery which brings together the Executive Branch and the Legislative Branch for this purpose and couples both with a cross-section of industry and labor and other areas of our life will enable us to see the forest and not merely the trees. Perhaps, the juxtaposition of ideas and interests from these sources might help us to learn to curb the ingrained tendencies of government to spend vast sums out of force of habit or force exotic and wasteful endeavors—whether military or civilian. Perhaps, then, the budget can be better framed to meet the over-all requirements of the nation for today and tomorrow.

I do not anticipate we shall make a great dent in this question. Nevertheless, I would hope that, notwithstanding our preoccupation with the energy crisis and its impact on the economy, the appropriate committees would find some time to look beyond it. The responsibilities of elected incumbents—whether the President or Members of Congress—are not confined to the immediate. We owe the nation not only a decent present but the preservation of a viable hope for a decent future. I expect that in the session, the Senate will do its part fully in meeting responsibility.

A CATALOG OF LEGAL AID HORRORS

Mr. FANNIN. Mr. President, for the benefit of my colleagues, I ask unanimous

consent to have printed in the RECORD 25 examples of questionable activity which have been carried on under the OEO legal services program. These examples indicate, far more eloquently than any words I could express, the need to substantially close the loopholes which exist in the present legal services law and in S. 2686, the Labor and Public Welfare proposal for Legal Services Corporation. This kind of loophole, this kind of abuse, clearly demonstrates the need for thoroughgoing review of the entire legal services issue by the Committee on the Judiciary.

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

TWENTY-FIVE EXAMPLES OF QUESTIONABLE ACTIVITY CARRIED ON UNDER THE OEO LEGAL SERVICES PROGRAM

1. Legal Services attorneys are officially encouraged to challenge welfare compulsory work requirements, assist the National Welfare Rights Organization, and help organize tenant unions.

2. The OEO western regional Legal Services Director has been representing a government employee in a suit against ACTION, charging that the employee was discriminated against because of her Democratic party activities.

3. OEO funds a national student rights center in Dayton, Ohio, to provide legal assistance to students in matters of school discipline and dress codes.

4. Legal Services attorneys are encouraged to provide advice to welfare demonstrators and legal counsel during rent strikes.

5. Employees of the Northern Mississippi Rural Legal Services Program have used program facilities to support candidates for public office and have represented ineligible clients on political matters.

6. Legal Services attorneys are encouraged to provide assistance to the National Tenant Organization, which has been active in lobbying against Administration positions on Capitol Hill.

7. Dan Siegel, an OEO Reginald Heber Smith Fellow, served, during his fellowship, as a campaign coordinator for the radical April Coalition in Berkeley. A self-described revolutionary, Siegel has been convicted for inciting to riot prior to his fellowship. He is most recently reported as working on a Maoist anti-military project in the Philippines.

8. Sheldon Otis, who has served as an attorney for Angela Davis, embezzled \$10,000 from a legal services program he was supervising in Redwood City, California.

9. Staff members of the New Orleans Legal Assistance Corporation were found to be improperly representing members of a Black Panther front called the National Committee to Combat Fascism.

10. Kenneth Cloke, a Reginald Heber Smith Fellow and active member of the Communist party USA, who had been found guilty of larceny before being hired, improperly provided legal assistance in connection with an interstate dynamite case to persons associated with the Weathermen faction of the SDS.

11. Stephen Bingham, a legal services fellow assigned to the Berkeley program, was paid for a period of 8 months although he performed no official work. During the period of his fellowship, he worked closely with a Communist law firm heavily involved in prison agitation. Subsequently, he was identified as the man who delivered the gun to Soledad Brother George Jackson, immediately prior to the latter's escape attempt from San Quentin.

12. David Kirkpatrick, an attorney with California Rural Legal Services, has also

worked closely with Peace and Freedom party leader Fay Stender in furnishing prisoners with Communist and revolutionary literature.

13. Governor Meskill of Connecticut claims that the Tolland-Windham Legal Assistance program played a key role in the defeat of a local Republican official who was critical of two welfare applicants.

14. Legal Services funds a program in Yakima, Washington which is run indirectly by Cesar Chavez' United Farm Workers Organizing Committee. Among other things, the program is involved in "ensuring that existing legal rights are enforced, for example in the area of voter registration. . ."

15. The Legal Aid Society of Union City, California was, until recently, used as an official voter registration office.

16. Attorneys with the Monterey Legal Aid Society handled 104 military related cases, many resulting from association with the Movement for a Democratic Military and the Pacific Counseling Service, which provides assistance to conscientious objectors. At least one legal services fellow with the program had been identified as an organizer of local anti-war rallies. Staff members have also worked closely with *Unity Now*, an underground newspaper which urges soldiers to create disturbances and foment resistance within the Army.

17. An attorney with Colorado Rural Legal Services admitted preparing articles for a local underground newspaper and soliciting, on CRLS stationery, a juvenile client to serve as a distributor for the newspaper. The paper advocated, among other things, draft evasion.

18. Staff members of the Lawyers Committee for Civil Rights under Law, an OEO grantee in Cairo, Illinois, have been active in picketing and demonstrations conducted by the Black United Front, a militant civil rights organization, in a racially explosive community.

19. John Brittain, who served as an attorney with Northern Mississippi Rural Legal Services, was closely associated with the Republic of New Africa, characterized by the FBI as a "violence-prone" organization.

20. The National Legal Aid and Defender Association, which is represented on the boards of directors of numerous legal services grantees, is currently headed by Clinton Bamberger, a partisan liberal Democrat, who was a Director of Legal Services under Sargent Shriver and an active ally of Joseph Tydings. Bamberger succeeded John Douglas, Co-Chairman of Citizens for McGovern. One of the Vice Presidents of NLADA is Terry Lenzner, who together with Frank Jones, was fired from OEO by Don Rumsfeld. Jones is Executive Director of NLADA.

21. The Camden Regional Legal Services program has acknowledged representing non-poor clients on grounds that such clients were "unable to obtain private counsel because of their personal unpopularity or the unpopularity of their causes." The Director of CRLS believes that legal services should act "as a sort of ombudsman to the poor as a class, to represent them with respect to political and economic repressions." CRLS was also active in seeking support in the poverty community for the impeachment of a former Mayor of Camden.

22. OEO has funded a \$220,000 program in Washington, D.C. to provide attorneys who will handle inmate complaints against the corrections system. Announcement of the grant to the Center for Correctional Justice was made by Delegate Walter Fauntroy and Democratic National Committeewoman Flaxie Pinkett.

23. Florida Rural Legal Services used Federal funds to publish an underground newspaper which provoked friction by referring to policemen as "pigs" and displaying cartoons with white policemen beating young Blacks.

24. A former Director of the Dallas Legal Services Project used the program to represent the publisher of an underground newspaper who was being prosecuted for the paper's pornographic content.

25. The Director of a Legal Aid Society in Illinois was a Democratic candidate for State's Attorney of Marion County.

SHORTAGE OF REINFORCING STEEL BARS

Mr. STEVENSON. Mr. President, on December 4, 1972, I and 27 other Senators wrote Dr. John Dunlop, Director of the Cost of Living Council, to express our concern about the shortage of reinforcing steel bars, and to request that the Cost of Living Council survey the steel industry to obtain better information about the shortage. The Cost of Living Council conducted a survey, the results of which are summarized in a letter to me from Dr. Dunlop dated January 22, 1974.

The results are ominous. Although demand for reinforcing bars is expected to increase sharply in 1974, production is likely to be off, imports down and exports up. Already contractors throughout the country are reporting delays and stoppages on major construction jobs; further deterioration of the situation will mean layoffs for hundreds of thousands of construction workers and declines in GNP.

We cannot permit that to happen. I have therefore telegraphed Dr. Dunlop and urged him to take all necessary action within his power to assure that an adequate supply of reinforcing bars is available to U.S. purchasers, and to advise the Congress in the event he concludes that he does not have adequate statutory authority to deal with the problem.

I ask unanimous consent that the December 4 letter, Dr. Dunlop's response, and my telegram be printed in the RECORD.

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

U.S. SENATE,

Washington, D.C., December 4, 1973.

Dr. JOHN T. DUNLOP,
Director, Cost of Living Council,
Washington, D.C.

DEAR DR. DUNLOP: We are very concerned about the growing indications that non-residential construction activity will be severely curtailed during the first half of 1974 because of a shortage of reinforcing steel bars.

Some but not all the facts are known. During the first nine months of 1973, reinforcing bars accounted for 4.5% of the tonnage shipped from domestic steel mills, down 15% from the 1970-1972 average. In the same period, reinforcing bar exports increased 332% over the first nine months of 1972, while imports declined 30%.

What we do not know is how much reinforcing bar our steel mills intend to produce during the first six months of 1974, and how much of what is produced will be exported.

In order to decide whether and how to act, we need answers to those questions.

We therefore request that the Cost of Living Council conduct an immediate survey of the steel industry and prepare aggregated estimates of reinforcing bar production and exports for the first half of 1974. We further request that the results be released

to the Congress and the public not later than December 14, 1973.

Sincerely,

Adlai E. Stevenson, John Sparkman,
Hiram L. Fong, Harrison A. Williams,
Jr., Gale W. McGee, Robert Taft, Jr.,
William Proxmire, William D. Hathaway.

Bill Brock, Bob Packwood, John Tower,
Lloyd Bentsen, Edward M. Kennedy,
Edward W. Brooke, Edmund S. Muskie,
Thomas J. McIntyre.

Thomas F. Eagleton, Dick Clark, Harold
E. Hughes, Pete V. Domenici, J. Bennett
Johnston, Jr., Hubert H. Humphrey,
Clifford P. Case, Gaylord Nelson, John O.
Pastore, Claiborne Pell, Jennings Ran-
dolph, William V. Roth, Jr.

ADLAI STEVENSON III.

ECONOMIC STABILIZATION PROGRAM,
COST OF LIVING COUNCIL,
Washington, D.C., January 22, 1974.

Hon. ADLAI E. STEVENSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENSON: Thank you for your recent letter in which you and your colleagues bring to my attention your concern with current shortages in reinforcing bars.

The Council shares your concern about the shortage of reinforcing steel bars and its effect on the construction industry. We have held numerous fact-finding meetings with representatives of the steel and construction industries on this problem, and we are continuing to meet with industry representatives on this and related problems in the steel area.

Our fact-finding efforts indicate that the principal causes of the shortage of reinforcing bars are as follows:

Strong demand. The demand for rebars increased significantly from 1972 to 1973 and is projected to increase still further in 1974.

High levels of capacity utilization in the steel industry. Available statistics indicate that the domestic steel industry was operating at 101 percent of capacity in the third quarter of 1973. Moreover, the high level of capacity utilization is a worldwide phenomenon, which has contributed to the decline in U.S. imports of reinforcing bars.

Cost-price relations. Profit margins have traditionally been lower on reinforcing bars than for most other steel products; and, in addition, increases in input costs, especially for scrap, have put pressure on margins. Lower domestic prices of reinforcing bars compared to international prices have also contributed to the supply problem.

On the supply side, available statistics for the first 11 months of 1973 show shipments of reinforcing bars by domestic producers to have increased 14 percent over the same period for 1972. For these same periods, imports of reinforcing bars showed a substantial decline of 33 percent. Starting from a relatively low base in 1972, exports of reinforcing bars increased by approximately 400 percent. The total supply of reinforcing bars (shipments plus imports minus exports) for the first 11 months of 1973 increased 9 percent compared with the first 11 months of 1972. These figures are summarized in Table 1 which follows.

The Cost of Living Council, in early December, requested information from some 23 large steel producers concerning their intended shipments for 1974 of certain steel products including reinforcing bars. All of the firms responded; and, of these, 10 stated that they produced reinforcing bars in 1973 and 9 stated that they intended to produce reinforcing bars in 1974. These firms accounted for the production of 2,242,800 tons in 1973, approximately half of U.S. industry shipments in 1973, and project their production for 1974 to be 2,218,800 tons—a decrease

of 1.1 percent. The data obtained did not pertain to exports and it would, therefore, be difficult to make useful projections at this time.

A more pessimistic outlook has been indicated by a survey conducted by the Concrete Reinforcing Steel Institute. From its survey of firms in the midwest and eastern United States the association estimates that shipments of reinforcing bars by domestic firms will be down approximately 11 to 12 percent in the first half of 1974 compared to the first half of 1973.

The situation offers no simple solution. When operating at such capacity levels, firms generally reduce or drop their less profitable items. Thus, it is questionable whether even substantially higher margins for reinforcing bars would cause the major producers to alter their product mixes and produce more bars, at least in the near future. However, prenotification of price increases for reinforcing steel have been submitted to the Council, and we are committed to responding to them by January 25.

On December 21, after the public steel hearings on December 19 and 20, the Council announced that as of December 21, 1973 steel firms would be permitted to increase immediately their adjusted freeze prices of those items which have not had Phase IV price increases. These increases are limited to a dollar-for-dollar pass-through of purchased ferrous scrap cost increases incurred from June 1, 1973 through December 31, 1973.

Although that action should ease the reinforcing bar situation to a degree, the problem remains serious. The reinforcing bar problem is not unrelated to problems which exist for a wide range of steel products, and we are exploring what further actions, if any, the Council might take in this area.

If I can be of any further assistance, please do not hesitate to contact me.

Sincerely,

JOHN T. DUNLOP, Director.

TABLE 1.—U.S. SUPPLY OF REINFORCING STEEL BARS, 1968-73

[In thousands of tons]

	U.S. industry shipments	Imports	Exports	New supply ¹	Exports as percent of shipments
1968.....	3,241	740	26	3,955	0.8
1969.....	3,658	471	87	4,042	2.4
1970.....	4,891	212	80	5,023	1.6
1971.....	4,521	515	41	4,995	.9
1972.....	4,454	358	22	4,790	.5
1972 (11 mo).....	4,116	322	20	4,418	.5
1973 (11 mo).....	4,691	216	100	4,807	2.1
Change: ²					
1972-73 (tons).....	575	-106	80	389	-----
1972-73 (percent).....	14	-33	400	9	-----

¹ Shipments, plus imports, minus exports.

² 11 mo 1972 to 11 mo 1973.

Source: American Iron & Steel Institute.

[TELEGRAM]

U.S. SENATE,
Washington, D.C.

Mr. JOHN T. DUNLOP,
Director, Cost of Living Council,
Washington, D.C.:

Your January 22 letter concerning the shortage of reinforcing steel bars convinces me that the situation cannot be permitted to deteriorate further. I urge you to take all necessary action within your power to assure that an adequate supply of reinforcing bars is available to U.S. purchasers. In the event that you conclude that the powers vested in you are not sufficient to enable you to deal with the problem effectively, I urge you to apprise the Congress of what additional authority is needed to deal with this shortage.

HOW SMALL BUSINESSMEN IN NEW MEXICO VIEW FEDERAL GOVERNMENT ACTIONS

Mr. DOMENICI. Mr. President, on October 25, 1973, I sent a letter to many small businessmen in New Mexico to determine what problems Federal Government actions or inactions had created for them in the operations of their businesses and to solicit any suggestions they might have for constructive Government actions which would benefit the small businessman. Careful analysis of the responses to my letter reveals one main theme—that there is strong objection to the ever-increasing Government interference in the economy of this country.

One small businessman suggested that all of us serving in the Congress be required to read Adam Smith's "Wealth of Nations." His suggestion was prompted by his feeling that wage-and-price controls had resulted in his business being adversely affected by inability to get raw materials at any price. Many responses pointed out specific economic dislocations and diseconomies which are direct results of Government economic interference. One action that received strong criticism was the Cost of Living Council's original plan for controlling the cost of gasoline through the service station operators. Thankfully, those plans were changed after much effort.

Another extremely important effect of price controls was to encourage the exportation of materials vital to many businesses. One graphic illustration of a detrimental effect in this area was the shortage of petrochemicals to treat raw natural gas which was a side result of chemical price controls. If this dilemma can be solved simply by making a choice between two courses of action—lifting the price controls or further regulation by imposition of export controls—the responses to my letter indicate overwhelming sentiment for lifting the controls and letting the market price-setting mechanism function freely.

A second main problem which concerns my constituents is what a great many of them perceive as fiscal irresponsibility on the part of Congress. Their responses show a strong sentiment for congressional budgetary reform, coupled with equally strong desires for a balanced budget and reduction in the national debt. Most of these people seem to feel that deficit spending has contributed to our current unacceptable rate of domestic inflation. Many are aware that even if we have the will to attempt to control overall spending, we do not have the mechanism to do an effective job.

A substantial number of people also suggested that we get on with the business of governing. Many responses also favored the strengthening of private pension plans.

Mr. President, all these concerns are valid and should be heeded by those of us who make policies affecting lives and businesses across this country. The problems which prompt these concerns are complex and none of the solutions to these problems can be easily accomplished. All too often, what appear to be solutions to complex problems cause

many more problems. The institution of wage and price controls seemed a necessary step to control an accelerating rate of inflation. They seemed to be necessary because there seemed to be no other available fiscal policy to adequately reduce Government spending enough to slow the rate of inflation. This was virtually impossible, because we in Congress lacked the necessary overall budgeting control mechanisms to deal effectively with the problem.

The result is that we all strive for more money for the programs for which we have committee responsibilities while realizing that Keynesian fiscal policy dictated that Government expenditures should be reduced to ease inflationary pressures—a classic case of whose ox should be gored. We knew we needed reductions but did not want them in our programs. Each of us, lacking an overall budgeting mechanism for priority setting, assumed that our committee priorities should be among the most important and that cuts should come in other areas. With budgeting reform, which would have allowed us to be involved in establishing overall priorities, it is entirely conceivable that the conditions causing the need for wage and price controls could have been responded to effectively without their imposition. Alas, this was not the case and wage and price controls were imposed.

I receive many letters daily citing economic dislocations which are the direct result of wage and price controls. A current scarcity of baling wire, disastrous to farmers and ranchers, can be traced directly to price controls. Similarly, price controls on chemicals have resulted in a shortage of those needed to treat raw natural gas. In this time of energy shortages no one would knowingly plan a chemical shortage which would cause possible further shortages, yet this is a result of domestic price controls which create a market situation that allows chemicals to be exported at higher prices than they are allowed to command domestically. Should we then institute export controls with the resulting reductions in exports and increases in the balance-of-payments deficits? I think not.

Sometime, hopefully in the near future, I am convinced we must lessen Government interference in the marketplace. The obvious first step is the elimination of wage and price controls. But when this is accomplished, it must be coupled with budgeting reforms which allow appropriate fiscal policy actions to be taken as soon as their necessity becomes known. If those actions are not taken simultaneously, the deferred inflationary pressures which will be released with the elimination of wage and price controls will cause a disastrously rapid inflationary spiral. This has occurred in other democracies which have instituted wage and price controls and attempted to remove them in the recent past.

I request unanimous consent that the letter I sent to these small businessmen be printed in the RECORD.

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

OCTOBER 25, 1973.

DEAR FELLOW NEW MEXICAN: This letter is to give you some information about activities in the Senate I think will be of interest to you. But frankly, it also has a second purpose: to ask you to help me represent you better in the U.S. Senate.

I'm always concerned about action—or inaction—by the federal government which hurts small businessmen, particularly if they're in New Mexico. I have gotten more concerned since I have been in Washington and have seen how government activities have far-reaching and sometimes unanticipated results.

For example, take the Cost of Living Council's plans to control the cost of gasoline. Their regulations put almost all the burden on the service-station operator, typically small and independent businessman. I thought that system was unfair and should be changed. On October 15, we got the system changed, after much effort.

I enclose a copy of my remarks in the Senate on the subject so you can share some of my concern about government actions which hurt private businessmen.

I also enclose a copy of my most recent speech on one of the things which disturbs me most—Congress' total disregard of logic in connection with the way it budgets and spends the people's money.

You may also be interested in my remarks on why I supported the Retirement Income Security for Employees Act.

I would be glad to have your observations about any of these positions.

But I also need something more.

Will you, as an independent businessman, tell me about problems the government has created in your business or about problems the government could solve, but hasn't?

If you would take time to answer that question, it would be a service to me. I still think business is the place from which Americans can best participate in our system. I don't want the government diminishing or destroying that opportunity.

Any help you can provide in this matter will be greatly appreciated.

Very truly yours,

PETE V. DOMENICI,
U.S. Senator.

"GIANT PATRIOT"—MINUTEMAN II OPERATIONAL BASE LAUNCH

Mr. MANSFIELD. Mr. President, during the congressional recess the Department of the Air Force announced that they were proceeding with their plans to conduct demonstration launches of the Minuteman II missile system during the winter, 1974-75. The program is designed to demonstrate the effectiveness of the deterrent represented by Minuteman II. In the past, Minuteman missile testing has been conducted at Vandenberg Air Force Base in California. To date no tests have been held at the operational bases located throughout the Nation.

The Minuteman II missile complex is deployed at three locations—Wing I at Malmstrom Air Force Base in Montana and the other two wings at Ellsworth and Whiteman Air Force Bases. Wing I has been selected for the initial operational launches under this proposed testing program. The testing of these missile sites in my State gives pause to consider several aspects of the program including what effect there will be in the immediate area and what potential hazards exist in the western part of Montana and our neighboring States. These launches, as I understand it, will be launched from

Montana and routed over northern Idaho and the State of Oregon into the Pacific. Assuming 100 percent efficiency, there would be no fallout in Montana and the falling debris would be encountered over national forest lands in northern Idaho.

The Minuteman II missile system is one of the more sophisticated and successful weapon systems in our program. It is my understanding that the testing at Vandenberg has been highly successful. The risk involved is likely to be negligible, but it is a matter of sincere concern to many. Should a missile misfire at the launching site, the immediate damage would, of course, be tremendous. Also, there is considerable apprehension on the part of our neighboring States of Idaho and Oregon should the flight pattern or operation of the missile malfunction.

The safety question is not the only area of concern. Primarily I question whether the appropriation of \$26.9 million is necessary at a time when the Nation is faced with an unusual number of budget requests of competing priority. Information available to me indicates that the Minuteman II system is a highly successful and sophisticated one and the testing at Vandenberg supports this premise.

At a time when we are endeavoring to bring about international peace, the inland testing of such missiles seems to be entirely unnecessary. While the administration has not said so in so many words, I get the distinct impression that one of the compelling reasons for these tests is the flexing of our muscles in the ongoing debate on international arms control. The use of this weapons system in our international negotiations is untimely and unnecessary in my estimation.

The announcement has generated some concern in my State through the newspapers, radio and television and a number of letters from individual constituents. The outcry has not been tremendous, but it is sincere and has come from many different walks of life—businessmen, ranchers, farmers, legislators, and even military personnel.

The Department has had the authority to proceed, but I strongly urge Congress to take a stand in opposition through the appropriation process, to further consideration of any testing from operational bases within the continental United States. I do not believe that it is necessary and it would be an unwise expenditure of Federal funds.

I ask unanimous consent that an editorial in the Montana Standard of Butte under date of January 10, 1974, be printed in the RECORD.

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

BETTER REASON NEEDED FOR MISSILE TESTS

We wonder if the Cascade County commissioners would favor ICBM tests if the missiles were being fired over, instead of from, Great Falls.

We wonder if Missoula would object to the tests if the Minuteman missiles were to fly over Butte instead of the Garden City.

We wonder if Dick Shoup would support the tests if he were still mayor over there in Missoula.

Mostly, though, we just wonder if the tests are necessary. If it's determined that they are necessary, and we can get a guarantee from the secretary of defense himself (say at the risk of his job) that no injuries or property damage will result, then go ahead. However . . .

The Pentagon wants to shoot a few missiles downrange from an operational base—Malmstrom—to impress the Soviets, we're told. (It would be in the spirit of détente if the Russian ambassador would send a note to the Pentagon assuring us that they're already impressed with our capabilities and that no shot is needed. Of course, it would be in the spirit of détente not to want to impress the Soviets with a nuclear missile in the first place, so maybe the spirit really isn't there.)

The Minuteman missiles to be fired, we understand, are soon to be replaced by advanced models. Why test an obsolete weapons system, especially at a cost of close to \$30 million? Why weren't they tested before they became obsolete?

And, if the Pentagon is so sure the firings can be carried off successfully, where is the need to test?

Rep. Shoup may be right about the relative absence of danger involved in the proposed tests, but that isn't the same as saying the tests are needed.

We hope Gov. Judge and Sen. Mansfield get some good reasons from the defense people before they give their approval to the shots.

SENATOR HUGH SCOTT—CIVIL RIGHTS LEADER

Mr. SCHWEIKER. Mr. President, Senate Minority Leader HUGH SCOTT will be honored Saturday night for his leadership in the area of civil rights. Proceeds from the National Black Salute will be used to establish the Hugh Scott Foundation, which will provide scholarships for black students interested in political science and government.

This new commitment to black America is in keeping with HUGH SCOTT's long line of accomplishments in this area. Particularly in the field of civil rights legislation, Senator SCOTT has been instrumental in toppling barriers of racial discrimination and intolerance. As Senator BROOKE, national honorary chairman of the salute to HUGH SCOTT, has said:

He HUGH SCOTT will continue his fight to remove all the stains of inequality from American life, be they through law or custom.

Mr. President, I ask unanimous consent that two news releases issued by organizers of the National Black Salute to HUGH SCOTT be printed in the RECORD.

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

A NATIONAL BLACK SALUTE TO HUGH SCOTT NIGHT OF HONORS

A gala national black salute—believed to be the first of its type ever held—is being planned to honor U.S. Senator Hugh Scott of Pennsylvania, Senate Minority Leader.

Burrell L. Haselrig of Johnstown, a black Pennsylvania businessman who formulated plans for the national salute, said, "The purpose of the Salute to Scott is to honor a man who has worked for three decades in the field of civil rights. It is our way of paying a sincere tribute to someone who helped us back when it wasn't popular to be for civil rights."

The salute will be in the form of a dinner January 26 at the Washington Hilton Hotel,

with Clarence Mitchell, the Washington Director of the NAACP, as the main speaker.

U.S. Senator Edward W. Brooke is serving as National Honorary Chairman.

The proceeds from the \$100 a plate dinner will be used to establish a Hugh Scott Foundation, with proceeds going for scholarships for black students who are interested in political science or government and to black organizations interested in government.

The main ballroom at the Washington Hilton has been reserved and it is expected that more than 2,000 persons will attend. Haselrig said the affair is bipartisan and he announced that a host of black and white citizens will serve on the Advisory Committee.

He listed those names as:

Frank E. Fitzsimmons, General President of International Brotherhood of Teamsters, Washington, D.C.; Vernon E. Jordan, Jr., Executive Director of National Urban League, New York, New York; James A. Hamilton, Assistant General Secretary, Washington, D.C.; Lucy Benson, President of the National League of Women Voters, Washington, D.C.; Berkley G. Burrell, President of the National Business League, Washington, D.C.

Rev. Theodore Hesburg, President of the University of Notre Dame, Notre Dame, Indiana; William T. Coleman, Jr., Esquire, Dilworth, Paxon, Kalish, Levy and Coleman, Philadelphia, Pa.; Mayor Robert B. Blackwell, Mayor of Highland Park, Highland Park, Michigan; Mayor Charles Evers, Mayor of Fayette, Fayette, Mississippi; Mayor Ken Gibson, Mayor of Newark, Newark, New Jersey; Andrew Gleason of Johnstown, Pa.

Dr. Ethel D. Allen, Councilwoman, Philadelphia, Pa.; Rachel Robinson, President of Jackie Robinson Development Corp., New York, New York; Dr. Ralph David Abernathy, SCLC, Atlanta, Georgia; Rev. Jessie L. Jackson, President of Operation PUSH, Chicago, Ill.; Bishop Roy C. Nichols, Pittsburgh, Pa.; Frank Pasquerilla, Pres. of Crown American, Johnstown, Pa.

Dr. Benjamin Mays, Atlanta, Georgia, Arthur Fletcher National Consultant of the Republican National Committee, Washington, D.C.; Robert J. Brown, BC Consultants, Washington, D.C.; Honorable Robert N. C. Nix, Congressman, Washington, D.C.; Joseph L. Rauh, National Vice President, ADA, Washington, D.C.; Colston A. Lewis, Commissioner of the Equal Employment Opportunity Commission, Washington, D.C.; Drew Lewis, Jr., President of Snelling and Snelling, Schwenksville, Pa.; Clifford L. Jones, State Chairman of the Republican State Committee of Pennsylvania, Harrisburg, Pa.

Gov. William W. Scranton, Chairman of the Board, Northeastern National Bank of Penna., Scranton, Pa.; Gov. Raymond P. Shafer, Tele-Prompter, New York, New York; John K. Tabor, Undersecretary, U.S. Department of Commerce, Washington, D.C.; Mrs. Henry Hillman, Pittsburgh, Pa.; Dean Ronald R. Davenport, Dean of Duquesne University School of Law, Pittsburgh, Pa.; Honorable Hardie Williams, State Representative of Pennsylvania, Philadelphia, Pa.; Arlen Spector, District Attorney, Philadelphia, Pa.; Sam Sparks, Little Rock, Arkansas; Senator Richard S. Schweiker, Washington, D.C.; Paul R. Jones, Regional Director of ACTION, Atlanta, Georgia; Mayor Edward Bivens, Mayor of Inkster, Mich.; Mayor Johnny Ford, Mayor of Tuskegee, Tuskegee, Alabama; William Walker, Publishing Editor of the Cleveland Call-Post, Cleveland, Ohio; Mayor Tom Bradley, Los Angeles, Cal.; and Roy Wilkins, Executive Director of NAACP, New York, New York.

Additional members of the Advisory Committee will be announced later along with a program for the evening.

U.S. SENATOR HUGH SCOTT

The record of U.S. Senator Hugh Scott in civil rights was lauded today as the reason

for a National Black Salute to the minority leader of the U.S. Senate.

Senator Scott is being honored at a dinner, January 26, at the Washington Hilton Hotel. The affair is in recognition of Senator Scott's support of civil rights legislation for more than three decades.

The proceeds for the non-profit dinner will be used to establish the Hugh Scott Foundation, designed to provide scholarships for worthy Black students who are studying political science or government.

Burrell Haselrig, of Johnstown, Pa., a Black businessman, is serving as executive director for dinner arrangements. Haselrig cited a speech in the Congressional Record by Senator Edward Brooke of Massachusetts which outlined Senator Scott's record in the field of civil rights.

Senator Brooke is serving as honorary chairman for the dinner, and Clarence Mitchell, Washington Director of the NAACP, is the main speaker.

DEATH OF LEWIS L. STRAUSS

Mr. BAKER. Mr. President, I join with my colleagues in mourning the death of a brilliant public servant, Adm. Lewis L. Strauss. I had the privilege and honor of knowing Admiral Strauss personally both before and after my election to the Senate. He was a man of deep conviction whose determination to make the right decision, no matter how difficult, often made him the center of bitter controversy. However, he almost always succeeded in winning the respect and admiration of even his staunchest opponents and a brief look at his career will show why.

In 1917, at the age of 21, he served as secretary to President Herbert Hoover, then head of the Belgian Relief Commission. During the Second World War, he became top assistant to then Secretary of the Navy, and later Secretary of Defense, James V. Forrestal.

In 1946, President Truman named him one of the first members of the Atomic Energy Commission; and it was at that time that Admiral Strauss made his famous recommendation regarding the development of the hydrogen bomb. President Truman accepted that advice in 1950, and Admiral Strauss retired from the Commission convinced that our national security was in good, capable hands.

However, in 1953, he returned to Government duty at the insistence of President Eisenhower. Serving first as a special assistant to the President on atomic energy matters, he was nominated a year later to serve as Chairman of the Atomic Energy Commission. In that capacity, he was influential in formulating Eisenhower's atoms for peace program aimed at assisting nations of the world in their efforts to use atomic energy for peaceful purposes.

This great contribution, as well as others, won him the Medal of Freedom in 1958, and led Eisenhower to nominate him as Secretary of Commerce in 1959. But the controversy which had surrounded him throughout most of his life climaxed in the Senate and resulted in the narrow defeat of his nomination.

In 1962, Admiral Strauss published a book entitled "Men and Decisions," in which he described his service in the field

of atomic energy, his concern for adequate national security, and his hope that the atom might become a symbol of peace rather than a weapon of war.

In 1965, he was elected the first chairman of Eisenhower College in Seneca, N.Y., adding but another academic award to his more than 20 honorary degrees from colleges and universities in the United States and abroad.

Shortly after the Six-Day War in 1967, he made headlines again with an imaginative proposal for stabilizing the peace in the Middle East. That proposal called for the construction of three huge nuclear desalting plants, one on Israel's Mediterranean coast, another in the Gaza Strip, and a third in Jordan on the Gulf of Aqaba. It was this proposal, strongly endorsed by President Eisenhower, which served as the basis for my close friendship with Admiral Strauss. I was so impressed by this attempt to end the chronic suffering due to lack of fresh water, food, and useful work in the Middle East, that I offered a sense-of-the-Senate resolution in support of his proposal.

In that instance, as well as future dealings with the admiral, I never ceased to be amazed by the perception of this remarkable man; and I am sure I speak for all when I say that his contributions to this country and to the world will not be forgotten.

STATEMENT OF SENATOR CLAI-BORNE PELL ON THE PRESIDENT'S EDUCATION MESSAGE OF 1974

Mr. PELL. Mr. President, today President Nixon submitted his message on education for 1974. On its surface, there is little in the President's statement with which one can disagree. We all share a commitment to sound basic education and to equal access to a good education for all of the schoolchildren in the Nation. We all understand the necessity for early appropriations for education, so that State and local school officials have the necessary time to plan their programs. We are all committed to the goal that no qualified student should be denied a college education because of a lack of funds.

However, when the message is analyzed more closely, other facets appear.

After vetoing four appropriations acts in 5 years, the President takes credit for substantial increases in Federal funding for education. The administration takes credit for establishment of a new program of basic educational opportunity grants—a program which was the initiative of the Senate and agreed to by the House. And it claims to have created a National Institute of Education, when only the strong insistent support of a few key House and Senate Members led to enactment of the necessary enabling legislation.

The message looks to the future without acknowledging the past actions of this administration concerning education. Appropriated funds have routinely been illegally impounded, until court decisions have forced their release.

No budget requests have been made for library programs for several years;

yet the message proposes a new Library Partnership Act. One of the prime legislative goals of the administration was the Emergency School Aid Act, to assist school districts across the country in meeting the costs of desegregation. Now, less than 2 years and \$500 million later, the President proposed scrapping his own program and substituting a small discretionary grant program strangely reminiscent of the ill-fated emergency school assistance program of 1970 and 1971.

I do applaud the President's decision to fund the basic educational opportunity grant program at \$1.3 billion, thereby assuring significant levels of grant assistance to students in postsecondary education. However, it appears from the message that he intends to fund this important program at the expense of other traditional college-based student aid programs such as the supplemental educational opportunity grant program and the national defense student loan program. Such a substitution of resources is specifically prohibited by the Education Amendments of 1972.

I agree with the President that of utmost urgency is the early passage of extensions of existing elementary and secondary education programs, before they expire this July. To that end, the Subcommittee on Education, on December 19, 1973, ordered reported to the full Committee on Labor and Public Welfare S. 1539, the education amendments of 1974. It is my hope that this legislation will be considered by the Senate early in this session.

I am pleased that the President gives his support to the proposed consolidation of discretionary grant authority, the Special Projects Act, contained in S. 1539. I would hope that this proposal, in conjunction with the other consolidations and reforms contained in the bill, would constitute the "acceptable authorizing legislation" the President believes necessary to fulfill his promise of early and advance funding of elementary and secondary education programs. Through such cooperation, we can assure that the best interest of our Nation's schoolchildren will be served.

A FEDERAL CHARTER FOR LEGAL SERVICES

Mr. FANNIN. Mr. President, one of the important advantages to be found in the Brock-Helms Proposal for a Legal Services Corporation as opposed to S. 2686, the bill reported by the Committee on Labor and Public Welfare, is that the Brock-Helms bill is based on a Federal corporation chartered by the Congress; whereas, S. 2686, is based on a nonprofit private corporation subject to the jurisdiction of the District of Columbia. It would seem that changes in the law of the District of Columbia could have an impact on the direction of the Corporation. Particularly with the coming of Home Rule, this should be an important factor in our deliberations. For the information of my colleagues, I am submit-

ting a comparison of relevant factors operative under a Federal Corporation as opposed to those operative under a District of Columbia nonprofit Corporation. The comparison reflects one theory of

preference for the Federal charter concept. Other views as to the advantages and disadvantages of the two approaches have also been expressed.

Mr. President, I ask unanimous con-

sent to have this comparison printed in the RECORD.

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

FEDERAL CORPORATION

(1) Created by Congress solely for the purpose of effectually executing the powers conferred upon Congress by the Constitution.

(2) Definition is one of enumeration.

(3) The powers, duties, and character of a corporation incorporated under an act of Congress are to be measured solely by the charter under which alone it has any legal existence.

(4) Nothing to the contrary appearing in its charter, the corporation may be said to have a legal existence in every one of the United States.

(5) Government Corporation Control Act requires annual budgets and audits. Purpose of Act: "bring Governmental corporations and their transactions and operations under annual scrutiny by Congress and provide current financial control thereof."

(6) Application of ultra vires doctrine is a matter of Federal law (i.e., only Federal Government can raise ultra vires objections).

(7) Is a corporate entity separate and distinct from the Federal Government itself?

(8) Domicile is place where principal office is located, unless stated to be elsewhere by the Act.

(9) Amenability to State Laws: Unless the contrary is expressed in, or must be implied from, controlling legislation by Congress, a federal corporation is, as to its business and property within a particular state, ordinarily subject to the valid laws of the state insofar as they do not, when applied, conflict with the lawful control and supervision by the Federal Government or with the performance by the corporation of legitimate functions as an agency of such government. Constitution protects a federal agency only from state legislation which tends to impair its utility as an instrumentality of the Federal government. Where is conflict, authority of Federal government, properly exercised, is paramount. (When state law incapacitates them from discharging their duties to the national government then state law becomes unconstitutional).

(10) A state statute regulatory or restricting the exercise within the state of powers possessed by foreign or domestic corp., prescribing as a penalty for noncompliance forfeiture of right to do business in the state does not apply.

D.C. CORPORATION

(1) Corporation is chartered under D.C. corporation law to engage in the activities permitted thereunder.

(2) Definition is any corporation chartered under D.C. Corporation law.

(3) The powers, duties and character of a D.C. Corporation are those specified under D.C. corporation law and allowed under that corporation's charter. (Any future enactment of D.C. corporation law would also effect the functioning of the D.C. Legal Services Corporation, unless specifically stated to the contrary).

(4) The corporation has only a legal existence in D.C. and has the same status as any corporation existing in one of the 50 sister states.

(5) D.C. Corporations are obviously not covered by this Act.

(6) Application of ultra vires doctrine is a matter of D.C. corporation law.

No difference.

(8) Domicile is D.C.

(9) Is under D.C. law and is amenable to the laws of other states regarding transactions within those states on the same basis as any other foreign corporation. *Hadley v. Freedman's Savings and Trust Co.* 2 Tenn Ch 122. Such forfeiture statutes do apply.

PROGRAM FOR EDUCATING SPANISH-AMERICAN CHILDREN

Mr. MONTROYA. Mr. President, today I would like to direct the Senate's attention to a remarkably effective get-ahead program for educating Spanish-American children. This innovative learning procedure is called the Responsive Environment Program for Spanish-American Children—REPSAC.

The REPSAC program serves as early educational intervention for 3-, 4-, and 5-year-olds high-risk—low-birth weight with handicap—Spanish-American children in Clovis, N. Mex. Its very able director, Mrs. Gay Alford Herman, reports that the program is aimed at providing successful experiences for bilingual children in the areas of language learning in both English and Spanish and in improving cognitive and affective development.

The children in this effort are considered educationally handicapped. One major goal of the procedure has been to provide early intervention to prevent placement of children in classes for the retarded or other types of special education.

Evaluation of the REPSAC program was conducted by Adobe Educational Services, unit E, in May 1973. Evaluation focused on three components: instructional, staff development, and community-parental involvement. The findings were extremely encouraging. After comparison of the REPSAC students with a control group of similar children, the evaluation team scored the REPSAC

group significantly ahead of the control group in several of six categories. REPSAC students were largely in front in language development in Spanish, and in general speech development, and measurably ahead in language development in English, and sensory and perceptual discrimination. Moreover, the evaluation report points out that the REPSAC students developed and maintained a favorable self-image while participating in the program.

Mr. President, I heartily recommend the responsive environment program for Spanish American children for the accolade it justly deserves. Spinoff from this farseeing and necessary attempt to deal with educationally handicapped children has led to another excellent program, the bilingual early childhood program—BECF. Perhaps most important, the young students in the REPSAC program gain a chance to come up to, or exceed, the national achievement average. They will go on to face life with increased powers and hopes.

I would very much like to thank Mr. Bill McDaniels, director of Federal programs for Clovis Public School District, who, with Mrs. Herman, and the intelligent, caring staff and students in Clovis, continue to give so much to our children.

REPORT ON FINANCING OF POST-SECONDARY EDUCATION

Mr. BEALL. Mr. President, the National Commission on the Financing of

Postsecondary Education today issued its report to the Congress and the country.

The Congress mandated the study undertaken by the Commission because we were unable to resolve all of the issues that were presented during the consideration of the Education Amendments of 1972 and also because of the general lack of hard information which we found was available at that time.

This was a 17-member Commission, 13 of whom were appointed by the President. I had the pleasure of serving on this Commission along with Senator WILLIAM D. HATHAWAY of Maine, Congressman JOHN DELLENBACK of Oregon, and Congressman JOHN BRADEN of Indiana.

In addition, I ask unanimous consent that the names of the noncongressional members and the staff who contributed so much to the success of the Commission, be printed in the RECORD.

The Commission was ably assisted by its Executive Director, Dr. Ben Lawrence and Dr. George Weathersby and more than 2 dozen full-time and part-time staff members who worked many hard and long hours in helping to shape and complete the final report. I personally want to congratulate all of the Commission members and the staff for this effort which I believe will be of great significance.

Now Members of Congress may be surprised that the Commission did not make specific recommendations regarding new proposals. If this is the case, one might

ask how could the report be so significant?

First, the Commission developed a comprehensive analytical framework and accumulated the most complete data base ever assembled on higher education. I am pleased that the Office of Education plans to continue this data base and even more pleased that this information will be available to all who are willing to pay for the use of the computer.

Other education study groups have recommended specific financing programs for secondary education. We felt, however, that it was more significant that we construct an analytical framework that will enable decisionmakers and the education community at the local, State and Federal levels to analyze the advantages and disadvantages of the various financial proposals that have been advanced, and will be advanced in the future.

It should be made clear, however, that the Commissioners do not consider the analytical framework developed as the final answer. Yet, considering the primitive state-of-the-art and the dearth of information and data available, the Commission has taken a giant step. We call on the academic community and others to continue to sharpen this tool and to move toward the degree of sophistication that is needed.

Incidentally, these are the very tools which the academic community rightfully prides itself in using. Yet, I believe that they have employed these same tools inadequately in the past in looking at the postsecondary education enterprise.

It should be noted that the Commission's report extended beyond the traditional concept of higher education, which includes approximately 3,000 institutions and 9.3 million students, and also embraced what we refer to as the noncollegiate sector which encompasses over 7,000 institutions and 1.6 million students. These are basically vocational and proprietary institutions which play a critical role in educating and equipping citizens with needed skills to meet the manpower needs of our country. There are today and there will remain, many good jobs which do not require a college education and I believe that the Commission's broadened definition will help to acquaint the Nation on the variety of opportunities that exist in the postsecondary enterprise.

The Commission did respond directly to two of the specific mandates of the 1972 legislation; namely, an examination into the important issue of financial distress among institutions of higher education and secondly, the development of standards procedures for determining the annual percentage cost of postsecondary education.

With respect to the financial distress question, we found there was not financial distress that substantially jeopardize national objectives although we did find that there are some individual institutions in serious financial difficulty. The report also raises some warning flags

indicating that other institutions may face distress in view of some of the trends which we see, such as enrollment decreases, and the problems associated with institutions offering discount prices to lower-income students.

Regarding the national standards for institutional costing, we found that they were feasible and desirable, although we did raise some important caveats. While there are some problems, I am convinced that the advantages clearly outweigh the disadvantages. I am also convinced that the recommendations of the Commission for the use of interim national standards by a number of institutions on a voluntary basis, with Federal support for the additional cost involved, makes sense and will help us to avoid some of the "bugs" and work out some of the problems associated with the application of uniform standards to such institutions as the community colleges and the research universities.

I am hopeful that the higher education community, which has been somewhat uneasy about this provision, will not view these national standards with fear. Rather, I urge them to embrace the concept and work to see that comparable and useful data be developed and collected. I am convinced that this will be a useful management tool for the institutions and also invaluable for policymakers and funders.

Finally, at a time when we hear so much that is bad and not working, I believe that we should take pride in the fact that the Commission found that current financial aid programs have improved access in the past several years.

Specifically, we found as result of financial aid programs, 1.4 million students, who otherwise would not have attended, are doing so. We produced evidence showing improved participation rates with students from families below \$3,000 and with students families in the income range of \$3,000 to \$6,000. We found that their percentage of total postsecondary education enrollment closely approximated the percentage of their total age bracket. Nevertheless, we also found that the participation rate for 18 to 24 year olds whose family income was \$10,000 or more, is twice the rate of those with family income of less than \$10,000.

Particularly disturbing was the participation rate of the group with family incomes between \$6,000 and \$7,500. It may be that this group is just above the income category for financial assistance. We should be exploring the reason for the fact that although having 16.7 percent of the 18 to 24 age group, their percentage distribution in college enrollment is only 6.9 percent.

Mr. President, I want to make it clear that the Commission members do not regard the report released today as representing an end, but rather it represents a beginning.

The real value of the Commission's work will depend on the extent to which others—the postsecondary education community, State legislatures, Congress, and the administration pick up the "ball." I am hopeful, for example, that the Congress and State legislatures

throughout the country will continue the momentum that has been gained by the work of the Commission. I was encouraged to hear today that Congressman O'Hara, chairman of the Special Education Subcommittee of the House Education and Labor Committee, contemplates holding hearings on the Commission's report in the near future. I urge the Senate Labor and Public Welfare Subcommittee on Education do likewise.

Mr. President, as a result of the 14-month study, I am impressed with the strength and diversity of postsecondary education. It is a \$30 billion enterprise and it is of utmost importance to all of our citizens and to the Nation. Because of the importance of the Commission's report and of the interest in it, I ask unanimous consent that a summary of its recommendations be printed in the RECORD.

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

CONCLUSIONS AND RECOMMENDATIONS

Postsecondary education, like the entire American society, has changed significantly during the past twenty years. To respond to this change, the first tasks of those charged with the financing of postsecondary education are to put aside outdated perceptions, look anew at the objectives of postsecondary education, and examine the methods by which those objectives may be accomplished. Those who propose changes in financing must be able to offer reasonable assurances that what they propose will produce the intended results.

For this reason, the Commission and its staff have placed the highest priority on assembling pertinent data and using them to analyze alternative policy proposals in a systematic way. Thus, while the Commission believes its recommendations to be important, so too are the substantive findings on which they are based and on which others may base their own recommendations. Therefore, this chapter includes not only the Commission's recommendations, but also those of its conclusions that it believes to be important considerations for the resolution of policy issues in the future.

POSTSECONDARY EDUCATION IN A CHANGING SOCIETY

Conclusions

1. Postsecondary education in the United States is a large enterprise including more than 2,900 traditional collegiate institutions serving some 9.3 million students and an additional 7,000 noncollegiate technical, vocational, and proprietary institutions serving approximately 1.6 million students. Postsecondary education also includes an estimated 3,500 additional institutions and organizations (serving an unknown number of students) as well as a great many other non-institutional learning opportunities (in which as many as 32 million people may participate).

2. Recognizing the broad scope of postsecondary education, the Commission has adopted for the purposes of its study the following definition, encompassing the 2,900 traditional collegiate institutions and 7,000 noncollegiate institutions:

Postsecondary education consists of formal instruction, research, public service, and other learning opportunities offered by educational institutions that primarily serve persons who have completed secondary education or who are beyond the compulsory school attendance age and that are accredited by agencies officially recognized for that purpose by the U.S. Office of Education or are

otherwise eligible to participate in federal programs.

3. Total enrollment of students from the traditional college-age group (18-21) in the collegiate sector will continue to increase during the 1970s but at a rate reduced from that of the 1960s. During the 1980s, however, total enrollment of such students is likely to decline, although some sectors may experience enrollment growth. Data necessary to project enrollment from other age groups and in the noncollegiate sector are not available.

4. Ethnic and racial minorities, persons from low-income families, women, and individuals of all ages seeking continuing professional development or retraining will make up an increasing proportion of total enrollment in postsecondary education.

5. The new 18-year-old "age of majority" and emerging changes in high school programs are likely to affect postsecondary education in major ways that are not yet easily determined.

6. Institutions of postsecondary education will be under strong pressure to increase their productivity to match rising costs.

7. A number of other important changes are taking place in the society and among the institutions of postsecondary education that will have an important bearing on the level and structure of financial support necessary to serve the interests of society and individuals. These changes are described in Chapter 1.

RECOMMENDATIONS

1. The Commission recommends that data should be collected on those sectors of postsecondary education other than those identified herein as the collegiate and noncollegiate sectors.

OBJECTIVES FOR POSTSECONDARY EDUCATION

Conclusions

1. A set of objectives for postsecondary education in the United States is necessary for evaluating alternative proposals for financing postsecondary education.

2. A set of criteria for each objective is needed to measure the degree of achievement of the objective.

Recommendations

1. The Commission recommends the adoption of the following eight objectives:

a. Each individual should be able to enroll in some form of postsecondary education appropriate to that person's needs, capability, and motivation.

b. Each individual should have a reasonable choice among those institutions of postsecondary education that have accepted him or her.

c. Postsecondary education should make available academic assistance and counseling that will enable each individual, according to his or her needs, capability, and motivation, to achieve his or her educational objectives.

d. Postsecondary education should offer programs of formal instruction and other learning opportunities and engage in research and public service of sufficient diversity to be responsive to the changing needs of individuals and society.

e. Postsecondary education should strive for excellence in all instruction, research, public service, and other learning opportunities.

f. Institutions of postsecondary education should have sufficient freedom and flexibility to maintain institutional and professional integrity and to meet, creatively and responsibly, their educational goals.

g. Institutions of postsecondary education should use financial and other resources both efficiently and effectively and employ procedures sufficient to enable those who provide the resources to determine whether those resources are achieving desired outcomes.

h. Adequate financial resources should be

made available to permit the accomplishment of the foregoing objectives. This is a responsibility that should be shared by a combination of public and private sources, including federal, state, and local government, and by students, parents, and other concerned individuals and organizations.

2. The criteria used by the Commission in measuring the achievement of these objectives have been helpful in the analysis of alternative financing plans, but additional effort should be directed toward improving these criteria.

CURRENT FINANCING PATTERNS

Conclusions

1. In fiscal year 1972, the income of postsecondary educational institutions was about \$30 billion. Of this \$30 billion: 21 percent was received from students and parents; 31 percent was received from state and local governments; 27 percent was received from the federal government; 9 percent was received from gifts and endowment income; and 12 percent was received from auxiliary enterprises and other activities.

2. The level and character of financial support varies greatly from state to state and institution to institution, and this variation must be taken into account in developing effective national programs and policies.

3. In 1972, public financing for postsecondary educational expenditures at institutions amounted to \$17.2 billion. Of this amount \$4.2 billion, or 26 percent, was provided through students and \$13.0 billion, or 74 percent, was provided through institutions. An additional \$1.1 billion in public support was provided to students for living costs and education-related expenditures.

Recommendations

1. The Commission recommends that comparable financial information for the entire postsecondary education enterprise be collected and reported in a timely and systematic fashion.

2. The Commission further recommends that financial information associated with institutions of postsecondary education be collected and reported in close cooperation with the states.

Conclusions

1. The postsecondary education objective of student access, when measured in terms of income, race, ethnic group, sex, and geographic location, is not yet accomplished.

a. The participation in postsecondary education of individuals 18-24 years of age from families earning less than \$10,000 per year is 17.3 percent while the corresponding participation rate of families earning more than \$10,000 per year is 38 percent.

b. The rates of participation in postsecondary education for individuals from certain racial and ethnic minorities are far below the participation rates of other Americans.

c. Women are also underrepresented in postsecondary institutions, constituting 51 percent of the 18-24 year age group but only 44 percent of undergraduate enrollment and 39 percent of graduate enrollment.

d. The location of collegiate institutions best serves those individuals who live in small metropolitan areas. Those who live in large metropolitan areas are only somewhat better served than those who live in rural areas. Lack of data on noncollegiate institutions does not permit us to draw corresponding conclusions for the noncollegiate sector.

2. Family income alone is not the only important variable in determining an individual's decision to seek postsecondary education. Parental education and occupation may be even more important in affecting postsecondary enrollment and access measures. Among other factors, rigid high school tracking is the single most significant controllable factor.

3. There is inadequate information to enable the Commission to make a firm judgment concerning the degree of student choice. Further research could provide a more complete understanding of the interactive processes of admission, financial aid, and enrollment. Aggregate data from both the public and private sectors would suggest, however, that those students who do obtain access to some institution of postsecondary education are distributed proportionately according to income level within both sectors.

4. The extent to which students are assured an opportunity to achieve their educational objectives, once enrolled, is particularly difficult to measure. Program completion rates have been examined as one limited measure for this objective, and the cost of attendance does not appear to be a controlling variable in program completion. For many students, however, program completion is an inappropriate measure of opportunity, particularly for those enrolled in any occupationally-oriented institutions, where students may be more concerned with receiving particular instructional services than with completion of a degree or certificate program.

5. There are many program offerings available in a variety of different sizes and types of institutions. Nevertheless, the existence of a multiplicity of programs does not necessarily provide diversity, because the programs of many institutions are very similar. To the extent that individuals may wish to enroll in programs with different characteristics, diversity may well be limited.

6. Although the Commission is aware of a variety of efforts to support and measure excellence in postsecondary education, it finds excellence difficult to evaluate and finds no adequate measures to fully assess the level of achievement of the objective of excellence.

7. Current evidence indicates that institutions that receive substantial financial support from a variety of public or private sources are neither more independent nor better able to achieve their educational objectives than those primarily dependent on a single source of support. The relative availability or scarcity of financial resources is probably the most significant factor affecting institutional independence.

8. Historically, institutions have attempted to meet their responsibilities for financial accountability to their major sources of financial support through a variety of techniques. Many of the information and analytical procedures now required for the efficient and effective allocation of resources in increasingly complex institutions and for the determination of postsecondary education policy are not readily available, and those that are available are not widely used.

9. Although the financing of postsecondary education is a responsibility shared by many sources, the total amount of resources currently made available is not adequate to accomplish fully each of the objectives identified by the Commission.

THE INCIDENCE OF FINANCIAL DISTRESS AMONG INSTITUTIONS OF POSTSECONDARY EDUCATION

Conclusions

1. There is no generally accepted definition of financial distress used in the postsecondary education enterprise. For the purposes of the Commission's analysis, however, "financial distress would exist in the postsecondary education enterprise or in one of its major sectors when the lack of money and other resources prevented the desired degree of achievement of national postsecondary objectives."

2. No generally accepted standards or uniform criteria are available to ascertain the existence or extent of financial distress in postsecondary education.

3. The Commission concludes that an

evaluation of financial distress in postsecondary education should incorporate at least three sets of indicators: factors concerning institutional financial status, factors related to the financing of the total postsecondary education enterprise, and factors external to postsecondary education.

4. Based on an analysis of selected statistical evidence, the financial status of the postsecondary education enterprise is not substantially jeopardizing the achievement of postsecondary education objectives. Some postsecondary institutions, however, are already in financial distress; and, if present patterns and conditions of financing continue, there is a high probability that such distress will occur in several sectors of postsecondary education as well.

Recommendations

1. National standard indicators should be developed to determine the relative financial status of the different types of postsecondary educational institutions. The Commission report suggests a number of such indicators for consideration.

2. When there are substantial shifts in public financing of specific programs, they should be effected over a reasonable period of time. Appropriating funds for all education programs one year in advance of spending would be especially helpful.

3. The programmatic interrelationships among research programs, graduate education, and undergraduate education should be studied so as to understand better the induced financial effects of individual program financing decisions on an institution.

4. Grants and contracts with institutions of postsecondary education either should include long-term programmatic support that recognizes the interrelationships among the various functions of the institution or should cover the costs associated with purchasing the service as if it were provided separately from other functions within the institution.

A FRAMEWORK FOR ANALYZING NATIONAL POLICIES FOR FINANCING POSTSECONDARY EDUCATION

CONCLUSIONS

1. Because the arrangements for financing postsecondary education are complex, the Commission believes that policy makers will find a comprehensive analytical framework useful in developing financing proposals that will accomplish the objectives they seek.

2. The Commission found useful one such analytical framework employing the following ten major elements: objectives, criteria to measure the achievement of objectives, a series of assumptions about the society and the institutions of postsecondary education, a set of general policies to accomplish the objectives, financing mechanisms to carry out the policies, specific financing programs, an extensive data base for postsecondary education, a method for estimating student and institutional responses to changes in financing, a set of measurements to describe the achievement of the objectives, and, finally, a judgmental review of the financing mechanisms and programs in relation to the objectives.

Recommendation

The Commission recommends that federal, state, and other policy makers for postsecondary education use an analytical framework similar to that described in this report for considering financing proposals.

AN ANALYSIS OF ALTERNATIVE FINANCING PLANS

Conclusions

The Commission concludes that an analytical framework, similar to that described in Chapter 6, provides an instrument that can significantly improve the capacity of policy makers to make decisions about the financing of postsecondary education.

However, such frameworks are difficult to develop, as demonstrated by the limitations of the analytical model, one element

of the framework. For although the analytical model provides useful estimates with respect to student response to pricing decisions, the model does not, because of deficiencies, estimate institutional responses to a variety of financing mechanisms designed to aid institutions.

Recommendation

The Commission strongly recommends further research on, and development of, analytical frameworks and models similar to those used by the Commission. The Commission also recommends further collection and analysis of data which, although currently not available, would be useful for the evaluation of the impact of major financing alternatives on the achievement of national objectives, particularly objectives related to institutions, such as diversity and excellence.

NATIONAL STANDARD PROCEDURES FOR INSTITUTIONAL COSTING AND DATA REPORTING

Conclusions

1. The most useful unit cost data for administrators and policy makers are the direct, indirect, and full (direct plus indirect equals full) annual per-student costs of instruction for each major field of study, level of instruction, and type of institution.

2. Cost-per-student calculations are technically possible for most instructional programs at most institutions; however, the currently available procedures do not fully reflect the complexities of those institutions that offer a combination of instruction, research, and public service programs or a combination of vocational and academic programs.

3. Policy makers should not rely solely on annual per-student costs of instruction for the development of policy in postsecondary education.

Recommendation

1. The federal government should provide continuing leadership in encouraging and developing national standard procedures, appropriate to each type of institution, for calculating the direct, indirect, and full annual cost of instruction per student by level and field of study.

2. Interim national standard procedures for calculating those costs per student should be adopted by the federal government to be implemented by institutions on a voluntary basis. Cooperating institutions should receive financial assistance to cover costs related to implementation of the interim procedures and reporting their cost information. (The Commission has suggested interim national standard procedures, which are described in a separate staff document.)

3. Federal support should be provided for the development and reporting of financial and program data to supplement and extend the cost-per-student data. Examples of suggested additional financial data may be found in Chapter 8 of this report.

4. The federal government should ensure that the data base assembled by this Commission is updated, maintained, and made available to appropriate public and private agencies.

5. The federal government should support a national center for educational information with the responsibilities and characteristics listed in the text of Chapter 8.

The primary purpose of the efforts of the Commission has been to set the context for debate on the financing of postsecondary education. In this regard, we have neither selected nor recommended any single financing plan; nor by presenting and analyzing several alternatives do we imply that the alternatives are all equally acceptable or that these are preferable to other plans not analyzed. These alternatives were examined for analytical purposes only.

It is the hope of this Commission, however, that the data and analytical framework developed by the Commission will im-

prove the policy decisions of institutions, governments, and private organizations. There are many additional topics that the Commission would like to have addressed—and would have addressed had it had available a data base and analytical capacity at the beginning of its work. Nor is this report intended to be a definitive product. It is a beginning for those who will continue working in this critical area of public policy.

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Walter C. Mercer, President, the Ohio National Bank of Columbus.

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VIETNAM CEASE-FIRE

Mr. FULBRIGHT. Mr. President, as we approach the first anniversary of the signing of the Vietnam cease-fire agreements it is appropriate to review the status of their implementation.

It was clear from the outset that the Paris agreements would not resolve the basic points at issue between North and South Vietnam. The agreements were quite specific, however, with regard to those matters which were of most direct concern to the majority of the American people: We promised to withdraw our forces from South Vietnam and the Democratic Republic of Vietnam and the Provisional Revolutionary Government promised to return our prisoners of war, to facilitate an accounting for those missing and to repatriate the remains of those who had died in areas under their control.

As we all know, the U.S. Forces were withdrawn on schedule and the North Vietnamese returned nearly 600 American military and civilian prisoners. Since then, unfortunately, the North Vietnamese and their allies in the south have refused to cooperate with our efforts to account for some 1,300 Americans still missing, to explain the more than 50 discrepancies in their earlier accounting, or to permit the recovery of the remains of any of our known dead from North Vietnam.

It has been said with increasing frequency in recent months that the United States has tried by all the means available to it to secure an accounting for our missing. Quite understandably, the families of these men do not accept this. At its hearing on the MIA question on January 28 the Committee on Foreign Relations expects to receive the views of a number of family members regarding what has been done and what more could be done. There obviously are no easy answers to these questions but I believe that we owe it to the missing men and their families to explore every possibility.

Hanoi's commitment to cooperate under article 8(b) of the cease-fire agreement appears unambiguous and unconditional. Those who have followed the discussion concerning our MIA's which have taken place in the Four Party Joint Military Team meetings in Saigon are aware, however, that the representatives of Hanoi and the Provisional Revolutionary Government have consistently responded to U.S. demands for an accounting with charges that the United States and South Vietnam have failed to implement fully their obligations under the Paris agreement.

Given the ambiguities of the accords themselves and the confusing military and political situation in South Vietnam, it is difficult to assess the validity of their arguments. There can be no doubt, however, about the failure of the North Vietnamese to live up to their obligations as regards an accounting for the missing.

It may be that the only way the United States could break the deadlock in the Four Party Joint Military Team talks about accounting would be by agreeing to discuss Hanoi's concerns about the overall implementation of the cease-fire agreement. This appears to be the message which Hanoi is seeking to convey. The pitfalls in such an approach are obvious but in the apparent absence of military or other political leverage on the North Vietnamese, it is a possibility which should be considered.

I, for one, have little enthusiasm for a course of action which would require a continued American involvement in the internal affairs of the Vietnamese, notwithstanding my disapproval of certain actions of the Thieu regime since the accords were signed. Having said this, however, I would also want the leaders in Hanoi to understand that they would be making a serious mistake if they were to believe that those who hold such views have any sympathy whatsoever for their apparent efforts to make American families the pawns of their political ambitions.

One of the consistent concerns of those who have opposed the war in Vietnam has been that the basic requirements of humanity and morality not be lost sight of in the quest for military and political advantage. The behavior to date of the North Vietnamese regarding our missing in action clearly does violence to this principle. The North Vietnamese are in an indefensible position in refusing to facilitate the accounting which we desire. Hanoi should recognize that the inhumanity of this attitude only serves to lower its standing in the eyes of the rest of the world.

In my view, the leaders in Hanoi are mistaken if they believe they can bargain cooperation in accounting for the MIA's for American pressure on the Thieu government. For one thing few Americans are able to see any legitimate connection between what is essentially a Vietnamese political matter and Hanoi's preexisting contractual and humanitarian obligation to facilitate the accounting for the missing in action. Hanoi's present intransigence may even be self-defeating for it could serve to strengthen the argument for a continuing American involvement in Vietnam. Finally, it should be apparent by now that President Thieu is not susceptible to American pressure on issues which he considers crucial to the survival of his regime.

The cooperation which we are asking of the North Vietnamese would involve no political or military concessions on their part. Their agreement to cooperate in this unfinished business would indeed be recognized through the world as a mark of humanity and good faith.

Over the last few years I have written to the leaders in Hanoi several times urging their cooperation in matters having to do with American prisoners of war and missing in action. The most recent of these was a letter which I addressed to Premier Pham Van Dong in June 1973. That request concerned a missing American pilot who, according to North Vietnamese broadcasts, was captured in November 1967, but who was neither re-

turned following the cease-fire nor subsequently accounted for in any other manner. To date I have had no response to that letter.

Today I would like to suggest a number of practical steps which I, as a Member of the Senate concerned about our missing servicemen, would urge on Hanoi. These are:

First. The North Vietnamese surely must have at their disposition information regarding the few individuals who are known or can be presumed to have been taken prisoner in North Vietnam but who were neither returned nor reported as having died. The United States has provided Hanoi with all of the information we have on such cases. It should be a simple matter for the North Vietnamese to check their information against ours and provide a response.

Second. The repatriation of the remains of those already identified by Hanoi as having died in North Vietnam should also be a simple matter for Hanoi to arrange. What possible advantage can Hanoi find in holding the dead as hostages?

Third. The North Vietnamese reluctance to allow access by U.S. military search teams to its territory is perhaps understandable. But if they do not like the proposed composition and procedures of such teams, they should propose an alternate approach which would be acceptable to them. In many instances precise crash sites have already been identified and these could easily be visited by neutral investigators.

While on this point I must also express my dismay over the attack on December 15, on a clearly marked, unarmed American helicopter engaged in a search mission in South Vietnam. Despite the fact that the North Vietnamese and Provisional Revolutionary Government authorities had been advised in advance of this flight, the helicopter was attacked and two persons, including one American, were killed. Incidents such as this must not be repeated.

Fourth. Whatever the complexities of the North Vietnamese role in Laos, they certainly are in position to urge the Lao Patriotic Front to provide whatever information it has regarding any of the more than 300 Americans missing in that country. As a first step Hanoi might recommend the release of Emmet Kay, the one American who is definitely known to be alive and a prisoner today in Laos.

None of the actions which I have suggested should be difficult or awkward for the North Vietnamese. If they were taken, a significant number of cases could be resolved although unfortunately, hundreds of our missing will doubtless remain forever unaccounted for. Still the families of these men would have the comfort—as scant as it may be—of knowing that at least the minimum reasonable steps had been taken. In the absence of even the simple cooperative efforts which I have suggested, hundreds of families seem doomed to a future of flickering hope and cruel uncertainty.

Finally, in closing I would add a word about Cambodia. We know very little about the possible missing American

servicemen and civilians in that country. We do know that some of those prisoners who have been returned were held in Cambodia at one time or another. There are continuing reports that other persons, including missing American, European and Asian journalists, may still be alive in captivity there. It would be enormously gratifying if the parties who may be holding such prisoners or who have information regarding the fate of others, could account for any such individuals.

TRIBUTE TO JOE PATERNO— COACH OF THE YEAR

Mr. HUGH SCOTT. Mr. President, the other night I was scheduled to present the Timmie Award of the Washington Touchdown Club to Penn State's outstanding football coach, Joe Paterno. Unfortunately, the flu bug had different plans for me and kept me in bed. But may I share with you the words I intended to speak in behalf of Joe Paterno.

And, Mr. President, to support the contention that he builds men and their character, I ask unanimous consent that the Philadelphia Inquirer column by Bill Lyon, "Faith of Millions Renewed by Cappy," be printed in today's RECORD. This moving column contrasts Heisman Trophy winner John Cappelletti, the football player and John Cappelletti, the human being whom people are still talking about, following his acceptance speech in New York when he was recognized as college football's outstanding player of the year.

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

REMARKS BY SENATOR HUGH SCOTT

General Chairman Sharigan, honored guests and friends:

I am delighted to be here for the presentation of the Touchdown Club's *Timmie Award* to a fellow Pennsylvanian. Coach of the Year Joe Paterno has been at the helm of the Nittany Lions for seven years and in that time his teams have won 64 games, lost 13 and tied one. This impressive record figures out to a win percentage of .831.

I wish Pennsylvania's Republican Party could boast similar victory percentages.

Reflecting on President Nixon's armchair coaching record with the Washington Redskins, I have rarely advised Coach Paterno on his game plans—and it shows! Winning 12 games and the Orange Bowl against rival Louisiana State, Joe's team has brought not only distinction to Pennsylvania's largest university but a sense of pride to the entire Keystone State.

Citing his percentage record, many have encouraged Joe to run as a candidate for the United States Congress. If I may make an exception to my rule and pass along a piece of advice to the coach . . . it would be to stay in a profession where the opposing teams rarely throw blind tackles and are penalized for personal fouls.

I must admit, however, that being a coach of sorts for 42 Republicans in the Senate I am very interested in instituting a few of your more successful rules into our game plan on Capitol Hill.

Perhaps we might institute curfews and also maintain study hours during the training season.

If I may be serious for a moment . . . Grantland Rice said it better than I in writing: "When the Great Scorer comes to write

against your name. He marks not that you won or lost, but how you played the game."

I know Joe Paterno follows this as a creed for success. He builds great football teams, but more importantly he builds great character. He builds men. He builds into them the moral values on which our democracy was founded.

As Polybius said in the second century B.C.: "Those who know how to win are much more numerous than those who know how to make proper use of their victories."

I am deeply moved to have been asked to speak in behalf of such a winner, an outstanding coach and exceptional human being. Let's watch Joe and his team in action before the presentation.

FAITH OF MILLIONS RENEWED BY CAPPY

(By Bill Lyon)

On the campus of Penn State, in the office that was the headquarters for the low key campaign pushing him for the Heisman Trophy, the jumble and clutter of mail spills out over the boxes, more than 2,000 letters, and fresh batches tumble onto the growing pile each day.

In the big stone house where he grew up, on a quiet street in Upper Darby, the tables in the living room and the kitchen are piled thick with more mail. It stacks up and overflows in shopping bags.

The postmarks are from Verona, Miss., and Brooklyn, from Inglewood, Calif., and Revere, Mass. From Jacksonville, Fla., and Flagstaff, Ariz., from Atlanta and Chicago and Birmingham, from New Haven and Jonesboro, Ark., and Ruidoso Downs, N.M. And from Japan and South America.

There are messages penned in the shaky scrawl of the elderly and the sick, and printed in the heavy, thick blocking of a grade schooler just learning how to put his thoughts onto paper. There are telegrams from entertainers and United States Senators. There are poems and religious medals. And there are books . . . "I Believe in Miracles."

It has been more than a month now and still the mail, the emotion, swells and builds, the response to that rainy December night in New York City where he stood up there in the grand ballroom of the New York Hilton and wept while he accepted the most coveted award in sports.

John Cappelletti stood there that night, a tall, muscular, darkly handsome young man in his tuxedo, and he cried, openly and unashamedly, and he talked not about what he had done on a football field. He talked instead about the quiet dignity and the unconquerable spirit with which his 11-year-old brother, Joey, is living out his all-too-brief life in a struggle against leukemia.

SPEECH FROM THE HEART

Joey, he said, slowly, brokenly, was his inspiration. Joey, he said, had taught him that "no matter how bad things get, if you stick with something longer than you think you can, something good will happen in the end."

And in Joey's name, John Cappelletti accepted the Heisman trophy.

Four thousand people rose to their feet to applaud that night. Men and women cried and they kept clapping wildly and they looked at each other to say with their eyes what they could not choke out in words.

Archbishop Fulton J. Sheen said it for everybody, and there was a new sunburst of emotion:

"For perhaps the first time in your life, you have heard tonight a speech not from the lips but from the heart. Part of John's triumph was made possible by Joseph's sorrow. There is no need for a benediction tonight, for God has blessed you with John Cappelletti."

—Since that night John Cappelletti has played in—and helped win—three more foot-

ball games, the Orange Bowl and two post-season All-Star charity affairs. And Joey Cappelletti has resumed his quiet battle against the unseen force to which he is, ultimately, fated to succumb.

But from the ashes of sorrow and tragedy, John Cappelletti's ringing expression of love, his fiery, fierce tribute to the human spirit has fanned a flame that has burned across the country and leaped oceans to spread to other lands.

"I've never," said John Morris, the sports information director at Penn State, "seen such a response to a speech, such an outpouring of love, so many people touched by what John said."

"People are still sending Christmas cards. It's as though he renewed their faith, reminded them of something we tend to forget."

'INSPIRED TO KEEP ON TRYING'

"People send in checks and money to be donated to leukemia foundations. One man sent in a hundred dollar bill. He said he wouldn't sign his last name or give his address because he didn't want the money returned, he wanted it used to help find a cure for leukemia."

"And inside, he sent a short note to Joey. It said, 'Be good to people, Joey, and God will be good to you.'"

"Frankly," John Morris added, "I end up crying when the mail comes in each day."

Bob Hope wrote John Cappelletti simply: "What you did was a great moment of compassion . . . and a great lesson for our country."

Sen. Hugh Scott congratulated him "first for being a great human being, second for being a great athlete."

And a woman who teaches junior high in Texas wrote: "I am not a sports fan, but I read what you said about sticking with something longer than you think you can. I have a student who is involved with drugs. I had given up on him. But after rereading what you said, I've been inspired to keep on trying. We are going to lick this thing together."

On Saturday afternoons, John Cappelletti brought thousands screaming to their feet when he touched a football. But on one wet winter night, when he wasn't afraid to weep and express his love, he touched a hundred million hearts and people who thought maybe the world was going mad suddenly remembered that man still has something noble and enduring to offer.

"I have always said people were good, better than maybe they thought they were," said John Cappelletti's mother. "This just reaffirms my faith more than ever. I don't know if we'll ever be able to thank them all. Perhaps it is enough if they know that it really is true after all, that you really can be your brother's keeper."

INCOME TAXES AND OLDER AMERICANS

Mr. FONG. Mr. President, within the next several weeks millions of older Americans will, along with other citizens, be filing their income tax returns for 1973.

In 1972, the latest year for which figures are available, persons over 65 filed 6,768,995 returns. The total number of persons over 65 covered by these returns were 8,687,236. Spouses under 65 filing through joint returns would make the total number of persons represented by the returns even higher.

These figures show how important a factor the income tax law is in the lives of older Americans despite efforts in recent years to simplify tax collecting procedures and reduce the number of persons required to make returns. It em-

phasizes that when we who are members of the Special Committee on Aging concern ourselves with the tax problems of older persons, it is a matter of some consequence.

Information gathered by the Committee on Aging over the year indicates that sometimes as many as half of the over-65 taxpayers may have overpaid their Federal income taxes. In part this comes from the inevitable complication of tax return forms when Congress tries to give equitable tax treatment to older persons through the retirement income tax credit, special treatment on capital gains through sale of a home, and other tax relief provisions of the Internal Revenue Code.

Despite persistent efforts by the Internal Revenue Service to simplify tax returns, with strong encouragement from the Special Committee on Aging, there is no doubt that persons over 65 face an individual tax return problem more complicated than that of younger taxpayers.

It is most commendable, therefore, that the Committee on Aging staff has prepared a checklist of itemized deductions and other tax relief provisions for older Americans.

The Internal Revenue Service does have a booklet available, Publication 554, entitled "Tax Benefits for Older Americans", which can be obtained at IRS offices, and is of great value to those who make use of it. The shorter, but pointed, summary developed by the Committee on Aging staff, is most desirable however, because it may permit a wider distribution of this important information.

It has been my observation that no group in America has been more responsive to their citizenship duties than persons past 65. This includes their honest and forthright payment of income taxes. I fear they often lean over backwards to be sure they meet these tax obligations.

This very willingness to meet their responsibilities, make it important that we do all we can to see that they do not pay more taxes than the law requires. Every effort should be made to inform older Americans as fully as possible regarding tax relief provisions available to them under the law.

WHEN FREE PRESS BECOMES FREE LOAD

Mr. HUGH SCOTT. Mr. President, the CBS network on its weekly "60 Minutes" show presented a very timely and most meaningful segment of television journalism. Mike Wallace talked about a free press. He interviewed a number of journalists who had various opinions on whether members of the media should accept expense-paid junkets. In yesterday's Washington Post, a preview of the show by Jean M. White asked the question when does a free press become a free load.

Mr. President, I ask unanimous consent that the transcript of the CBS Show, "60 Minutes," and the Washington Post article be printed in today's RECORD.

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

WHEN FREE PRESS BECOMES FREE LOAD

(By Jean M. White)

For the free press, this has been a year of vindication and praise for courageous performance in exposing shoddy practices and selfish philosophies in politics, business, government, public and private life alike.

And at this time, the media is being sharply reminded—by one of its own in another act of some courage and dedication to the principle of fairness—that it cannot assume a self-righteous stance with absolute immunity.

The reminder comes in a digging piece of investigatory journalism on a segment of the CBS "60 Minutes" show, seen on WTOP-TV (Channel 9) at 6 p.m. today.

"But what about the press itself?" asks Mike Wallace, a persistent reporter never noted for skipping the hard questions. Too often, as Wallace's reporting shows, the answer is that free press also means free load. The 20-minute segment focuses on expense-paid press junkets and freebies, asking this sticking question:

Even if reporters are professionals who can't be bought and can resist even subliminal influence on free-loading junkets, hasn't the credibility of the press been tainted?

To Paul Poorman, managing editor of the Detroit News and head of an Associated Press managing editors group studying the junket problem, the answer is a simple "yes."

"We're in a fairly cynical, almost hostile, public environment," Poorman tells Wallace. "Nobody believes anything anymore, to generalize. And it's very important that they believe us. And if they don't believe us, we're useless."

Poorman estimates that in just one year "courtships," as Wallace calls them, offered to his staff amounted to more than \$100,000.

Reporting on the media—television, newspapers, magazines—itsself, Wallace doesn't soften his punches. CBS, the show's parent network, is shown in a schizophrenic role as both a seducer and moral puritan: While CBS news employees are forbidden to go on junkets, CBS public relations people are setting up junkets for some TV critics, with free trips to New York or Los Angeles to preview new television shows to tell the public what to watch.

At Los Angeles last year, the camera catches one critic opening his envelope at the hotel and finding, along with his schedule, two \$10 bills to cover taxis and miscellaneous expenses.

Nor does Wallace spare NBC competitors or even the full sponsor of "60 Minutes."

Ford Motor Co. is mentioned among the auto firms that lavishly entertain reporters while unveiling new models. When NBC's "Today" show travels overseas, Wallace points out, expenses above the regular budget are paid by the host country. Wallace said at a preview last week NBC confirmed this and agreed to loan "60 Minutes" some tapes of a week spent in Ireland for use on the show.

As for the Ford Company, Don Hewitt, executive producer of "60 Minutes," replied to the obvious question. "I never tell the sponsors anything."

During the show, Wallace runs over a list of press junkets including a Walt Disney production for entertainment reporters, an IBM demonstration of a new computerized check-out for women's editors, airline trips for travel editors, and a Sabena Airlines-Belgium government touring art show. And there is attention paid to the case of sportscasters who not only have their travel bills paid by the teams they cover but also their salaries.

Even beyond the more vulnerable areas of sport, travel, entertainment, and fashion, Wallace points out, the junket also is aimed at page one news. Foreign embassies offer expense-paid trips to reporters who want to do stories on their countries.

The attitude of some of the reporters questioned by Wallace seems a bit naive for professionals who are supposed to be hard-nosed in the pursuit of truth.

"When the manufacturer is doing this, he's making it easier to report on the vehicle," replied one of the reporters on a press junket introducing the Cherokee Jeep by American Motors.

"They never pressure me," says another. "I always turn up with something on it. But..."

Win Fanning, television critic of the Pittsburgh Post Gazette, interviewed on a CBS junket, is asked by Wallace whether the air fare, meals, hotel, expenses aren't "buying your opinion?"

Fanning replies with great force of sincerity and some indignation:

"Well, you just have to be in the business to know that isn't true, that's all. It just plain isn't true."

And most of the reporters interviewed on junkets protested the same way.

Wallace, who admits that he used to take some junkets himself, surveyed 20 well-known print and broadcast journalists on how they felt. Among those who won't accept junket invitations is columnist Joseph Kraft, who explained: "Because I think it would look bad to a public that depends on you and could be used against you by people who are... prepared, I would say even eager, to discredit people in the press."

Martin Agronsky, who acknowledged making recent expense-paid trips to England, Canada and the European economic community for his public television program, emphasized that he insisted on written assurances from donors that he would have editorial control over the programs.

Then Wallace asked Agronsky how he felt about a politician or general taking the plane of a private company to go for a weekend of quail shooting.

"It's a mistake for him to do it," Agronsky replied. "Again, not because necessarily he would favor that company, but because even the appearance of impropriety should be something of great concern to him."

Agronsky added, "we concerned ourselves very profoundly" before going on the trips. Kraft, although opposing junketeering, emphasized that he doesn't regard the question as "the acid test of reliability in general."

Wallace points out that certain newspapers, magazines, television stations and networks do have a firm rule against accepting junket offers and insist on paying their own way. But he also notes that a study by the Associated Press Managing Editors last year showed that two of every three managing editors say they will accept free trips.

"I think this whole issue is greeted with tightly controlled apathy on the part of many newspapermen," Poorman observes while detecting a growing concern about the problem.

Poorman says it is "a firing offense" for any member of his staff to accept discounts on cars. He admits that he himself did several years ago but adds: "I won't do it again and no one on my staff will."

"If we are going to be the critics, and this is part of our role in society as the American society is set up, then we better make sure that there's either a mechanism for criticizing us, which is a whole different subject... or that there isn't anything to criticize," the Detroit News managing editor concludes.

This evening's "60 Minutes" show also has a digging story on the oil business, for the change of pace that has marked its news-magazine format, a sequence on Woody Allen. It is a pure delight.

CBS TELEVISION NETWORK: "60 MINUTES"

MIKE WALLACE. The press, especially the last year, has spent a lot of time and focused

a lot of attention on conflict of interest, corruption, shoddy practices—among politicians, businessmen, lawyers, the military. But what about the press itself? What about our own ethics? 60 MINUTES has taken a look at one press practice that worries many journalists.

[Motor sounds] Autumn in the Smoky Mountains of North Carolina. Thirty automotive news reporters from across the U.S. and Canada, the reporters who write about the cars we buy, are setting out to test the new Cherokee jeep on the Cherokee Indian reservation. What reporters like these write about a car can make a million dollar difference in sales. Some of you may have read their reports. But what you probably didn't read is that almost all these reporters had their air fare and their hotel bills paid for by American Motors, the company that makes the jeep about which they're reporting.

MAN. Backwards, though, because you're supposed to put the—the "American Motors" in the front. All right?

REPORTER. Okay.

WALLACE. [Drums beating, Indians chanting] This is what is known as a press junket. Only two or three hours of the time the reporters spent in North Carolina were devoted to testing the Cherokee. The rest went to drinking, eating and being entertained. [Applause] There was even a song about the jeep. [Singing of Cherokee song]

Next morning, a two-hour tour of an old Cherokee village. Finally, the jarring test drive along backwoods fire trails.

REPORTER. I'll probably be doing a story for *Mechanics Illustrated* on general off-roading. And of course, the Cherokee is the newest thing that's happened to off-road recreational vehicles in a long time, so it's big news.

WALLACE. [Banjo music] Lunch by a trout stream, and time off for fishing. A pleasant day, a pleasant trip, and as most of the reporters saw it there was nothing wrong with American Motors picking up their tabs.

REPORTER. What the manufacturer is doing is he's making it easier for the journalist to report on—the vehicle. That's what his—his idea is. He's trying to get ink. He doesn't care how he gets the ink.

QUESTION. You don't feel indebted to American Motors or anyone else for having brought you down here?

REPORTER. I've been in the business too long.

QUESTION. You don't feel obliged to American Motors, or any—

REPORTER. Right.

REPORTER 2. That's right.

REPORTER 3. Oh, no, no. They never pressure me. I always turn up with something on it, but . . .

REPORTER 4. I think the rules are pretty well recognized by both the companies and the writers.

QUESTION. You get a lot of trips like this? REPORTER 3. This will be about the fourth this year.

PAUL POORMAN. I don't think that newspapers should do this.

WALLACE. Why?

POORMAN. Well, because it's dishonest, for one thing. And it—it is expecting someone else to pick up our tab.

WALLACE. Paul Poorman is Managing Editor of *The Detroit News*. He is one of a growing number of journalists who insist that junkets taint the credibility of the press.

POORMAN. We're supposed to be as objective as possible about it, and you can't be objective when you're being entertained by someone else.

WALLACE. Well now, wait. A lot of reporters that we've spoken to who have been on junkets say there's nothing wrong. They are pro-

fessionals who cannot and will not be bought off.

POORMAN. They—It doesn't really matter if you know that you're implicitly honest and doing the right thing if somebody else is convinced you're not, because that perception becomes the reality. We're in a fairly cynical, almost hostile, public environment. Nobody believes anything any more, to generalize, and it's very important that they believe us. And if they don't believe us, we're useless.

FRANK HEDGE. I don't believe for one minute that taking the newsmen on a press demonstration causes any tarnishing of their image.

WALLACE. Frank Hedge, American Motors Vice President for Public Relations. He was in charge of the Cherokee junket. As Hedge sees it, press junkets are legitimate and routine.

HEDGE. A year ago we went to Reno and drove around Lake Tahoe and the surrounding mountains. Before that we went to Catalina. This time we took them up in these mountains on the Cherokee reservation; they were tough and rough; these people were pretty tired out.

WALLACE. Okay, now wait. You say you went to Catalina, Lake Tahoe, Cherokee Indian reservation. You and I know what we're talking about. We're talking about two, three hours of demonstration of the car—because that's what the demonstration down in North Carolina took, to demonstrate the Cherokee and the four-wheel drive—and the rest is fun, and you know that as well as I. And if you can establish a climate in which these reporters are having a good time, you hope—and it's perfectly sensible for you to hope—that they're going to look kindly on you and write pleasantly about you.

HEDGE. You're absolutely right.

WALLACE. The Los Angeles Times, you say, pays its way, and *The New York Times*, and *Time* magazine, and *Newsweek*, and *U.S. News*; and I know right here in Detroit, for instance, *The Detroit News* has a strict rule about it. Well then, why can't other profit-making operations do the same thing? Newspapers, magazines.

HEDGE. They could, but they haven't reached that point yet. As it is, we feel that we get our money's worth and they get their money's worth; and there's no attempt made to force them to write anything because we're too sophisticated to think you can force a writer to write against his better judgment.

WALLACE. I'm not suggesting forcing anything. I'm just saying there is a quid pro quo; and if you weren't getting your money's worth, you'd cut those junkets like that.

HEDGE. We're getting our money's worth. We get a lot of publicity for this corporation.

WALLACE. Like most automobile companies, American Motors offers hefty discounts—18 percent off the sticker price—to reporters and editors who want to buy a new car.

HEDGE. Yes.

WALLACE. Why do you do that for reporters?

HEDGE. Because we want the publicity that comes—

WALLACE. Okay, it's a bribe. It's a bribe.

HEDGE (continuing). As a result. We don't regard it that way.

WALLACE. Well, I—By any other name, it's a bribe.

HEDGE. It's a discount.

WALLACE. The fact is, press junkets are standard practice in most of the automobile industry. Last August, for example, the Ford Motor Company flew more than a hundred reporters to San Diego and entertained them there at the unveiling of Ford's 1974 models.

[Band music] The press junket is big business. With enough stamina, an enterprising reporter just might be able to keep traveling and eating on someone else's charge account forever. A few months ago,

Walt Disney Productions flew 24 entertainment reporters to Disney World in Florida, put them up in \$46-a-day rooms. Writers like these cover the country's multi-billion dollar entertainment business, and suggest to us how we should spend our entertainment dollar. So, the public relations people at Disney World wanted to make life comfortable for them. The reporters were there on a free ride. [Band music] That same week, IBM flew 13 women's editors to Washington, D.C. to watch a demonstration of a new computerized check-out counter. Most of the top local baseball sportscasters in this country not only have their travel bills paid for them by the teams they cover, but also their salaries—a fact the local stations rarely make clear. [Music] This art show, "The Golden Age of Antwerp", now touring the U.S., had its public relations kickoff last summer when ten American reporters spent a comfortable week in Belgium. Sabena Airlines and the Belgian government paid their bill. Last fall, while National Airlines was flying a group of travel writers to London free of charge, Pan American and the Yugoslav government were whisking another group to a week in Yugoslavia. [Band music] Expensive junkets are only the most spectacular lures offered the press. Other freebies run the gamut from football tickets to lavish Christmas gifts to just seeing to it that a reporter has himself a good time. Chrysler Motors, for instance, last fall chartered a boat, provided drinks and a band, and hosted about a hundred news directors from radio and television stations across the country on a salmon bake-out while those news directors were holding their annual convention in Seattle. [Applause] The last two years the Associated Press managing editors—that's the group before whom President Nixon held his news conference at Disney World—have been studying the junket problem. The man who ran this year's study was Paul Poorman, Managing Editor of *The Detroit News*. Poorman says that in just one year courtesies offered to his staff amounted to over a hundred thousand dollars.

You and many other editors prohibit gifts, prohibit junkets, but you're way in the minority. Your own Associated Press managing editors study last year showed that two out of every three managing editors say that they will accept free trips; that one out of two managing editors will accept expense-paid trips overseas; and three out of every four managing editors will not rule out all gifts. Now, that doesn't seem to show a good deal of concern about this whole issue among your colleagues, Mr. Poorman.

POORMAN. No, that's true. I—I think that this whole issue is greeted with tightly controlled apathy on the part of many newspapermen. But it—there is a growing concern.

WALLACE. Your paper has outlawed all gifts, right?

POORMAN. Uh-huh.

WALLACE. Okay. What about discount prices for the press, your reporters and yourself, from automobile manufacturers?

POORMAN. Yeah, that—

WALLACE. Is that out?

POORMAN. That's out, and—

WALLACE. Now, I understand from somebody on your own paper that you got a new car, and that you yourself fairly recently saved several hundred dollars on the purchase of a new car—

POORMAN. Yeah, three years ago.

WALLACE. Okay, three years ago—and got a discount.

POORMAN. Got a discount of several hundred dollars. I think that this is wrong to do. I think it's just something that shouldn't be done, and I won't do it again and no one on my staff will.

WALLACE. Well, I understand that some people on your staff still do, still get discounts—

POORMAN. It's possible. It's a firing offense, and they know that.

WALLACE. But the game goes on, junketing goes on. It is part of the weaponry employed by the high-powered public relations departments of many of our major corporations, including the television networks—including CBS.

WIN FANNING. Take an extra dollar for yourself, and give me back, what would that be, seventeen...

WALLACE. Ironically, while employees of CBS News are forbidden to go on junkets, the public relations people in another CBS division are busy setting up such junkets for television critics like Win Fanning of the Pittsburgh Post-Gazette. He was one of 15 TV critics flown to New York a few months back by CBS. Reporters like Fanning suggest to us in our newspapers what TV programs we ought to watch. Like the other networks, CBS regularly flies television reviewers to New York or California on expense-paid trips to look at new network productions and to meet network personalities. I was sent to Los Angeles last year to talk to the television critics gathered there on such a junket. Inside the CBS envelope waiting for Fanning at his hotel were his schedule and two \$10 bills to cover, said the letter, taxis and miscellaneous.

The inference that some people would draw would be this: that CBS, by paying for your air fare, meals, hotel room, a little entertainment, expenses, in buying your paper, buying your opinion.

FANNING. Well, you just have to be in the business to know that that isn't true, that's all. It just plain isn't true. In the first place, all the networks do it. So, therefore, you'd say each of them is trying to buy it.

WALLACE. The junket doesn't belong just to the entertainment reporter or the sports writer; it's aimed at the front page, too. Along Washington's Embassy Row there are scores of foreign press attaches who give expense-paid trips to reporters who want to do stories on one or another country. Israel does it, South Africa, Rhodesia, Mexico, Brazil, Saudi Arabia, Greece—lots of them. When NBC's TODAY shows spent a week in Romania and one in Ireland, air fares and hotel bills were picked up by the Irish, the Romanians and Pan American Airways. When TODAY travels overseas, all their expenses over and above their normal budget are paid for by the host country.

In times past, a lot of us used to go on junkets, myself included. But how prominent are the journalists who still accept such trips? To find out, we surveyed some well-known print and broadcast journalists. Among those who said they do not and would not accept junket trips, either for reasons of principle or because they wanted to avoid the appearance of being bought, were Joseph Alsop, Evans and Novak, Joseph Kraft, Shana Alexander, Mary McGrory, David Brinkley, John Chancellor, Howard K. Smith, Harry Reasoner, Carl Rowan and Eric Sevareid.

Those who acknowledge having been on junkets in recent years were Martin Agronsky, Milton Viorst, Bob Considine, Charles Bartlett, Walter Cronkite and William Buckley—all of whom scoff at the notion that their reporting can be bought.

In Washington I talked about junkets with Public Television Correspondent Martin Agronsky, and with two nationally syndicated columnists, Joseph Kraft and Robert Novak of Evans and Novak. Both Novak and Kraft say they never accept the junkets frequently offered them.

KRAFT. Because I think it would look bad. WALLACE. Look bad to whom?

KRAFT. Look bad. Look bad to a public that depends on you, look—and could be used against you by people who are prepared, I would say even eager, to discredit people in the press. I don't need it, and so I don't do it.

NOVAK. Why—Why is a foreign investment offering you several thousands of dollars, giving you several thou—Because they like me? They think I'm a nice fellow? They feel there's going to be some subconscious impact on what I write if I know that the people I'm writing about have made me several thousand dollars richer.

AGRONSKY. When we were in these countries to do...

WALLACE. For his Public Television program, Agronsky has made recent trips to England, Canada and the European Economic Community—expenses paid. But Agronsky argues that before accepting such help he received written assurance from the donors that he would retain editorial control of the programs involved.

AGRONSKY. I covered this with the representatives of the governments with whom I dealt. They accepted it completely.

WALLACE. How do you feel when you feel, when you see or hear about a politician or a general getting on the plane of a private company to go to Sea Island, Georgia, for a weekend of quail shooting, or whatever? Do you regard that as perfectly—perfectly sensible and...

AGRONSKY. It's a mistake for him to do it. Again, not because necessarily he would favor that company, but because even the appearance of impropriety should be something of great concern to him...

WALLACE. And that's what I put to you, Martin. Isn't the appearance of impropriety in your going to England or the EEC or Canada, shouldn't that perhaps be countervailing in the current climate?

AGRONSKY. Well, I told you, we—we concerned ourselves very profoundly with that before we ever went ahead with any of these things.

KRAFT. I think it is bad. I think one oughtn't do it. I'm glad that I'm not in a position where it's even very seriously tempting. But I do not regard this as the acid test of reliability in journalists.

WALLACE. How important is this whole business?

POORMAN. Well, it's terribly important. If we are going to be the critics—and this is part of our role in society as—as the American society is set up—then we'd better make sure that there's either a mechanism for criticizing us—which is a whole different subject and you don't want to get involved in here—or that there isn't anything to criticize.

WALLACE. Sigma Delta Chi, the society of professional journalists, two months ago finally adopted a Code of Ethics for journalists. It is a goal, not a reality. "Gifts, favors, free travel or privileges," the Code says, "can compromise the integrity of journalists and their employers. Nothing of value should be accepted."

RETIREMENT INCOME TAX CREDIT INCREASE

Mr. GURNEY. Mr. President, I want to express in the strongest possible terms my support for the amendment offered by my colleague, Senator CHURCH, to increase the retirement income tax credit.

Frankly, I would prefer to see an increase in the credit to a more reasonable level of about \$3,000 for individuals and \$4,500 for couples, but I realize that without hearings, and in this time of economic crisis, an increase like this may be too much to ask. I see no reason, however, why we cannot increase the tax credit along the modest lines suggested in the Church amendment—\$2,500 for individuals and \$3,750 for couples—particularly since retirees are harder hit by inflation than most other groups because

they live on fixed incomes. I might add at this point that the retirement incomes of most non-social-security recipients are very fixed, since these groups—Federal retirees, teachers, firemen and policemen—have been far behind social security recipients in receiving benefit increases.

Another point in favor of this amendment, of course, is that the Senate has already passed legislation along these lines as part of the social security bill enacted during the 92d Congress—Public Law 92-603. Unfortunately, like many other parts of that bill, the increase in the retirement income tax credit was lost in conference.

Mr. President, on behalf of the thousands of retirees who benefit only slightly from the social security program, I urge that we pass this amendment. Certainly its time has come.

REPORT OF THE AMNESTY DELEGATION TO CHILE

Mr. KENNEDY. Mr. President, a week ago, Amnesty International filed its report on the human rights situation in Chile with the United Nations following a trip there by three investigators.

The investigators were Frank C. Newman, professor of law at the University of California at Berkeley; Bruce W. Sumner, presiding judge of the Supreme Court of Orange County, Calif.; and Roger Plant, a researcher in the Latin American Department of Amnesty International.

Their report represents a clear indictment of the junta as it applies to the protection and respect for human rights in Chile.

At this time, I would like to quote from the report some of the findings which took the form of introductory questions, whose answers are tremendously disturbing since they conclude that torture has been used, that execution occur, and that international law was violated.

SOME INTRODUCTORY QUESTIONS

1. In Chile are there prisoners of conscience? The answer is Yes.

Because of their beliefs are people threatened with detention, though they have neither used nor advocated violence? The answer is Yes.

In our opinion the statement in the UN General Assembly on October 9, 1973, that "We do not persecute anyone for political reasons in Chile", was not accurate.

2. Are prisoners treated humanely? The answer is No.

Far too many detainees have been kept incommunicado, their families advised as to neither the fact of arrest nor the place of detention. How cruel it was, at the infamous stadium, to deny visits prior to Sunday, November 4.

3. Is torture used?

In our opinion the 2d statement in the UN General Assembly on October 9, 1973, that "We have no tortures in Chile", also was not accurate.

Yet as of November 8, when we left, we believe that, in the Santiago area, at least, the use of torture had decreased. The Minister of Interior told us that torturers proved guilty would be punished. (This problem will be discussed further infra.)

4. Are people being executed? The answer is Yes.

In our opinion the 3d statement in the

General Assembly on October 9, that "We do not murder anyone in Chile", was inaccurate if Ambassador Bazan meant to imply that since September 11 the Government forces have killed no one without just cause, without trial. (Cf. to his letter of September 25 to the UN Secretary General, SG/SM/1893, p. 2: "(H)uman rights will be faithfully observed in Chile . . . Regarding the insidious rumors about tortures and mass or arbitrary executions in Chile, my Government denies them with its utmost vigor . . .")

Near the end of October the government decreed that summary executions should cease. Since then executions are said to be pursuant to sentence of the courts martial. Often at night we heard gunfire; no one suggested to us during our stay that people thus were executed. Many people believe, though that killings of "fleeing prisoners" have not in fact been justified.

5. Do Chilean laws authorize the thousands of arrests, detentions, interrogations, and killings that have taken place since September 11?

Many high-placed government officials and respected lawyers think so. We are uncertain (and our views appear in the letter to the *Colegio de Abogados*) (the Bar Association).

6. Was international law violated by the arrests, detentions, interrogations, and killings that have taken place since September 11?

The answer is Yes.

In our opinion there has NOT been full compliance with the assurances given (1) by the Junta, that acts of their government would be "*el concierto de la comunidad internacional*" (Operative No. 1 of Decree No. (1), and (2) by the Foreign Minister, that the government "will maintain the traditional and unrestricted respect for international legal norms" (see UN P.R. SG/SM/1893, 28 Sept. 1973).

Chile has ratified the International Covenant on Civil and Political Rights. (Our views as to its relevance appear *infra*).

7. What have international observers concluded as to alleged violation of human rights in Chile? In our opinion the pertinent passages in the following statement, by Chile in the UN General Assembly's Third Committee, during October, were not accurate.

"The Norwegian Minister for Foreign Affairs had spoken in the general debate in the General Assembly on September 24, but his words had just been repeated as if they had been uttered 24 hours ago. In the meantime, representatives of the International Red Cross and the United Nations High Commissioner for Refugees had visited Chile, as had the Executive Secretary of the Inter-American Commission on Human Rights and parliamentary delegations from several European countries. In their reports they had all indicated that Chile was abiding by the international commitments in the matter of human rights and had expressed appreciation for the facilities the Government had afforded them in fulfilling their missions. (Italics added.) A delegation from Amnesty International would shortly visit Chile in response to an invitation issued by the Chilean Foreign Minister when he was in New York. . . .

"The reports of the authorities and associations he had mentioned were valuable and important testimony. Proper examination of them would have obviated ill-considered assessments, which were particularly serious because they had been made by the representative of a friendly and respected country, which had violated Article 2 of the United Nations Charter."

It is, of course, clear informed that criticism of the situation in Chile does not violate article 2.7 of the UN Charter.

It is clear to us that reports of the International Red Cross, the UN High Commissioner for Refugees, the Executive Secretary

of the Inter-American Commission on Human Rights, and parliamentary delegations do NOT indicate that "Chile was abiding by its international commitments in the matter of human rights". (We asked the Government for copies of the reports and were advised that none could be made available. Our conclusion here is based on communications from Red Cross, High Commissioner, and Inter-American Commission representatives.)

It is my understanding that the Government of Chile has not replied in detail to the report or to the recommendations.

Mr. President because of the interest that has been shown here in the Senate on this matter, including the adoption of two amendments I offered on this matter, I ask unanimous consent that the entire report be printed in the RECORD.

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

AMNESTY INTERNATIONAL,
INTERNATIONAL SECRETARIAT,
January 10, 1974.

Subject: Report of the Amnesty Delegation to Chile.

We are enclosing here the copy of the report that was sent to the Government of Chile after the Amnesty mission to Santiago. We also enclose the copy of the letter from Martin Ennals which accompanied the report, and the three annexes that were sent as part of the report.

The report has been embargoed for January 20th, in order to give the Chilean Government time for comment, in accordance with the customary practice of Amnesty International. After January 20th National Sections are free to use the report in whatever way they wish. They are free to translate and distribute it if they should wish.

Future policy on Chile will be discussed at the National Sections meeting on Chile which will be held in London on February 2-3, 1974, at the invitation of the Swedish and German sections.

We shall be publishing a longer and more detailed report on the Human Rights situation in Chile since the coup, in the late spring or early summer. This second report will be similar in presentation to the Vietnam report and the report on Political Imprisonment in Spain.

[Letter sent by the Secretary General of Amnesty International to General Augusto Pinochet on Dec. 31st, 1973]

General AUGUSTO PINOCHET,
Edificio Diego Portales,
Santiago, Chile.

DECEMBER 31, 1973.

DEAR GENERAL PINOCHET: I enclose the report of the Amnesty delegation that visited Santiago from 1st to 8th November, 1973.

The Amnesty delegation was composed of two distinguished American lawyers, one a judge and the other an expert in Human Rights Laws. They visited Santiago without preconceived ideas. They were well received and able to carry out their enquiries with considerable freedom. I thank the Chilean Government for its decision to permit our organisation to visit Chile. I feel however obliged to say that, contrary to some statements issued by Chilean Governmental officials abroad, there is substantial evidence of a persistent and gross violation of the most fundamental human rights.

The International Executive Committee at Amnesty International, at its meeting in Paris on 11th December, studied this report and has asked me to make the following recommendations to the Government of Chile.

1. Amnesty International, always opposed to the death penalty in any form, has been appalled by the many summary executions which continued even while the Amnesty

delegation was in Chile. We have also been extremely disturbed to hear reports of continuing executions since the return of the delegation from Santiago. As indicated in the report, we are equally concerned by the many reports of prisoners killed "while trying to escape". Executions, always repugnant, are most so when there has been no trial and no appeal in a civil court. Again we urge that all executions cease including those pursuant to the judgement of the Courts Martial. We urge too that Article 6.4 of the U.N. Covenant on Civil and Political Rights, assuring the right to seek pardon or commutation of the sentence, be respected, and that lists of those executed be published.

2. The report of our delegation has convinced us that torture has taken place on a large scale, and was still continuing at the beginning of November. (Subsequent reports indicate that it continues even now). Chile has ratified the International Covenant on Civil and Political Rights, 1966, Article 7 of which states that:—"No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment". The use of torture cannot be justified. It must be stopped, and torturers punished. Your Government has declared that this is their intention but there is no evidence of such action. We therefore recommend that immediate steps be taken and proclaimed to establish tribunals of enquiry into allegations of torture and that international observers be invited to participate.

3. International law, as noted, outlaws not only torture, but also "cruel, inhuman, and degrading treatment or punishment". In this context we therefore recommend that prisoners should no longer be held incommunicado, that families and others concerned (for example, *El Comité para la Paz*) be advised as to the place of detention as well as appropriate facilities provided for visits. We also recommend that lists of detainees be published forthwith, in order to assuage the fears of people who do not know where relatives and friends are detained, or even whether they are detained.

4. Article 14 of the 1966 Covenant clearly requires that the right to counsel must be respected. That means that lawyers should have access to prisoners, even before charges are filed, and that there be an opportunity to talk confidentially to the client, as well as ample time and facilities for preparation of the defence. Further, prisoners must be able to choose counsel of their choice, not merely those recommended by the military of the *Colegio de Abogados*. Funds should be available for those who cannot finance their own case.

Retroactive legislation which creates crimes of actions which were not criminal when committed is an affront to any system of justice, especially one of long-standing high standards such as that of Chile. In conformity with this principle Amnesty International recommends that the decision to try former ministers of the Allende Government should be rescinded.

5. Continuing preventive detention, as that of the many hundreds of prisoners in the camp of Chacabuco, is a further violation of international law (see Article 9 of the same Covenant). Amnesty International accordingly recommends that prisoners against whom charges are not filed, preparatory to trial, be released immediately. The statements made to our mission that preventive detention would continue are deplorable, against the declared policy of your Government, and should be withdrawn.

6. In my original letter of 11th October 1973 addressed to Foreign Minister Huerta Diaz outlining the purposes of the mission, I made special reference to the need for financial help for purposes of relief for families and legal representation for prisoners. While various agencies at national and international levels may be able to assist in

this, there is a need for substantial funds which should come in part from official sources.

7. Following the recent expulsion of the Swedish Ambassador from Santiago, it would be highly desirable for the Chilean Government to renew its assurances to respect the right of asylum, and it should be re-affirmed that governmental obligations extend to the many foreigners who, under classical definitions, may technically not be "refugees" but nonetheless are protected by modern Human Rights Law.

Finally, we enclose with our report the copy of my original letter of 11th October to Foreign Minister Huerta Diaz, spelling out the terms of reference of the mission the copy of a letter from Professor Newman to the Colegio de Abogados of Santiago, in which he declared many of his major concerns to the Colegio and the copy of a letter from several Chilean lawyers to the Colegio de Abogados (2nd November 1973). We feel that the recommendations at the end of this letter admirably spell out our own concerns, most of which were requests made by me in New York in the initial discussions with Foreign Minister Huerta Diaz and Ambassador Bernstein. I trust, Your Excellency, that such recommendations will be heeded, and that the coming months will witness a real attempt to respect the Rule of Law that has been so much professed by the Chilean authorities.

Respectfully yours,

MARTIN ENNALS,
Secretary General.

REPORT OF MISSION TO SANTIAGO, CHILE,
NOVEMBER 1-8, 1973

(By Frank C. Newman, Professor of Law, University of California, Berkeley; Bruce W. Sumner, Presiding Judge of the Supreme Court of Orange County, California; Roger Plant, Researcher, Latin American Department, Amnesty International)

INTRODUCTION

The mission took place with the agreement of the Chilean Government and was arranged during discussions in New York between Martin Ennals, Amnesty's Secretary-General, and the Chilean Foreign Minister, Admiral Ismael Huerta Diaz.

In a letter to the Foreign Minister, written on October the 11th, the mission's main objectives were stated as being:

- (1) To make representations to the Chilean Government concerning the executions being carried out;
- (2) To enquire into and report upon the procedures of interrogation, detention, charge and trial of those who are in custody;
- (3) To enquire into allegations of torture;
- (4) To meet with those responsible for representation of prisoners before the courts and tribunals, and to advise on financial and other assistance which can be given to prisoners and their families.

In discussion, the Foreign Minister, and later his political ambassador, Mr. Bernstein, gave these verbal assurances.

"That all those in custody would be either released without trial after interrogation or given the right to legal defence at a public trial with the right to appeal.

"That no one was being executed unless found in flagrante delicto using firearms against civilian or military personnel.

"That torture was against the principles of the Chilean Government."

SOME INTRODUCTORY QUESTIONS

1. In Chile are there prisoners of conscience? The answer is Yes.

Because of their beliefs are people threatened with detention, though they have neither used nor advocated violence? The answer is Yes.

In our opinion the statement in the UN General Assembly on October 9, 1973, that

"We do not persecute anyone for political reasons in Chile," was not accurate.

2. Are prisoners treated humanely? The answer is No.

Far too many detainees have been kept incommunicado, their families advised as to neither the fact of arrest nor the place of detention. How cruel it was, at the infamous stadium, to deny visits prior to Sunday, November 4.

3. Is torture used?

In our opinion the 2d statement in the UN General Assembly on October 9, 1973, that "We have no tortures in Chile," also was not accurate.

Yet as of November 8, when we left, we believe that, in the Santiago area, at least, the use of torture had decreased. The Minister of Interior told us that torturers proved guilty would be punished. (This problem will be discussed further infra.)

4. Are people being executed? The answer is Yes.

In our opinion the 3d statement in the General Assembly on October 9, that "We do not murder anyone in Chile," was inaccurate if Ambassador Bazan meant to imply that since September 11 the Government forces have killed no one without just cause, without trial. (Cf. to his letter of September 25 to the UN Secretary General, SG/SM/1893, p. 2: "(H)uman rights will be faithfully observed in Chile. . . . Regarding the insidious rumours about tortures and mass or arbitrary executions in Chile, my Government denies them with its utmost vigor. . . .")

Near the end of October the government decreed that summary executions should cease. Since then executions are said to be pursuant to sentence of the courts martial. Often at night we heard gunfire; no one suggested to us during our stay that people thus were executed. Many people believe, though that killings of "fleeing prisoners" have not in fact been justified.

5. Do Chilean laws authorize the thousands of arrests, detentions, interrogations, and killings that have taken place since September 11?

Many high-placed government officials and respected lawyers think so. We are uncertain (and our views appear in the letter to the Colegio de Abogados) (the Bar Association).

6. Was international law violated by the arrests, detentions, interrogations, and killings that have taken place since September 11?

The answer is Yes.

In our opinion there has NOT been full compliance with the assurances given (1) by the Junta, that acts of their government would be "el concierto de la comunidad internacional" (Operative No. 1 of Decree No. (1), and (2) by the Foreign Minister, that the government "will maintain the traditional and unrestricted respect for international legal norms" (see UN P.R. SG/SM/1893, 28 Sept. 1973).

Chile has ratified the International Covenant on Civil and Political Rights. (Our views as to its relevance appear infra.)

7. What have international observers concluded as to alleged violation of human rights in Chile? In our opinion the pertinent passages in the following statement, by Chile in the UN General Assembly's Third Committee, during October, were not accurate.

"The Norwegian Minister for Foreign Affairs had spoken in the general debate in the General Assembly on 24 September, but his words had just been repeated as if they had been uttered 24 hours ago. In the meantime, representatives of the International Red Cross and the United Nations High Commissioner for Refugees had visited Chile, as had the Executive Secretary of the Inter-American Commission on Human Rights and parliamentary delegations from several European countries. In their reports they had all indicated that Chile was abiding by the in-

ternational commitments in the matter of human rights and had expressed appreciation for the facilities the Government had afforded them in fulfilling their missions. (Italics added.) A delegation from Amnesty International would shortly visit Chile in response to an invitation issued by the Chilean Foreign Minister when he was in New York. . . .

"The reports of the authorities and associations he had mentioned were valuable and important testimony. Proper examination of them would have obviated ill-considered assessments, which were particularly serious because they had been made by the representative of a friendly and respected country, which had violated Article 2 of the United Nations Charter."

It is, of course, clear informed that criticism of the situation in Chile does not violate article 2.7 of the UN Charter.

It is clear to us that reports of the International Red Cross, the U.N. High Commissioner for Refugees, the Executive Secretary of the Inter-American Commission on Human Rights, and parliamentary delegations do NOT indicate that "Chile was abiding by its international commitments in the matter of human rights". (We asked the Government for copies of the reports and were advised that none could be made available. Our conclusion here is based on communications from Red Cross, High Commissioner, and Inter-American Commission representatives.)

8. What can be done to protect and assist prisoners of conscience in Chile?

We will discuss that question throughout the report.

OUR OWN PROCEDURES

We arrived in the afternoon of November 1—Professor Newman and Judge Sumner from California, Mr. Plant from London. We were met officially. A car and driver were made available at the Foreign Ministry; but we were not required to use the car, and occasionally we did not. We stayed at the Hotel El Conquistador. We left on November 8 at 8.00 p.m.

At their offices and elsewhere we interviewed (sometimes more than once) the Foreign Minister (and aides), the Minister of Interior (and aides), the Minister of Justice (and aide), a former Minister of Justice, the Chief Justice of the Supreme Court, the Juridical Advisor of the Minister of Defence (and aides), and the Juridical Advisor of the Foreign Ministry. We also met officially with the President of the Chilean Colegio de Abogados and his Council (approximately 15 lawyers). We were formally advised that no member of the Junta was able to see us.

We talked with the Indian, West German and Swiss Ambassadors, the Swedish Primer Secretario (and aide), the U.S. Charge d'Affairs (and aide), representatives of the UN High Commissioner for Refugees and other UN officials, officials of the International Red Cross, of the Comité Nacional de Ayuda a los Refugiados, of the Comité de Cooperación Para la Paz.

In the hotel and elsewhere (e.g. at homes, the stadium, refugee centres) we had innumerable discussions with lawyers, prisoners, and ex-prisoners, priests, professors and students, research and welfare workers, journalists, relatives and friends of prisoners, others too.

Questions as to whether or not the golpe of September 11 was justified were not within our assignment. We did hear many statements and were given much material regarding that issue, particularly from government officials and pro-Junta lawyers.

We remind readers that our time was short and our facilities sometimes inadequate. Even though we were unable to visit the vast areas outside of Santiago, where more than two-thirds of the citizens reside, we learned enough to be persuaded that prisoners and

detainees are less protected there than in the capital city.

On October 18 we were advised by the Secretary General of Amnesty International "(t)he main emphasis of the mission . . . is on the stopping of executions and the protection of those in custody regardless of nationality". We also were guided by the pronouncement of the Universal Declaration of Human Rights, that "it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the rule of law."

STATISTICS

The Amnesty mission attempted to gather statistics that would give an accurate picture of the present situation in Chile. Unfortunately, in most areas no figures are available. This encourages speculation on how many people are in detention, where they are in detention and how many will be brought to trial or are awaiting charges, not to mention the much discussed question of how many people have died from government action since September 11.

An estimate of one international organization is that 15,000 persons were taken into custody from September 11 to October 29, with many having been executed or released. According to Admiral Huerta, the Foreign Minister, approximately 10,900 had been in custody up through the latter part of October. According to officers at the Ministry of Defence, 994 persons died as a result of combat or execution up to October 29, with no breakdown as to how many were killed by warfare, death sentences after trial, or summary execution. According to the Minister of the Interior on November 3 in Santiago alone approximately 550 persons were awaiting trial and approximately 1,000 were held in "preventive detention". It was estimated by the Ministry of Defense that at least 550 outside Santiago are awaiting trial and that an additional 1,000 are in preventive detention.

These scattered statistics illustrate the problem of accurate reporting. No lists are published of those in preventive detention. We are not convinced that complete information is available even to high officials in cognizant ministries. Every day people are taken into custody to be held indefinitely without charge, every day people are released. There is no hearing procedure for one who feels there is no ground for detention. We learned of cases where the family is convinced that the wrong person is being detained. Until the Government cooperates fully, all statistics are open to question and suspicion.

THE PROBLEM OF FOREIGNERS

We are told that xenophobia is a recent phenomenon in Santiago. Yet there were individuals of repute who complained to us about the "13,000 enemies of Chile who were sent home from abroad." Cf. The Foreign Minister's statement on 9 Oct. 1972, A/PV. 2146, p. 53 "(M)ore than 13,000 known foreigners, most of them extremists, were known to be in the country in an illegal manner. Their sole mission was to set up a parallel army to oppose the regular armed forces."

On 18 October the Chilean delegate to the 3d Committee stated (A/C 3/SR. 2001, p. 28) "3,000 foreigners who had been in Chile irregularly for three years had been engaging in activities which were in fact nothing more than preparations for guerrilla warfare. Chile in no way wished to prevent them from leaving the country." The cognizant lawyers predicted that only 30 aliens would be prosecuted criminally. The Minister of Interior told us that the figure might be reduced to 15.

We will not recount the tales of terror regarding foreigners that inspired the UN, concerns which are reflected in Press Releases

SG/SM 1893 and REF/690 of 25 September, WS/627 of 5 October, and REF/697 of 17 October. See also Decreto No. 1308, Santiago, of 3 October, which officially established the Comité Nacional de Ayuda a los Refugiados.

In general, because of the exhausting and sometimes heroic assignments that were undertaken by UN officials, embassy officials, church officials, and many, many dedicated individuals, the refugees who were not killed but were (and are) in jeopardy have been given asylum, many forms of aid, and travel assistance. Serious practical difficulties (e.g., regarding exit documents) still confront hundreds of those people, perhaps even more.

At first we thought that the refugees' problem was in good hands and under control. During the final two days, however, the crisis involving the Swedish Ambassador demonstrated that the government's representatives may continue to flout international law even as to refugees.

Unfortunately, the welfare of the foreigners who are not refugees has received little attention. Many of them have had close ties with Chileans who were or are pro-Allende. Some already are imprisoned or in asylum. Most of the international law that governs clearly applies to foreigners as well as citizens (e.g., the proscription of torture and of cruel, inhumane, and degrading treatment). UN, embassy, and church officials must be urged to pursue this whole problem with much more vigor. They will need support from the UN and from foreign ministries.

THE PROBLEMS OF CHILEAN CITIZENS

A. Asylum

Very many Chilean citizens have sought asylum in embassies and elsewhere. As with non-refugee foreigners, to protect those individuals will require UN, embassy and church actions that are imaginative and bold.

It can forcefully be argued that via temporary residence in a hospitable embassy, "(e)veryone has the right to seek . . . in other countries asylum from persecution". That is what Article 14(1) of the Universal Declaration of Human Rights may well imply.

B. Right-to-counsel, arrest, detention, trial

Many concerns regarding these four topics are set forth in the copy of our letter to the Colegios de Abogados that is annexed here. It should be read carefully.

It notes that current Chilean law seems weak and that those who manage the Colegio seem shockingly unconcerned. Three critical paragraphs on page 2 raise issues as to technical problems regarding right-to-counsel. Page 3 and 4 stress the relevance of international law and the need for its enforcement.

Most importantly, the letter reports the statement of the Minister of Interior that, in Santiago, whereas approximately 550 detainees would be charged with military crimes, approximately 1,000 would be kept in detention without charges, perhaps for eight months. That is a damning admission (and the figures apparently are at least doubled when detainees outside Santiago are included). The photos we saw of the mine in the desert that is to serve as one of the detention camps by no means reassured us as to the intent of the government to treat those detainees humanely.

In general, after our initial days we became persuaded that our most unique contribution might be tenacious insistence that the Rule of Law not be violated. By no means can laws and lawyers solve all problems. (And we remind readers that Amnesty International often achieves remarkable victories with letter writing and other nonlegal tactics.) Nonetheless we concluded that our main assignment ("the stopping of execu-

tions and the protection of those in custody", could not be effected unless we exploited our own expertise, which for two of us is judicial.*

The juridical traditions of Chile are laudable. They are not, though, honoured by many actions of the Junta that effect fear and affect prisoners, or by the reply of the Minister of Justice to the Colegio de Abogados, that we identify in our letter to the Colegio.

Fortunately, the legal profession as a whole is not moribund. A few lawyers have been killed; several still are imprisoned; many, for good reason, feel intimidated. (Others, however, have responded well, with varying degrees of skill, imagination, aggressiveness, and courage.) (See for example the annexed letter by a group of lawyers to the Colegio de Abogados of November 2.)

We indeed were impressed by the achievements and aspirations of the Comité de Cooperación Para la Paz and a few other groups (less formally organized). Unlike the Council of the Colegio they seemed aware that lawyers truly can help when people have been detained. They sense that for many prisoners the Hobson's Choice of a lawyer who has been recommended by (1) the Council of the Colegio, or (2) the military is often not a choice which will help insure justice. They believe that lawyers must have access to prisoners, with facilities for confidential talks and with ample time for adequate preparation of the case. A few of them proudly affirm that the civil judges of the land still sit and that a resuscitated amparo (habeas corpus), fearless enquiry into state-of-siege law, and modern international law still might have an impact.

Our view is that the UN itself, Amnesty International, and many other organizations—governmental and non-governmental—could aid immensely by activities that would seek out, encourage, embolden and help finance those kind of Chilean lawyers.

How, briefly, does one describe fear and its chilling effect? During our week the harshly inviolable curfew was set for two nights at 8.00, other nights at 9.00, 10.00, 11.00. There were armed police in our hotel. Soldiers with automatic weapons patrolled the streets and guarded entrances to countless buildings. At the stadium and during some nights we heard automatic gunfire.

To visit the Minister of Interior required that we be body searched. From many people we learned of homes and autos searched, of books and papers seized. An informer's tale recently sent two untrained soldiers into the downtown offices of the UN. From a priest we learned that the mere threat of such tales had created a mind racket whereby employers force resignations of their "leftist" employees, thus saving the severance pay that firing could require. It appears that the government has nurtured citizens' desires to denounce, and there are many sad stories (e.g., of five professionals in one institution against whom the charges resultingly were changed from simply "administrative" to more dangerously "political").

Regarding the trials by courts martial, several defendant's lawyers and relatives told us they would welcome observers from abroad. Even as to "famous" defendants, however, (e.g., several of those on Dawson Island), there is no assurance yet that the span of time between the date of filing charges and the date of trial will be sufficient to allow for travel and other preparations by observers.

*We were deeply concerned too about many named prisoners. Mr. Plant particularly worked with church, refugee, and Red Cross officials regarding lists, letters, and messages that has been entrusted to us.

TORTURE

One of the purposes of the Amnesty mission was "to enquire into allegations of torture". We made the following findings.

1. Force was used as recently as November 1st in the interrogation process. This force can be characterised only as torture, since it involved electric shock and beating. Our finding is in direct contradiction to statements of the Government that force was not used in interrogation.

2. We personally saw several persons who claimed to have been tortured. The wounds displayed were not those one would expect from ordinary interrogation procedures and certainly did not appear to be self-inflicted. Independent medical examination by international non-political organisations substantiated the claims of torture.

3. In our interview General Bonilla, the Minister of Interior, stated that acts of excess on the part of troops in events such as Chile had experienced were something that might be expected. Though this might be true such instances could be kept to a minimum. We found that contrary to attempts to minimize excesses, foreign experts were brought into Chile to teach "interrogation methods". The presence of Brazilian police at any time was vigorously denied by the Foreign Ministry; however those charged with handling prisoners at the national stadium readily admitted that Brazilian police had been present at interrogations and that they were there to teach the Chilean interrogators their methods. In fact, reference was made specifically to a four-day course given by Brazilian police at the Ministry of Defence. The representation to Amnesty was that the methods taught by the Brazilian police did not involve force. When we asked why it was necessary to bring in outside persons to teach the Chilean interrogators how to ask questions, the answer given was that the prisoners were sophisticated and that only with knowledgeable, experienced interrogators could it be learned whether answers given were truthful. With Spanish the language of Chile and Portuguese the national language of Brazil, we found the importance of Brazilians to teach Chileans "how to ask questions" particularly revealing. Brazilians in Chile told us in detail about six of their countrymen who had been tortured by Brazilian police. The main effect of the presence of those police, however, seems to have been the "sophisticated" treatment of Chileans by Chilean interrogators.

4. During the time of our visit we saw no evidence that torture was presently being used in the interrogation process on other than a selected basis. Unfortunately, we cannot report a negative finding on the recent use of torture because persons are held in detention throughout the country, without charge, without communication with their relatives; and no group outside of the government knows the number and treatment of the persons so held. As long as the government holds persons in detention without notification, it will be almost impossible to authenticate charges of torture but also, more importantly for the government, impossible to refute such claims. (For this reason we have recommended that access to all detention centres be granted to independent investigators so that the true situation can be known.)

The question whether torture was used as a scare or terror tactic was raised on several occasions. The contention is made that, after September 11, persons chosen almost capriciously were tortured for the purpose of scaring others into submission. These persons were then released to tell their tales of horror in hopes that others would not engage in acts against the government, for fear of suffering a similar fate. Even if this was not

done purposefully, the release of persons who have been tortured adds to the problems created by secret detention without charge. When people are afraid that they may be held without charge and perhaps be tortured they may be reluctant even to enquire of officials about the whereabouts of relatives or friends.

Authorities at the Ministry of Defence admitted that at least one allegation of torture had been brought to their attention and was being investigated. They stated that, if there were proof, the person who did the torturing would be severely punished. Yet, so far as we could tell, no torturers had been prosecuted.

5. Finally, it is our finding that the worldwide outcry against torture is influential with some officials of the present government. The members of the mission also believe that if all the excesses committed were generally known to the government, there might be a more effective attempt to curb torture. We are concerned that the true state of prisoners in camps throughout the country may not be known to many government officials. The only way that actual conditions can be made known is by allowing representatives of non-governmental organizations, such as church groups, to have access to the prisoners so that an honest report can be made and publicised.

CONCLUDING COMMENTS

Thus we have summarised the facts that helped supply answers to the eight questions we set forth at the beginning of this report.

Among many immediate problems that distressed us—arbitrary arrest, holding prisoners anonymously and incommunicado, torture, restrictions on the right-to-counsel, etc.—we single out preventive detention (described in our letter to the Colegio) as perhaps the worst. Cynical observers might conclude that the government's plans, to prosecute only one of every three detainees, reflect cruelly its decision that only one of every three can be proved guilty. In our opinion, the motivations are more complex. Who, though, will speak up for those hundreds who are to be denied trial though they languish in prison? Amnesty International and its allies must make every effort to halt the grave injustices that thus are wrought.

Some weeks after September 11, killings were fewer, torture seemed less used. Thousands of prisoners had been freed, though other people were then imprisoned. As to the future, we make no predictions.

ANNEX I

[Letter written by Professor Frank C. Newman to the Colegio de Abogados]

NOVEMBER 16, 1973.

Mr. ALEJANDRO SILVA BASCUÑÁN,
Presidente del Colegio de Abogados,
Santiago, Chile.

DEAR MR. PRESIDENT: Judge Bruce Sumner, Mr. Roger Plant, and I again wish to thank you for arranging our meeting with your Colegio's Council on November 5.

You suggested at the close of the spirited discussion that considerable benefit might result from a "minute" prepared by us, to which you could reply. Accordingly this letter sets forth observations and questions that we believe are pertinent.

You will recall that primary concerns of Amnesty International, whom we represent, relate to prisoners of conscience and people who are threatened with detention because of their beliefs, though they do not use or advocate violence.

QUESTIONS AS TO CHILEAN LAW

How can one define the law of arrest in Chile, and the role of lawyers in helping to enforce that law? It seemed to us that the recent TV speech by the Minister of Interior,

explaining citizens' rights during searches and seizures, was highly relevant. Yet he could give us no copy. Even more surprising was the consensus of members of your Council that no lawyer would need a copy. Who then, we wonder, will protect citizens who could be arrested because they complain that rights "granted" in the Minister's speech in fact were violated?

Also surprising was the Council's seeming lack of concern regarding the need for a public listing of detainees' names. We know from the Comité de Cooperación para la Paz how difficult it is to identify who are detained and where. Prisoners of conscience can hardly be aided when the names and places are unknown. If lawyers care not, who will be able to help expose errors such as mistaken identity and over-zealous policing?

In a letter of October 24, 1973 the Chilean Embassy in London advised Amnesty International in part as follows:

I take pleasure in giving you below the text of the Chilean Foreign Minister's reply to your cable sent on 20th October.

"In Chile, only the competent Courts can impose penalties on those citizens who have broken the law. The Government has never deviated from this criterion . . ."

We have never regarded "penalties" as a work that is limited to sentences imposed after trial. We think that summary loss of employment, seizure of books and papers, arrest, torture, detention without trial, and related hardships are penalties too. Do you disagree?

As was stressed at our meeting, we were much disturbed by the statement of the Minister of Interior that, whereas approximately 550 detainees would be charged with military crimes, approximately 1,000 would be kept in detention without charges, perhaps for eight months. We understood that his figures were for Santiago only. Is it the view of your Council that lawyers are going to be impotent regarding such people? Is there no traditional Chilean law that accords those kinds of detainees any rights?

QUESTIONS ON RIGHT-TO-COUNSEL

We would be very interested in background information and comment re (1) Mr. Jaime Yrarrázaval's letter in the November 5th *El Mercurio*; (2) views of the Colegio on the various advertisements that have been published by, and activities of, the Comité de Cooperación para la Paz; (3) the statement of November 2, 1973, submitted to your Council by concerned Chilean lawyers, that concludes (on its page 2) with nine "petitions concretas". (That statement highlights several problems regarding lawyers that seems to us to be critical indeed. Was it answered?)

Also, have you raised further questions as to the letter addressed to you by the Minister of Justice that appears in the October 29th *El Mercurio*? And if any of the other officials to whom you addressed your minutes replied, we would much appreciate receiving a copy.

The basic issue is, will there be facilities that will enable many hundred detainees to choose and communicate with lawyers whom they trust? Will the right-to-counsel thus assured include ALL detainees, not merely those against whom charges are filed? And will the assurances, in practice protect too those detainees who are not in the Santiago area?

A QUESTION AS TO JUDGES

We were told that only one judge has been detained. Does that include judges of the Labor Courts, the Juvenile Courts, and the Local Courts?

DOES INTERNATIONAL LAW GOVERN?

Chile has ratified the three most important treaties that affect human rights. The first is the UN Charter. The second and third

are the UN Covenants on economic, social, cultural, civil, and political rights.*

The covenants are not yet "in force". As is well known, however, *first*, the World Court in 1971 declared that the UN Charter itself imposes direct obligations as to human rights; *second*, the Covenants, like the Universal Declaration of Human Rights, contain authoritative interpretations of the Charter's human rights clauses. (See recent writings of Egon Schwelb, Louis Sohn, other renowned jurists). In addition, as was noted on November 7 during our discussion with the Juridical Advisor of the Foreign Ministry, it would be unconscionable for Chile to declare an intent to violate basic norms of the Covenants, after ratifying them, while waiting for them to become operative technically.

Do some clauses of the Covenant on Civil and Political Rights affect the State-of-Siege provisions of Chilean military law? The answer is Yes.

Article 6 regulates the death penalty. Article 7 proscribes torture and cruel, inhumane, or degrading treatment. Article 10 states, "All persons deprived of their liberty shall be treated with humanity and with respect for the inherent dignity of the human person." Article 9 grants many rights to those arrested and detained. Article 14 requires "a fair and public hearing" and prescribes criminal procedures. Article 15 concerns retroactivity. Article 17 reads:

1. No one shall be subjected to arbitrary or unlawful interference with his privacy, family, home or correspondence . . .

2. Everyone has the right to the protection of the law against such interference . . .

In time of crisis can those kinds of clauses truly mean what they say? The answer is Yes. The draftsmen of the Covenant were knowledgeable government officials, including men of military experience. That is why the first two paragraphs of Article 4 read:

1. In time of public emergency which threatens the life of the nation and the existence of which is officially proclaimed, the State Parties to the present Covenant may take measures derogating from their obligations under the present Covenant to the extent strictly required by the exigencies of the situation . . .

2. No derogation from articles 6, 7, 8 (paragraphs 1 and 2), 11, 15, 16 and 18 may be made under this provision. In other words, Mr. President, the Covenant on Civil and Political Rights contemplates that there will be *situaciones excepcionales*. Yet there can be no derogation whatsoever from Article 6, 7, and 15; and, regarding other pertinent articles, the test is, "to the extent strictly required by the exigencies of the situation".

That is an international test. By no means does it tolerate the granting of arbitrary and unconfined discretion to the Junta. Do you agree? If so, you will understand why we were incredulous when members of your Council argued that State of Siege means the total denegation of lawyers' responsibilities, except after the formal filing of charges in the military courts.

Our hope is that this currently binding international law will be applied by Chilean tribunals (where, you will recall, I reported that cases involving Greece, Brazil, and other countries are now pending). It seems that the most pertinent rules are those set forth in ECOSOC Res. 1235 (1967). We would be much interested in your comments on the relevance of that resolution.

Do you recall that one Council member complained about having received no ac-

knowledge from the United Nations of a letter that alleged mistreatment of lawyers by the Allende government? If a copy could be forwarded to me, I would endeavour in New York to ascertain what happened. You may know that Amnesty International did express its concern as to comparable allegations. (See, e.g., "Flagelaciones Ve Experto de Unesco" of the April 19th *El Sur*.)

I realise, Mr. President, that several of the questions set forth here are complex. Yet I know you are aware that they are being asked by jurists of many countries. Amnesty has distinct aims, but its concerns are broadly shared.

Because I believe that they may be specially interested, I am sending copies of this letter to the Minister of Foreign Affairs (our host) and also to the Minister of Justice and other lawyers with whom we talked in Santiago.

Again with many thanks for your cooperation, I remain,

Yours respectfully,

FRANK C. NEWMAN.

ANNEX 2A

[Translation of Annex 2]

SANTIAGO, November 2, 1973.

We appreciate the activity of the Bar Association, in demanding respect for the legal rights of the detainees, and a serious defence of these persons on trial.

We are aware that the Association has only obtained very precarious gains, but we ask it to continue its defence of lawyers before the authorities, and likewise to continue demanding the rights of all Chileans and residents in the country, because law and justice cannot and should not limit itself to a verbal declaration without translating it into the genuine and effective defence of human life, of the dignity of individuals, of the right to work, to education at all levels, to live in peace and security and without fear in the home.

It is maintained that a "state of war" ("estado de guerra") or "time of war" ("tiempo de guerra") exists. If this is so, treatment of prisoners should be in accordance with the Geneva Conventions of August 12th, 1942, which were ratified by our country by the Supreme Decree No. 752 of December 5, 1950. We ask that the same treatment should be applied as today in Israel, Egypt, Syria and the other countries which are involved in the Middle East war, in the treatment of their prisoners.

Many lawyers have been shot. We know that an appeal will not return their lives to them, but it will save (at least, we hope) persons in danger and will be a contributory step toward justice and peace. Therefore we hope there will be an investigation into the causes of death, and into those responsible for giving the orders of death, of our colleagues Carlos Berger, Litre Quiroga, Arnoldo Camá, Julio Cabeza, Roberto Guzmán, Carlos Salazar, Arsenio Poupin, Socrates Ponce Pacheco.

The following colleagues, among others, have been deprived of their liberty, for exercising their profession: Carlos Naudon, Santiago Cavleres, Laureano León, Kurt Dreckman, Héctor Benavides, Ana E. Ugalde, Gustavo Rojas. We are certain that the Association will demand their freedom and the guarantees that permit them to exercise their profession without danger of arbitrary detention and illegitimate pressures.

Every day we are aware that in different parts of the country citizens have been killed by means of the "Ley de Fuga". Chile is a country that remembers with sorrow the "flight" and death of Manuel Rodríguez and condemns it until today. We hope that those laws that guarantee the transportation of prisoners from one site to the other, or in

the camps, and other places of detention are respected and that the life of suspects, detainees or prisoners is guaranteed.

In the exchange of correspondence with you, the Minister of Justice says in his last letter: "All offences committed before the declaration of internal war will be judged and investigated by the Ordinary Tribunals of Justice, in accordance with Article 11 of the Political Constitution, must be applied immediately."

Likewise, to conduct the trials according to the standards demanded by the Association, free access must be permitted to the defendants and all guarantees must be given to them of a public trial, in conformity with the law and before a competent tribunal, and not by people who though of very high rank nevertheless usurp judicial authority, in accordance with the guarantees of Articles 12 and 13 of the Constitution.

In his answer, the Minister of Justice says that the Bar Association will have no problem paying visits to the camps of prisoners. We acknowledge the urgency of doing so, inviting lawyers, social assistants and doctors to take part in the visits.

We regard your suggestion of "rotas of lawyers" for the defence of the legal rights of the detainees, as a very plausible one. Yet, for a better effect, we consider it indispensable that these lists be added to the names of the colleagues who offer their services, without any limitations, or without their political, religious or philosophical ideas being of any hindrance, the only limitation being their professional capacity and the ethical aspect that goes with it. Along the same lines, we maintain that the defence must be conducted within the jurisdiction of the place of detention or where the crime or the punishable act that is being investigated is supposed to have been committed and that the detainee must not be removed from the place of trial before verdict has been passed.

In summary, these are our concrete petitions to you:

(1) Request the Military Junta that it put an immediate end to the state of "war" and that all the prosecuted be tried according to the legislation that was applicable during peace time, respecting the principle that the non-retroactive character of the Penal Code be respected as well as the guarantees pertaining to legal procedures under the present legislation;

(2) To demand the freedom of the lawyers detained in the National Stadium in Santiago, in the Penitentiary, Jails, Regiments, and other places;

(3) To demand guarantees for the lawyers in the exercise of their profession, especially in the defence of the detainees;

(4) To demand guarantees that the life of all prisoners be respected, during the transfer of detainees;

(5) To demand that the trials be public, before competent tribunals, permitting lawyers' access to prisoners without obstacle;

(6) To demand that detainees no longer be held incommunicado;

(7) To designate commissions of the Council of the Bar Association made up of lawyers, social assistants and doctors to visit the places of detention;

(8) To establish a "rota of lawyers", including in the list the largest possible number of lawyers, who will be asked by the Bar Association to attend without payment to the defence of the detainees, without any discrimination of political, philosophical, religious or any other beliefs; and,

(9) That there be serious and immediate investigation of the causes of the tragic deaths of lawyers Carlos Berger, Litre Quiroga, Arnoldo Camá, Julio Cabezas, Roberto Guzmán, Carlos Salazar, Arsenio Poupin, Socrates Ponce Pacheco.

We are sure that the Bar Association will adopt the necessary measures to reestablish

* We were advised by the Foreign Ministry that Chile has ratified the Covenant on Civil and Political Rights but not the Covenant on Economic, Social and Cultural Rights. Our authority to the contrary is E/CN.4/Sub.2/338, 6 Aug. 1973, p. 2.

the State of Law for which it has always fought.

ANNEX 3

[Letter of October 11, 1973, from Martin Ennals to the Chilean Foreign Minister, spelling out the terms of reference of the mission]

OCTOBER 11, 1973.

His Excellency, VICE-ADMIRAL ISMAEL HUERTA DIAZ,
Foreign Minister,
Chilean Mission to the United Nations.

YOUR EXCELLENCY: I am writing to confirm the outcome of the conversations which have taken place during the past few days including our own talk on Saturday 6th October and the subsequent meetings which Dr. Augustus and I had with Ambassador Bernstein on Monday October 8th.

It is now agreed that an Amnesty International mission will visit Chile commencing 22nd October and will be granted the facilities to fulfill its purposes. I very much hope that it will be possible for the mission to meet with His Excellency, General Augusto Pinochet and that the date and time of the appointment can be notified to the mission before they leave for Chile.

The purposes of the mission will include the matters which I raised with General Pinochet in my letter and which have been further discussed with you and with Ambassador Bernstein:

1. to make representations to the Chilean Government concerning the executions being carried out.
2. to enquire into and report upon the procedures of interrogation, detention, charge and trial of those who are in custody.
3. to enquire into allegations of torture.
4. to meet with those responsible for representation of prisoners before the courts and tribunals and to advise on financial and other assistance which can be given to prisoners and their families.

We have been most appreciative of the courtesy and co-operation extended to Amnesty International and have welcomed the assurances given regarding the right to an open trial with legal defence and appeal. We also welcome the readiness with which you agreed to accept our mission and to ensure them the freedom to conduct their enquiries including visits to places of detention, meetings with prisoners, lawyers and members of the judiciary.

As is our custom in such situations, no report will be published until after it has been submitted for comment to your Government and the International Executive Committee (the governing body) of Amnesty International.

The Composition of the Amnesty International Mission on this occasion has already been notified to you as follows:

Mrs. Rita Hauser,* Lawyer, former representative of the United States Government on the Human Rights Commission and Third Committee of the United Nations, founder member and trustee of the International Institute for Human Rights in Strasbourg, member of the Executive Board of the International League for the Rights of Man and of the Advisory Council of Amnesty International U.S.A.

Mr. Frank Newman. Lawyer, Professor and former Dean of the Law Faculty at the University of California, Berkeley, Chairman of the Committee on International respects of the individual rights of the American Bar Association, Vice Chairman of the International Institute for Human Rights (Strasbourg), member of the study panel on the implementation of International Counsellor to the International Commission of Jurists and Amnesty International.

* Mrs. Rita Hauser was subsequently replaced by Hon. Bruce W. Sumner, Presiding Judge of the Superior Court of Orange County, California.

Mr. Roger Plant. Latin America Department of the International Secretariat of Amnesty International in London who will act as Secretary to the mission.

In view of the limited time available to the two principals it may be necessary for Mr. Plant to remain a few days longer in Chile in order to discuss arrangements for distribution of relief and legal aid funds to families of prisoners in Santiago and elsewhere.

If there are any further points which you or Ambassador Bernstein wish to discuss with me then I am at your disposal until I leave for London on the afternoon of Friday 12th October. It would be most helpful if I could receive confirmation of these plans before that time.

Once again, Your Excellency, may I express my appreciation of your personal courtesy and understanding of the situation and your co-operation with us at this difficult time.

I am, Sir, Yours respectfully and sincerely,
MARTIN ENNALS,
Secretary General,
Amnesty International.

TRICE IS TOPS

Mr. HRUSKA. Mr. President, I should like to take a few minutes today to pay tribute to a man all of us in this body will miss, but particularly those of us on this side of the aisle. I refer to Mark Trice who recently retired from his position as secretary to the minority.

Those of us who have been here for many years simply grew accustomed to Mark Trice. He was always there with his keen understanding of what makes the Senate tick.

Very few of us know the Senate as did Mark Trice. A native of the District of Columbia, he came to the Senate at the early age of 14 serving as a page. He continued to work on Capitol Hill while attending night school to earn a law degree at Georgetown University. From 1929 to 1932 he practiced law in the District. Then he returned to his first love: the U.S. Senate. And, it was here that he stayed until his retirement last December 30.

Mark Trice was here when I first came to the Senate over 19 years ago. This Chamber will never be the same without him. We fought many battles together over those years. When you are in the minority as we have been for most of those years, you become accustomed to losing quite a few battles. But, my association with Mark Trice always made me feel the winner.

We shall miss Mark Trice. His wisdom, advice, and support were relied upon by all of us on the minority side. He was in so many ways our colleague, and he was always a trusted and loyal friend. We wish him well as he now returns to a more leisurely life of retirement.

At this time, I should also like to welcome Bill Hildenbrand who was today named by the Republican Conference Committee as Mark Trice's successor. I look forward to a continuation of the good working relationship with him I have enjoyed and extend him every best wish as he assumes his new assignment.

PROBLEMS OF THE PLASTICS INDUSTRY

Mr. KENNEDY. Mr. President, one of the industries most severely affected by

the current energy shortage is the plastics industry. Manufacturers of plastic products have pointed out that the shortage of plastic raw materials is encouraged by current petrochemical allocations, an increase in exports, and ineffective price controls.

Unless action is taken immediately to alleviate the crisis in the manufacture of plastic products, the future will be bleak for American consumers. The Arthur D. Little firm forecasts that as many as 1.8 million workers may be out of jobs as a result of the decline in petrochemical production. In Leominster, Mass., a center of plastic manufacturing, 50 or 75 plastic plants surveyed said that one-third of the plants will face closing within the next few months. The shoe industry in Massachusetts, already jeopardized by increases in imports, is further devastated by a shortage of plastic heel and toe parts.

Mr. President, I would like to print in the RECORD a copy of the report and survey of the plastics companies in the Leominster, Mass., area.

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

THE PLIGHT OF THE PLASTICS INDUSTRY
SUMMARY HIGHLIGHTS

1. Of the fifty plastics companies surveyed, 34 reported that shortages of supplies such as polystyrene and polyethylene have already forced them to operate below capacity. Seven firms are 50 percent or more below capacity, and one has been forced to shut down completely. (Three did not respond.)
2. If the supply outlook doesn't change quickly, one-third of the local plastics firms expect to be shut down by February, and all the others except two or three expect to be forced to operate below capacity by that time.
3. The companies surveyed have already lost about \$15,000,000 in sales, and their projected losses by February are expected to more than double that figure.
4. The companies surveyed normally employ a work force of about 2,875 people. Of these, 10 percent have been laid off already, and the expectation is that about half of the total workforce will be laid off by February if the supply situation is not improved.
5. Curtailment of operations of plastics companies has a heavy impact on the economy of the area, not alone from the direct loss of jobs and payroll within the industry, but even more from the fact that support industries such as the tool and die companies that make molds and paper companies that supply packaging also are forced to reduce operations.
6. The most significant impact, however, is on the customers of the plastics companies, since plastic parts (nylon gears, for example) are critical to many other industrial processes. (The situation is even beginning to turn on itself: chemical suppliers are finding that drums needed for shipping supplies to the plastics companies are difficult to obtain because of a shortage of plastic liners.)
7. A black market has developed in resin powders, and some local suppliers report that they are using it. They don't like it, and they are not sure it profits them, but they like the alternative of shutting down even less.
8. Plastics represents one of the last stands of old fashioned free enterprise in which owners grow their own companies. The industry has some giants, but the typical firm is small. (In our survey, the average number of employees was 58.)
9. Heads of local plastics companies have definite ideas about what they would like to see done to ease the situation:

(a) Government enforcement of fair allocations of supplies to all size companies.

(b) Stop exporting supplies needed domestically.

(c) Or, as an alternative to (b), lift Phase Four price restrictions on plastic products so that companies can afford to bid for supplies against foreign buyers.

(d) Lift all price ceilings and let competitive forces stabilize the market.

10. Heads of plastics companies in the Leominster area believe that the Federal Government in Washington does not appreciate the enormous impact on the economy that severe cutbacks in plastics will have. To supply plastics companies with materials required only about six percent of the output of the petroleum industry, and unless that allocation is made, they say, almost every other industry will be adversely affected.

THE FLIGHT OF THE PLASTICS INDUSTRY— A REPORT

In early November, 1973, the Pioneer Valley Section of the Society of Plastics Engineers arranged with the Leominster Chamber of Commerce to prepare and circulate a questionnaire on plastic materials shortages. Questionnaires were mailed to more than 100 plastics companies in the immediate Leominster area, as well as to additional companies in the surrounding region.

After the returns on the mail survey were in, the local community action agency, Montachusett Opportunity Council, offered to conduct a telephone follow-up in order to increase the percentage of responses. As a result, responses were obtained and tabulated from fifty companies. Not all firms responded to all questions, however.

By and large, the respondents were eager to help develop facts that might be used to help the industry. Some were concerned, however, about revealing proprietary information and, for that reason, some chose to respond to questions only in percentages, while others refused to give percentages and would respond only in absolute numbers. This explains why the answers to some questions are given both in percentages and in actual numbers.

RESPONSES TO DIRECTED QUESTIONS

1. Please name the supply materials in which you are in short supply?

Thirty four Firms said polystyrene
Twenty said polyethylene
Nine said polypropylene
Six named other plastics, including acrylic, nylon, ABS and SAM

(NOTE: Some firms gave multiple answers.)
2. What is your current inventory of supplies as compared with 1972?

The current mean average inventory supply reported by 35 responding companies was 10 days supply, compared with 35 days supply in 1972. Six companies reported having to live from day to day without supply inventories.

3. What is your current percent of idle capacity?

One Firm had to shut down.
Two Firms reported 60% Idle Capacity.
Five Firms reported 50% Idle Capacity.
Six Firms reported 30% Idle Capacity.
Fourteen Firms reported 20% Idle Capacity.

Five Firms reported 15% Idle Capacity.
Two Firms reported 10% Idle Capacity.
Twelve Firms reported no Idle Capacity.

4. What percent of Idle Capacity do you project by February, 1974?

16 Firms project complete shut down.
4 Firms project 60% Idle Capacity.
6 Firms project 50% Idle Capacity.
5 Firms project 40% Idle Capacity.
7 Firms project 30% Idle Capacity.
4 Firms project 20% Idle Capacity.
1 Firm projects 15% Idle Capacity.
2 Firms project No Idle Capacity.

5. How much are you losing in current sales?

27 Firms reported current sales lost of \$6,065,000.

11 Additional Firms reported sales losses ranging from 15 to 50 percent.

6 reported no current sales loss.

6. What sales losses do you project for 1974?

29 Firms projected their sales loss as \$14,600,000.

7 additional firms projected their losses as percentages ranging from 15 to 50.

5 said they were unable to project future losses.

2 Firms said they projected no likely sales loss.

7. How many employees do you currently have to lay off?

37 Firms reported a total of 281 people laid off (estimated to be approximately 13 percent of the total employment of those firms).

1 Firm replied that it had laid off 15 percent of its work force.

8. How many employees do you project will be laid off in near future?

3 Firms project all employees will be laid off.

1 Firm projects 33 1/3 % of Labor Force will be laid off.

1 Firm projects 40% of Labor Force will be laid off.

1 Firm projects 10% of Labor Force will be laid off.

1 Firm projects Severe Cutbacks.

1 Firm projects if situation continues will lay off some.

4 Firms said lay off figures unknown at this time.

9. What is the current number of employees on short work week?

33 Firms reported a total of 320 people on short work week (estimated to be approximately 16 percent of the work force of those firms).

1 Firm replied that 15 percent of its work force was on short work weeks.

10. What number of employees do you project will go on short work weeks in near future?

24 Firms projected a total of 522 people on short work weeks in near future.

2 Firms reported by percentages of 10 and 40 percent.

7 Firms projected an increase in shorter work weeks by indeterminate amounts.

11. What is your current loss of payroll resulting from short supplies?

33 Firms reported payroll losses of \$29,150 weekly (approximately \$1,500,000 annually).

12. What payroll loss do you project in 1974 assuming shortages of supplies continue?

21 Firms projected a total annual payroll loss of \$4,529,800.

UNDIRECTED RESPONSES

In addition to answering directed questions, respondents were asked to comment on any aspect of the situation they chose. Here is a sampling of the resulting comments. Since the interviewee in most cases was the president of the firm in question, these comments may be taken as representing top management thinking. Each quotation below represents a different firm.

"Situation is desperate with no relief in sight. Customers supplied materials with molds, heretofore. Now only molds available."—President

"Country should stop exporting supplies or take Phase Four restrictions off, thus allowing us to raise prices and pass on increased cost of powder."—President

"If shortage continues for 3 more months, we will have to shut down our plant and lay off 100 people and take a loss of \$2 million."—President

"A black market is flourishing. Price controls should be lifted."—President

"Legislation is needed for fair allocations of supplies."—Sales Manager

"We can only guess about 1974. If it tightens even more than today, we may have to close up entirely, putting over 50 employees out of work."—President

"Discouraging."—President

"Things look bleak. Black market powder is available."—President

"Scarce buying is affecting market supply. Expect demand to fall and supply to become more available. Auto industry uses 120 pounds of plastics per car, but 1,000,000 fewer cars are to be made in 1974, according to report."—President

"We need to get some legislation to make fair allocations to small buyers."—President

"Stop exporting for six to eight weeks and let U.S. manufacturers catch up."—President

"Suppliers are shipping overseas, and we cannot meet the price under Phase Four."—Controller

"There is no doubt about the seriousness of this problem. It appears this could be the worst disaster to ever hit the plastics industry. I also believe that investigations should be made into the reasons why some companies will be completely cut off in their supply of resin, while others receive resin."—President

"I don't believe Washington realized the impact on the entire economy that will be affected if allocations are not straightened out."—President

"I've been in plastics industry all my life. Never thought this condition would exist. I may be out of a job myself in the near future."—Assistant Plant Manager

"We have shut down 3 of our 9 machines due to shortage of materials. We are custom molders and rely on our customers for the material to run their molds."—President

"Stop exporting and let American firms buy the powder. Small companies are hurting because of reduced cash flow."—Treasurer

"Who is he to say who gets off easy in this energy crisis?"—President

"No doubt about it, all plastic materials are in short supply and getting worse. The price spiral continues, and black markets are popping up. No one predicts a short term solution."—Plant Manager

"Although material is in short supply and we have to work a little harder to get the kinds of material we need, we have not been forced to make any significant cutbacks in people or production."—Executive Vice President

"Although we have not had lost hours, end user is suffering a loss of major product lines. Could cause shut down with as many as 45 people laid off. This is just one of many possible cases over next 6 months."—President

"If shortage continues, my operation will have to be cut back drastically."—

"We are manufacturers of plastic processing equipment and have had a slow down in orders due to the shortage of plastic resin. Many of our customers cannot buy machinery because they cannot get materials to process."—Treasurer

"The overseas price and black market price for general purpose styrene is such (40c) that our regular supply could disappear or dwindle to the point that we could be forced out of business. We have a new plant, SBA financed. We must have export controls or we will be bankrupt!"—President

"With price controls, how do the major suppliers show large sales increases and still have shortage of supply? Increased foreign sales is the only answer."—President

"Big business is not having the same problem that we face. Where is the American justice that history books talk about?"—President

"Remove all price controls and market would even out."—Treasurer

"Lift Phase Four allocations of feed stock and limit exports."—President

"We do not use powder as our business is making new dies and repairing dies. However, due to the cutback of production and

the uncertainty of the future, our business is suffering."—President

"Would like to know when the bottom is reached and be kept informed of the true situation. Everyone, at present, is afraid to invest in new molds."—Treasurer

"It would help if overseas shipments were stopped. The energy crisis helped bring this on."—General Manager

CONCLUSIONS

The survey has clearly established that materials shortages in the plastics industry are already having a severe impact in the Leominster area. Plastic companies are losing sales and profits. Employees are losing jobs and full weeks. And the supporting industries are losing business.

The findings of this survey are in accord with a larger study of the plastics industry conducted nationally by Arthur D. Little, a research firm. That study estimated that a 15 percent cutback in petrochemical feedstocks to plastics producers would have a domino effect through the numerous industries that utilize plastics components. The net result, according to that study, could be 562,000 workers laid off and a loss in production of finished products of nearly \$23 billion.

Our survey has also established that officers of plastics companies are, with few exceptions, highly agitated by the situation. Some express anger and some express despair or resignation. Some clearly are frightened of losing the investments they have made of their money and their lives in the small companies they run.

The heads of these companies want help. They look primarily to legislators for that help. They suggest curbing exports, lifting price controls, and improving allocations of supplies. Whether or not these are, in fact, the best of most available solutions, is a matter for further study for those responsible for taking action.

In any case, action clearly is needed. It is needed now!

Mr. KENNEDY. Mr. President, the outlook for the plastics industry has not improved since that report was written. During the recess I had the opportunity to talk to many of the workers and their families who are affected by the shortage of plastic raw materials, and the situation continues to deteriorate.

On October 9, I contacted the Department of Commerce regarding the export of plastic raw materials in recent months. I ask unanimous consent that a copy of that telegram be printed in the RECORD.

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

HON. FREDERICK B. DENT,
Secretary of Commerce,
Washington, D.C.

I have been alerted by finished plastic manufacturers in Massachusetts that they have been unable to obtain plastic resins and feed stocks sufficient to support the industry due to the heavy export of these items from the United States. Manufacturers in Leominster, Fitchburg, and Worcester, Massachusetts, have all expressed their concern that an adjustment is needed if they are to continue to employ large numbers of Massachusetts residents. I would appreciate any information which your office might obtain in regard to this situation. Thank you for your personal attention to this.

Mr. KENNEDY. The response from the Department of Commerce indicated that there was "no important increase" in the exports of plastic materials and I would like to print that response in the RECORD.

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

U.S. DEPARTMENT OF COMMERCE,
Washington, D.C.

HON. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: This is in reply to your telegram of October 9 reporting a shortage of plastics raw materials affecting Massachusetts' plastics manufacturers and citing the need for the national energy program to give deserved priority to the feed stocks requirements of the petrochemical industry.

For the next several years, U.S. chemical companies—including those manufacturing plastics raw materials—will face difficulties in obtaining their requirements of feed stocks. They must compete with electric and gas utilities, motorists and other buying interests for hydrocarbon commodities already in short supply. Whereas the industry believes that it will succeed in maintaining without major disruption its overall petrochemicals production and sales during this period, it cannot undertake new and major additional supply commitments.

In terms of domestic production, exports of plastic materials show no important increase. For example, ABS (acrylonitrile butadiene styrene) and PVC (polyvinyl chloride) exports have actually declined in the first 8 months of 1973 versus the comparable period in 1972. The current shortage of petrochemical feed stocks plus increasing demand for plastic materials and products account principally for the reported short supply position of the resins. For the long run, solution lies only in increased availability of feed stocks plus some expansion of production facilities by the materials manufacturers.

It is our understanding that plastics raw materials manufacturers are making a serious and continuing effort to supply all of their regular customers. Usually, each customer—consumer or distributor—receives an allocation equal to a percentage of its 1972 offtake with special treatment often accorded plastics processors whose continued operations depend upon the supply of these raw materials. Under the circumstances, we recommend that your constituents follow up regularly with all of their 1972 suppliers to insure obtaining maximum allowable allocations of plastics raw materials.

As you know, the Department of Commerce has consistently supported the petrochemical industry in its efforts to obtain a supply of feed stocks commensurate with its needs. As we participate in policy matters with the Office of Energy Policy and other interested agencies, we shall continue this support not only for the petrochemical industry but for all other essential energy needs arising from industry.

Your constituents may not know that a mechanism exists under the Voluntary Petroleum Allocation Program for processing complaints about supply interruptions. If they wish to avail themselves of this service, they should provide specific details of each such supply interruption to:

Mr. Robert Platt, Administrator, Voluntary Petroleum Allocation Program, Winder Building, Washington, D.C. 20240.

Sincerely,

GARY M. COOK,
Acting Deputy Assistant Secretary for
Competitive Assessment and Business
Policy.

Mr. KENNEDY. I asked those plastic manufacturers who had contacted me for detailed data on the availability of plastic raw materials for their current production and conveyed that informa-

tion to the Secretary of Commerce and asked that statistical data on exports for 1972 and 1973 be made available. I ask unanimous consent that that request and the Secretary's response be printed in the RECORD.

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

TELEGRAM

HON. FREDERICK B. DENT,
Secretary of Commerce,
Washington, D.C.

In response of my telegram of October 9, the Department of Commerce indicated that the crucial shortages of plastic raw materials affecting Massachusetts plastic manufacturers was not due to increased exports of these materials. After relaying your response to the manufacturers in the Commonwealth, several companies have pointed out that the export of benzene increased from 6,600 gallons in August, 1973 to 3,900,000 gallons in September, 1973 and that ethyl benzene exports increased from 16.5 million pounds in August 1973 to 33.8 million pounds in September, 1973. Also it is my understanding that John A. Love, former Assistant to the President wrote a Massachusetts organization on 11/26/73: "One major factor in difficulties faced by the petrochemical industry has been exports encouraged by differences in domestic and foreign prices. As prices rise, the situation should be alleviated to some degree." Currently, as you are aware, Phase IV controls prevent that rise in prices. In light of the figures supplied by Massachusetts based firms and the repeated suggestion that under the Export Administration Act remedies are available to alleviate this crisis, I would appreciate the statistical information which your office has on exports of plastic raw materials in 1972 and 1973 and any action the Department of Commerce expects to take in light of those figures. Thank you for your personal attention to this matter of such urgency to so many workers and companies in Massachusetts.

EDWARD M. KENNEDY,
U.S. Senator.

THE SECRETARY OF COMMERCE,
Washington, D.C., January 9, 1974.

HON. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: Thank you for your telegram of December 4 in which you note specific problems with respect to shortages of both benzene and ethyl benzene and attribute the shortage, in part, to the export of these materials. The delay in answering was necessitated by the accumulation of the October export figures which are felt to be significant.

Through October, our records indicate that our total exports of benzene were 189.8 million pounds, substantially the same level as in the comparable period of 1972 when we had exported 183.3 million pounds. It should be noted, Senator Kennedy, that the monthly figures fluctuate greatly and that month-to-month comparisons tend to be misleading. The enclosed table shows the monthly figures for 1972 and 1973 (in gallons, which is the normal mode of reporting—one gallon equals 7.3 pounds).

It is important to note that during the first ten months of 1973 we imported 386.9 million pounds of benzene. We were net gainers of benzene to the amount of 197 million pounds.

The figures for ethyl benzene show that we exported 166 million pounds through October 1973, and in the case of this commodity imported virtually none. Records on ethyl benzene are usually kept on the basis of value and we note that the value of exports in 1973 is 1.6 times those in 1972. Also

enclosed is a summary of data on other plastics raw materials.

On December 13 we issued revised export controls on petroleum and selected petroleum derivatives. A copy of the Export Control Bulletin (No. 106) is enclosed.

We appreciate the impact of price controls on your situation and we have advised the Cost of Living Council of your problem.

Sincerely,

FREDERICK B. DENT,
Secretary of Commerce.

Monthly exports of benzene

[In thousands of gallons]

January	642	496
February	2,372	3,471
March	2,082	2,091
April	903	721
May	1,523	4,241
June	5,872	3,158
July	3,510	5,031
August	3,409	974
September	2,990	3,909
October	1,815	1,911
Total	25,118	26,003

PLASTICS RAW MATERIALS—PRODUCTION/EXPORTS JANUARY–SEPTEMBER 1972 AND 1973

	Production		Exports		Export value (cents per pound)
	Million pounds	Percent increase 1973-72	Million pounds	As percent of production	
Polystyrene: ¹					
1972	2,742		103.5	3.8	12.6
1973	3,061	11.6	134.8	4.4	22.4
Polyvinyl chloride:					
1972	3,072		121.6	4.0	23.6
1973	4,280	8.9	113.9	3.4	24.6
LD polyethylene:					
1972	3,864		289.8	7.5	11.9
1973	4,280	10.8	361.8	8.5	18.3
HD polyethylene:					
1972	1,697		204.6	12.1	11.1
1973	1,956	15.2	213.2	10.9	17.3

¹ Polystyrene production includes acrylonitrile butadiene styrene (ABS) and styrene acrylonitrile (SAN).

Source: Office of the Ombudsman for Business Bureau of Domestic Commerce, Department of Commerce, Nov. 15, 1973

Mr. KENNEDY. Mr. President, plastic companies in Massachusetts have also strongly urged the adjustment of phase IV price controls to alleviate the shortage and provide more equitable management of raw material prices for domestic production. I would like to print in the RECORD my telegram to Director Dunlop and the response from the Cost of Living Council regarding the price control adjustment.

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

TELEGRAM

JOHN T. DUNLOP,
Director, Cost of Living Council,
Washington, D.C.:

I am contacting you regarding the crisis faced by the plastics manufacturers of Massachusetts and across the country. As you know they face a severe shortage of plastic raw materials. John A. Love, former Assistant to the President wrote a Massachusetts organization on 11/26/73: "One major factor in difficulties faced by the petrochemical industry has been exports encouraged by differences in domestic and foreign prices. As prices rise, the situation should be alleviated to some degree." I urge the Council to adjust its price control regulations on petrochemicals in order that hundreds of companies employing thousands of workers

might be able to obtain raw materials for plastic manufacturing. Thank you for your personal attention to this situation so urgent for so many families in Massachusetts.

EDWARD M. KENNEDY,
U.S. Senator.

COST OF LIVING COUNCIL,
Washington, D.C., September 20, 1973.

HON. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: Thank you for your recent correspondence concerning the unavailability of petrochemical feedstocks and problems caused to various industries as a result of this shortage. Your views on matters such as this are always welcome.

The Cost of Living Council has become increasingly aware of the supply problems currently confronting manufacturers who utilize petrochemical products as basic materials in production. The shortages of all products dependent upon the petroleum industry are due to the ever-increasing demand, and the stable, if not decreasing supply of crude oil.

Our Economic Policy division is, at the present time, closely scrutinizing this entire industry, its interdependence on the crude oil and chemical industries, and the effect of the Stabilization Program on this segment of the petroleum industry. You may rest assured that the petrochemical supply situation is of prime interest to the Council. We are now actively reviewing alternate courses of action with a view to our overall anti-inflationary goals and our desire to minimize disruptions in the supply situation in this critical industry.

We will, of course, be in touch with your office again when further information is available on this subject. Please feel free to contact us again if we may be of further assistance.

Sincerely,
ROBERT E. BRADFORD,
Associate Director for Congressional Affairs.

Mr. KENNEDY. Mr. President, the Department of Commerce statistics suggest that there is no significant increase in exports of plastic raw materials and the Cost of Living Council is continuing their active review of the supply situation. But meanwhile, plastic manufacturers face a decline in production and closing; and plastic company workers and their families face shorter shifts and layoffs.

Time is long past due for action to assure the future of the plastics industry; time has run out for 300 workers and their families laid off in Massachusetts. Once again, I urge that the Cost of Living Council move quickly to alleviate the shortage of plastic raw materials.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

PRISONER OF WAR AND MISSING IN ACTION TAX ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume the consideration of the unfinished business, H.R. 8214, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 8214) to modify the tax treatment of members of the Armed Forces of the United States and civilian employees who

are prisoners of war or missing in action, and for other purposes.

The PRESIDING OFFICER. The question is on the next division of the committee amendment.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Will the Chair identify the pending amendment?

The PRESIDING OFFICER. The pending amendment is section 17 beginning on page 23.

The question is on agreeing to the committee amendment.

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

Mr. HARRY F. BYRD, JR. I yield.

Mr. BENNETT. The Senator from Utah was just about to make the point that the Senator from Nebraska (Mr. CURTIS) is particularly interested in this amendment, but if there is not going to be any attempt to knock it out of the bill, I see no reason for alerting the Senator from Nebraska. I do notice that the Senator from Maine (Mr. HATHAWAY) has entered the Chamber.

Mr. HARRY F. BYRD, JR. I have talked to the distinguished Senator from Maine (Mr. HATHAWAY) and he has no objection to this particular amendment.

Mr. BENNETT. Certainly, I see no reason for not adopting the amendment immediately.

Mr. HARRY F. BYRD, JR. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next division.

The legislative clerk read as follows:

On page 24, beginning at line 6, insert language down to and including line 3 on page 25.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. HARRY F. BYRD, JR. 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. HARRY F. BYRD, JR. 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. HARRY F. BYRD, JR. I yield to the distinguished Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. HATHAWAY. I thank the Senator for yielding. I just wanted to ask a few questions in regard to this section.

Can the Senator from Virginia tell me who introduced this provision or sponsored it?

Mr. HARRY F. BYRD, JR. This provision was added to the bill at the request of the Department of Defense. The Department of Defense sought from the committee an exclusion for this income, but the committee would not agree to that. What the committee did agree to and thought was reasonable and thorough was that the Department of De-

fense proposal deserved detailed consideration and the committee adopted the pending amendment which would permit time for this consideration; and the committee decided to postpone the application of the effect of the Internal Revenue Service ruling until January 1, 1975, not only with respect to the Armed Forces health professions scholarship program—that is the basic one—but also substantially similar programs of the uniformed services.

Mr. HATHAWAY. The committee recognizes that this is a discriminatory practice, and I understand the committee is going to take the matter under consideration and have some remedial legislation prior to January 1, next year.

Mr. HARRY F. BYRD, JR. That is the committee's desire and it is the committee's intention to do just that. As I mentioned earlier, the committee would not go along with the Defense Department in its overall request, but it did feel that there is enough merit in the proposal of the Defense Department to give it detailed consideration, and in order to do that it is necessary to adopt legislation postponing the effective date.

Mr. HATHAWAY. I understand. Well, with the assurance that the committee is going to take the matter under active consideration, I shall not object to the amendment.

Mr. HARRY F. BYRD, JR. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the division of the committee amendment.

The division of the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next division of the committee amendment.

The legislative clerk read the next division, as follows:

SEC. 19. DOMESTIC INTERNATIONAL SALES CORPORATION AMENDMENT.

(a) IN GENERAL.—Section 993(b)(3) (relating to qualified export assets) is amended by striking out "such corporation" and inserting in lieu thereof "such corporation or of another corporation which is a DISC and which is a member of a controlled group which includes such corporation".

Mr. HARRY F. BYRD, JR. 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. HARRY F. BYRD, JR. 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. HARRY F. BYRD, JR. Mr. President, I yield to the distinguished Senator from Colorado.

Mr. HASKELL. Mr. President, I would like to speak against the section 19 division of the committee bill, which is designed to give additional flexibility in corporate planning to the so-called DISC.

The DISC provisions of the Internal Revenue Code, as the Presiding Officer knows and as the distinguished floor manager of the bill, the Senator from Virginia, and the Senator from California also know, are a device through which

certain qualified export transactions enable corporations to defer their income tax liability.

The proposed committee amendment would give additional flexibility to a corporation engaged in the export business so as to qualify its transactions for this special tax treatment. The amendment would make it more convenient for a corporation to so structure itself as to avoid certain tax liabilities.

I object to this committee amendment on three grounds.

In the first place, I think there is a substantial question as to the wisdom of the entire concept underlying DISC provisions. I understand that the revenue loss is estimated at \$240 million for the DISC provision already in the law. The provision is designed to stimulate exporting; however, the devaluation of the dollar and high inflation abroad, it seems to me, are sufficient incentives to the business of exporting.

Second, I would object to this particular amendment, because it makes it much easier for a corporation to take advantage of this particular tax provision, which is, at best, questionable and, at worst, an unjustified drain on the Federal Treasury.

Third, and most important, I would object to this because I think that, at this time—when people are about to receive the income tax forms that remind them of the injustice of our tax system and when inflation continues to far outdistance wage hikes—we should be considering tax reform as a whole, rather than taking care of what might be the desire of a few corporate taxpayers in this country.

There is no need to elaborate any further on this matter. I will now yield the floor, Mr. President, to the distinguished floor manager of the bill.

Mr. HARRY F. BYRD, JR. Mr. President, I would say that this amendment enables a DISC to treat as qualified export assets the accounts receivable and evidences of indebtedness acquired as a result of the export related transactions, whether as principal or agent, of a related DISC.

As the Senator from Colorado points out, it does expand the opportunities in this field. I would say that this matter was called to the attention of the committee by the junior Senator from California (Mr. TUNNEY). He is unavoidably absent from the Senate and will not be able to be present at the session today. However, I understand that the distinguished senior Senator from California (Mr. CRANSTON) would like to be heard on this matter. So at this point I yield to the Senator from California.

Mr. CRANSTON. Mr. President, I appreciate the opportunity to speak in regard to this amendment.

I would like to say at the outset that there are questions about the soundness of the DISC problem that should be considered. However, I think that is a matter quite separate from the amendment which is being considered at this time. There is equity under the present DISC program and certain companies do not face an unfair handicap because of the present provisions.

The committee amendment does not, therefore, go to the heart of the DISC program. The purpose of the amendment is to simply propose that under the present program there be full equity for all companies and corporations that wish to participate in it.

Mr. President, this amendment is of particular interest to my colleague, Senator TUNNEY, who is unavoidably absent today. It parallels legislation introduced in the House of Representatives by Representative CORMAN of California.

The purpose of the amendment is to permit a Domestic International Sales Corporation—DISC—in a controlled group to transfer the accounts receivable arising from its export transactions to a related financing subsidiary in that group and allow the financing subsidiary to qualify as a DISC even though it holds the transferred accounts receivable as its only assets.

Present law allows a DISC to hold its accounts receivable even where the accounts receivable are the only assets of the selling corporation. But if the accounts receivable are transferred to a related financing corporation, they lose their DISC status. This presents problems in cases where a corporation may want to have its sales operations in one DISC and have its financing operations separate without losing the benefit of DISC status.

This amendment would allow the second, related financing corporation to hold such accounts receivable and qualify as a DISC.

The Treasury Department has indicated that it does not object to enactment of the amendment and has stated that the tax consequences will be "insignificant."

This amendment will not expand the net amount of tax benefits available to exporters. It allows accounts receivable which otherwise would be held by a sales DISC to be held by a related financing subsidiary DISC which is a member of the same group as the sales DISC.

Such transfers are not done for tax purposes but to strengthen the exporter's borrowing ability in money markets. The amendment would preserve the benefits of DISC-status which under the present law would be lost if the transfer were made.

By handling financing through a separate finance corporation and a related finance DISC, a manufacturer who exports will be able to obtain greater borrowing leverage than might be possible otherwise. The greater borrowing leverage results from the superior liquidity of accounts receivable.

This legislation will enable any manufacturing exporter who believes it necessary or advantageous to have a separate financing corporation for its international sales to do so. Rather than there being a loss to the Treasury, the expanded borrowing ability of the exporting manufacturer should promote more sales abroad and therefore more revenue for the Treasury.

Mr. HASKELL. Mr. President, I concur thoroughly with the distinguished Senator from California that it facilitates the separation of sales and financing for certain large DISC corporations.

If that were all, I would have no particular objection. However, the amendment is so broad that it allows the transfer of accounts receivable, as the distinguished Senator has said, from one corporation to another, regardless of the nature of the transferee corporation.

One can postulate a situation where there are four subsidiaries, three of whom are more than sufficiently qualified as DISC's and the other not qualifying as a DISC under the 95-percent "qualified assets" provision. By the simple expediency of the transfer of receivables between corporations they could theoretically qualify all four subsidiaries as DISC's. Transfers of this nature are, in my judgment, contrary to the intent of this body when it passed the original DISC legislation. And, this is the type of unneeded planning mechanism in the hands of the exporters to which I object.

I certainly have no objection to the concept of separating the sales and financing aspects of a single business concern. That is very proper. It is well recognized in the business community.

But the language of this amendment is so broad that it could have, in my opinion, a very deleterious effect on the administration of our revenue laws.

Mr. President, I yield the floor.

Mr. HARRY F. BYRD, JR. I would say the committee was influenced to some extent by the fact that the Treasury Department entered no objection to this amendment. The committee felt that this ought to be allowed, that it was an appropriate extension.

Mr. President, as I understand it, and I make this in the form of a parliamentary inquiry—is it not correct that this is the last of the committee amendments which will need to be acted upon in this bill?

The PRESIDING OFFICER. This is the last section of the last committee amendment.

Mr. HARRY F. BYRD, JR. One additional parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. That is correct.

Mr. HARRY F. BYRD, JR. Mr. President, I point out that the bill as brought to the floor by the Committee on Finance had 12 amendments which were added to the bill by the Finance Committee. The Senate has now acted upon 11 of those 12 amendments. It has approved 10 of the 11.

At a later hour, not before 2:30, a vote will be taken on the 12th amendment, the one which is now pending.

Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside, that the distinguished Senator from Nebraska (Mr. CURTIS) be granted the floor, and that if the Senator from Nebraska concludes his remarks before the hour of 2:30 p.m. the Senate then stand in recess until 2:30.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CRANSTON. Mr. President, will the Senator yield for a unanimous consent request?

Mr. CURTIS. I yield.

Mr. CRANSTON. I ask unanimous consent that Win Farin, of my staff, have the privilege of the floor during the consideration and vote on this amendment.

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

HAPPY 1974

Mr. CURTIS. Mr. President, today I rise on the floor of the Senate to extend my best wishes to all Americans for 1974, with my profound belief that this will be the best year yet.

A lot of jokes, a lot of serious remarks, have been made about 1973 being the worst year ever. It is said that when Father Time of 1973 tried to turn over his scepter to the Infant of 1974 on New Year's Eve, the Child pouted and said, "Forget it, I don't want it," and left Old Father Time standing alone in dismay; 1973 did see its share of problems, but it just was not all that bad. The prophecies of doom are not going to get me down.

The Watergate affair has dampened everyone's spirits. But it is being investigated in the freest country in the world, perhaps the only country where citizens have such public access to disclosures being made daily.

The energy crisis is burdening all of us, but it will lead to self-sufficiency for the future.

Inflation affects us all, mostly those living on fixed incomes. But the American standard of living remains by far the highest on Earth. Total financial assets of individuals in the United States exceed \$2 trillion. Median family income—having more than doubled in the last 10 years—is now \$13,000, and still climbing. And 1974 will see increases in benefits for those on social security.

The taste of war in Vietnam is slow to die. But who can forget the joy, the unbelievable joy, of seeing POW's reunited with their families? And reunited before our very eyes through the achievements of modern communications?

And now, our boys are not being drafted into the Armed Forces, and Bob Hope was home for Christmas for the first time in 23 years because there were no American boys in combat zones anywhere in the world for him to entertain.

A lot of things have changed. And we have a lot to be grateful for.

More people are working in this country than ever before—about 86 million. Savings accounts total close to \$600 billion. Food supplies are costly, but plentiful.

Campus militance is almost a memory, replaced, for the most part, by constructive activism. There is an ongoing revolution in race relations, marked in the past year by the election of black mayors in Los Angeles, Detroit, Atlanta, and Raleigh, N.C.

Women have made great strides, gaining recognition as politicians, as athletes, as human beings.

The past year has seen remarkable progress in the early detection and treatment of cancer, heart disease and ar-

teriosclerosis—the Nation's three prime killers. Advances in health care may be aided by health care legislation that could emerge from this session of Congress.

The list of good things about America could go on endlessly, and could long outlast a list of the problems. This is a country made stronger by crises, and greater through endurance.

Canadian, Toronto radio commentator, Gordon Sinclair finds reason for a surge of pride in America. And it is with pride at this time that I read the editorial first broadcast by Sinclair in Canada last summer, and now being broadcast in this country as an inspiration to all of us.

The editorial is entitled "In Praise of America," and reads as follows:

IN PRAISE OF AMERICA

This Canadian thinks it is time to speak up for the Americans as the most generous and possibly the least appreciated people on all the earth.

Germany, Japan and, to a lesser extent, Britain and Italy were lifted out of the debris of war by the Americans who poured in billions of dollars and forgave other billions in debts. None of these countries is today paying even the interest on its remaining debts to the United States.

When the franc was in danger of collapsing in 1956, it was the Americans who propped it up, and their reward was to be insulted and swindled on the streets of Paris.

I was there. I saw it.

When distant cities are hit by earthquakes, it is the United States that hurries in to help. . . . This spring, 59 American communities (were) flattened by tornadoes. Nobody helped.

The Marshall Plan and the Truman Policy pumped billions upon billions of dollars into discouraged countries. Now newspapers in those countries are writing about the decadent, war-mongering Americans. . . .

Why does no other land on earth even consider putting a man or woman on the moon?

You talk about Japanese technocracy, and you get radios. You talk about German technocracy, and you get automobiles.

You talk about American technocracy, and you find men on the moon—not once but several times—and safely home again.

You talk about scandals, and the Americans put theirs right in the store window for everybody to look at. . . .

When the railways of France, Germany and India were breaking down through age, it was the Americans who rebuilt them. When the Pennsylvania Railroad and the New York Central went broke, nobody loaned them an old caboose. Both are still broke.

I can name you 5,000 times when the Americans raced to the help of other people in trouble. Can you name me even one time when someone else raced to the Americans in trouble? I don't think there was outside help even during the San Francisco earthquake.

Our neighbors have faced it alone, and I'm one Canadian who is damned tired of hearing them kicked around. They will come out of this thing with their flag high. And when, they do, they are entitled to thumb their noses at the lands that are gloating over their present troubles.

I hope Canada is not one of these.

Like the great chief of the Hearst newspapers, William Randolph Hearst, Jr., I, too—

Have tremendous faith in the collective power of the American people and believe we have both the brawn and the brains to do the job.

In a recent speech before students at the California Polytechnic State Uni-

versity, Hearst listed many of the accomplishments of past years, and concluded:

I submit that my generation has not done as badly as some charge. We may not have moved as far or as fast as we had hoped. But the record is clear, we have moved further and faster and higher than ever before.

I ask unanimous consent to have printed in the RECORD the full remarks of Mr. Hearst.

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

TODAY'S CHALLENGES—FUTURE'S OPPORTUNITIES

(By William Randolph Hearst, Jr.)

Readers of this column will recall that last week I reported I was going to speak at California Polytechnic State University at San Luis Obispo, just over the craggy, snow-covered Santa Lucia mountains from my father's ranch at San Simeon. As part of that talk, I noted, I intended to impress upon my student friends and their elders of the faculty that Russia, through carefully planned, devious methods, has moved to a position where it has the potential to dominate the world, militarily and economically.

Well, I did emphasize that point and I think my audience was duly impressed. The reaction from students and faculty alike was favorable.

But I also made some remarks about our own country and its potential that seemed to impress them. Consequently, I'm going to pass those thoughts along to you this week.

Speaking directly to the young people in my audience, I made clear that the problems confronting us today, including the energy crisis, are both our problems and their problems. Then, in the following manner, I explained some of my own philosophy about America, its achievements and its future.

I have tremendous faith in the collective power of the American people and believe we have both the brawn and the brains to do any job.

Therefore, I believe we will move quickly and decisively to find new deposits of fossil fuels within our 50 states and also develop practical, pollution-free methods of using our vast coal supplies as well as the shale oil deposits of our mid-western states.

Before this decade is over I believe we will have made tremendous advances in tapping the limitless energy of the sun. In one hour the sun discharges more power than the world has used in 1,000 years.

Work is now being rushed on methods of extracting hydrogen from sea water. If the process is perfected, we will have sufficient pollution-free power to serve our needs forevermore.

Before practical programs come to fruition for harnessing solar energy or sea power, I believe we will see a breakthrough in the creation of breeder nuclear plants. When this comes to pass, we will have a system that rivals man's age old dream of developing a machine that unlocks the door to perpetual power.

In short, our search for alternate power sources can offset or counter-balance many of the cutbacks anticipated as a result of the oil shortage.

It is my conviction that students in today's colleges and universities together with the millions who have poured from our great educational institutions during the past decade face one of the most challenging, stimulating and rewarding periods in the history of man.

I make these statements of faith not alone because I am an eternal optimist but also because I know the power of willpower—of people power—when it is properly harnessed. I have witnessed fantastic achievements and progress in my lifetime.

In 1943, President Roosevelt called upon

the industrial and scientific geniuses of this nation to join forces in unlocking the monumental power of the atom. The call was answered and the mystery of nuclear fission helped bring World War II to an early end.

In 1957, President Eisenhower made a similar call for resolute action in meeting the challenge posed by the Soviets when they launched Sputnik, the first man-made satellite. Again, science and industry responded. Within months we had placed a tiny instrument-packed globe into orbit about the earth.

In 1961, President Kennedy put words to a dream and asked Congress to commit itself to the believable challenge of placing a man on the moon before the decade was over. Again, the tremendous power structure of this nation joined forces and in 1969 the world witnessed "one small step for man; one giant leap for mankind" as Neil Armstrong stepped onto the surface of the moon.

When I was born, the life expectancy of a child was 50 years for a boy and 53 years for a girl. A boy born in the United States in 1973 can expect to live to 70 years and a girl to 75 years.

How was this miracle accomplished? By improving food and water and health care of our people.

During World War I, the world was hit by a massive flu epidemic that killed more than a half million people in the United States in a single, tragic winter and took an estimated 20 million lives around the globe.

We still have outbreaks of the flu, but to a large extent modern science has been able to prevent the kind of devastation from this and other dread diseases that once swept the world.

When I was a boy, few families escaped the terrible tortures of diphtheria, smallpox, typhoid, polio, measles, tuberculosis or pneumonia. No longer do these ancient scourges sweep across our land, leaving death and tortured limbs and minds and hearts in their wake.

During my boyhood, literally hundreds of thousands of children 12 years of age and younger worked in factories, farms, mines and sweatshops—for ten or 12 hours a day or longer.

The average work week for all men employed in industry was then 57 hours and the average hourly wage 25 cents. The average annual earnings of all workers in all industries was then \$543.

Today, the average work week is 37 hours, the average hourly wage \$4 and the average annual family income more than \$10,000.

The automobile, the radio, the telephone, the airplane, the computer, the motion picture, television, antibiotics and a hundred other miracles have come to flower in my lifetime.

We have trained and graduated more scientists, doctors, surgeons, dentists, lawyers, teachers and engineers than did our forebears for a thousand generations.

I submit that my generation has not done as badly as some charge. We may not have moved as far or as fast as we had hoped. But the record is clear, we have moved further and faster and higher than ever before.

I am not ready to turn in my suit. However, today's and tomorrow's challenges are your challenges. They are also your opportunities.

That marks the end of my speech to the students at California Polytechnic State University. I hope you like it as much as they seemed to.

Mr. CURTIS. Mr. President, the noted CBS commentator Lowell Thomas echoed these sentiments:

Is there any older saying—or cliché—than "necessity is the mother of invention"? We split the atom didn't we? So now may be the time for us once more to go all-out and find

a way to solve our energy problems with atomic power. Also this is the time for us to discover some less expensive way to transform both coal and shale into oil of which we are told we have enough to last for centuries. What about steam for propelling our automobiles? Inventor Bill Lear insists he can do it. Surely this year we'll hear much more about the use of steam. . . .

In the end, it's all of us working together that will most shape the coming year—and all the years to follow. From this you will surmise that I am an optimist. That indeed I am. After roaming the world for more than six decades I am more convinced than ever that ours is the grandest country on earth, and so far as I know this is the best of all worlds.

And so, Mr. President, I think my feelings have been fairly well summed up. We have a lot of work ahead of us, but the tasks are not impossible.

When all is said and done, I think when Father Time of 1974 looks back on this year, he may say, "It could have been better." But with the grace of God and the enduring strength and resourcefulness of the American people, it may even have been the best year yet.

ORDER OF BUSINESS

Mr. HASKELL. Mr. President, if the distinguished Senator from Nebraska would yield for an observation, before the Senator sits down I would ask that I be recognized so that the floor is not lost until the recess, as we may be able to make a compromise on the last amendment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the amendment of the House to the bill (S. 921) to amend the Wild and Scenic Rivers Act.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 10203) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ROBERTS, Mr. JOHNSON of California, Mr. ANDERSON of California, Mr. ROE, Mr. HARSHA, Mr. SNYDER, and Mr. DON H. CLAUSEN were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message further announced that the Speaker of the House had affixed his signature to the bill (S. 1070) to implement the International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties, 1969.

(The above bill was subsequently signed by the Vice President.)

QUORUM CALL

The PRESIDING OFFICER (Mr. FANNIN). What is the pleasure of the Senate?

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

PRISONER OF WAR AND MISSING IN ACTION TAX ACT

The Senate continued with the consideration of the bill (H.R. 8214) to modify the tax treatment of members of the Armed Forces of the United States and civilian employees who are prisoners of war or missing in action, and for other purposes.

Mr. HUGH SCOTT. Mr. President, I would like to propound a question to the senior Senator from Georgia (Mr. TALMADGE). I note that H.R. 8214 has one provision that limits the required distribution of a private foundation. As I understand it, in the particular case the Senator's committee was considering, the foundation would have been required to dispose of stock received by gift in order to meet the minimum distribution requirement, whereas the rules relating to excess business holdings would not require such a disposition. Other family foundations that are being forced to dispose of principal seem to me to be caught in the same conflict in the operation of the minimum payout rules and the excess business holding rules. What are the implications of the inclusion of the provision in the present bill as to future legislation relating to other family foundations?

Mr. TALMADGE. I have the same understanding of the scope of section 17 of the bill as the distinguished minority leader, the Senator from Pennsylvania. The Finance Committee's Subcommittee on Foundations, of which the Senator from Indiana (Mr. HARTKE) is chairman, held hearings last fall and the situations of a substantial number of family foundations were brought to the subcommittee's attention. I understand that informal meetings have been held with the staff of the Joint Committee on Internal Revenue Taxation and that efforts are being made to develop legislation that will meet the problem of these family foundations while not disturbing one of the basic philosophies of the 1969 act which was that charity should receive a fair current benefit because the donor received a tax benefit at the time of gift. While I can in no way speak for or bind my colleagues on the Committee on Finance, I would expect these matters will be considered in connection with future tax revision legislation of a more general nature.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the pending committee amendment be laid aside temporarily, that the Senate proceed to the consideration of an amendment to be proposed by the distinguished Senator from Idaho (Mr. CHURCH), that there be a time limitation on the Church

amendment of 30 minutes, to be equally divided between Mr. CHURCH and the distinguished manager of the bill or the distinguished acting manager of the bill.

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

Mr. ROBERT C. BYRD. And that upon the disposition of the Church amendment, the Senate return to the consideration of the committee amendment.

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

Mr. CHURCH. Mr. President, on behalf of the Senator from Connecticut (Mr. RIBICOFF), the Senator from Florida (Mr. GURNEY), and myself, I send to the desk an amendment to the pending bill.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. CHURCH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and I will explain it.

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

The amendment is as follows:

At the end of the bill add the following new section:

SEC. 20. INCREASE OF RETIREMENT INCOME CREDIT.

(a) In General.—Section 37 of the Internal Revenue Code of 1954 (relating to retirement income) is amended to read as follows:

"SEC. 37. RETIREMENT INCOME.

"(a) GENERAL RULES.—

"(1) JOINT RETURNS.—In the case of a joint return—

"(A) if either spouse has attained the age of 65 before the close of the taxable year, or

"(B) if neither spouse has attained the age of 65 before the close of the taxable year but one or both spouses have public retirement system pension income for the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of the retirement income (as limited by subsection (b)) received by the husband and wife during the taxable year.

"(2) OTHER RETURNS.—In the case of a return by an unmarried individual and of a separate return by a married individual—

"(A) if the individual has attained the age of 65 before the close of the taxable year, or

"(B) if the individual has not attained the age of 65 before the close of the taxable year but has public retirement system pension income for the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of the retirement income (as limited by subsection (b)) received by the individual during the taxable year.

"(b) LIMITATION OF RETIREMENT INCOME.—

"(1) IN GENERAL.—The amount of retirement income which may be taken into account for purposes of subsection (a) shall not exceed the following amounts (reduced as provided in paragraph (2)):

"(A) \$2,500, in the case of an unmarried individual,

"(B) \$2,500, in the case of a joint return where only one spouse is an eligible individual,

"(C) \$3,750, in the case of a joint return where both spouses are eligible individuals, or

"(D) \$1,875, in the case of separate return by a married individual.

"(2) REDUCTION.—Except as provided in paragraphs (3) and (4), the reduction under this paragraph in the case of any individual is—

"(A) any amount received by such individual as a pension or annuity—

"(i) under title II of the Social Security Act,

"(ii) under the Railroad Retirement Act of 1935 or 1937, or

"(iii) otherwise excluded from gross income, plus

"(B) in the case of any individual who has not attained age 72 before the close of the taxable year—

"(i) except as provided in clause (ii), one-half the amount of earned income received by such individual in the taxable year in excess of \$2,100, or

"(ii) if such individual has not attained age 62 before the close of the taxable year, and if such individual (or his spouse under age 62) is an eligible individual as defined in subsection (d) (4) (B), any amount of earned income in excess of \$1,200 received by such individual in the taxable year.

"(3) SPECIAL RULES FOR DETERMINING THE REDUCTION PROVIDED IN PARAGRAPH (2).—

"(A) JOINT RETURNS.—In the case of a joint return, the reduction under paragraph (2) shall be the aggregate of the amounts resulting from applying paragraph (2) separately to each spouse.

"(B) SEPARATE RETURNS OF MARRIED INDIVIDUALS.—In the case of a separate return of a married individual, paragraph (2) (B) (i) shall be applied by substituting '\$1,050' for '\$2,100', and paragraph (2) (B) (ii) shall be applied by substituting '\$600' for '\$1,200'.

"(C) NO REDUCTION FOR CERTAIN AMOUNTS EXCLUDED FROM GROSS INCOME.—No reduction shall be made under paragraph (2) (A) for any amount excluded from gross income under section 72 (relating to annuities), 101 (relating to life insurance proceeds), 104 (relating to compensation for injuries or sickness), 105 (relating to amounts received under accident and health plans), 402 (relating to taxability of beneficiary of employees' trust), or 403 (relating to taxation of employee annuities).

"(4) SPECIAL RULE FOR CERTAIN INDIVIDUALS RECEIVING PUBLIC RETIREMENT SYSTEM PENSION INCOME.—In the case of a joint return where one spouse is an eligible individual as defined in subsection (d) (4) (A) and the other spouse is an eligible individual as defined in subsection (d) (4) (B), there shall be an additional reduction under paragraph (2) in an amount equal to the excess (if any) of \$1,250 over the amount of the public retirement system pension income of the spouse who is an eligible individual as defined in subsection (d) (4) (B).

"(c) RETIREMENT INCOME.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'retirement income' means income from—

"(A) pensions and annuities (including public retirement system pension income and including, in the case of an individual who is, or has been, an employee within the meaning of section 401(c) (1), distributions by a trust described in section 401(a) which is exempt from tax under section 501(a),

"(B) interest,

"(C) rents,

"(D) dividends, and

"(E) bonds described in section 405(b) (1) which are received under a qualified bond purchase plan described in section 405(a) or in a distribution from a trust described in section 401(a) which is exempt from tax under section 501(a),

to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year.

"(2) CERTAIN INDIVIDUALS UNDER AGE 65.—In the case of—

"(A) a return by an unmarried individual who has not attained the age of 65 before the close of the taxable year,

"(B) a separate return by a married individual who has not attained the age of 65 before the close of the taxable year, and

"(C) a joint return if neither spouse has attained the age of 65 before the close of the taxable year,

the term 'retirement income' means only public retirement system pension income, and only so much of such income received by an individual during the taxable year as does not exceed \$2,500.

"(d) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PUBLIC RETIREMENT SYSTEM PENSION INCOME.—The term 'public retirement system pension income' means income from pensions and annuities under a public retirement system for personal services performed by the taxpayer or his spouse, to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year. For purposes of this paragraph, 'public retirement system' means a pension, annuity, retirement, or similar fund or system established by the United States, a State, a possession of the United States, any political subdivision of any of the foregoing, or the District of Columbia.

"(2) EARNED INCOME.—The term 'earned income' has the meaning assigned to such term in section 911(b) except that such term does not include any amount received as a pension or annuity.

"(3) COMMUNITY PROPERTY LAWS DISREGARDED.—The determination of whether—

"(A) earned income, or

"(B) income from pensions and annuities for personal services (including public retirement system pension income and distributions to which subsection (c) (1) (A) applies),

is the income of a husband or wife shall be made without regard to community property laws.

"(4) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who—

"(A) has attained the age of 65 before the close of the taxable year; or

"(B) has not attained such age but has public retirement system pension income for the taxable year.

"(5) MARITAL STATUS.—Marital status shall be determined under section 153.

"(6) JOINT RETURN.—The term 'joint return' means the joint return of a husband and wife made under section 6013.

"(e) NONRESIDENT ALIEN INELIGIBLE FOR CREDIT.—No credit shall be allowed under this section to any nonresident alien."

Technical Amendments

(b) (1) Section 904 of the Internal Revenue Code of 1954 (relating to limitation on foreign tax credit) is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) the following new subsection:

"(g) COORDINATION WITH CREDIT FOR RETIREMENT INCOME.—In the case of an individual, for purposes of subsection (a) the tax against which the credit is taken is such tax reduced by the amount of the credit (if any) for the taxable year allowable under section 37 (relating to retirement income)."

(2) Section 6014(a) of such Code (relating to tax not computed by taxpayer) is amended by striking out the last sentence thereof.

(3) Section 6014(b) of such Code is amended—

(A) by striking out paragraph (4),

(B) by redesignating paragraph (5) as paragraph (4), and

(C) by inserting "or" at the end of paragraph (3).

Effective Date

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1973.

Mr. CHURCH. Mr. President, fair and equitable tax treatment for all Americans has long been one of my foremost goals. As chairman of the Senate Committee on Aging, I have been especially committed to tax justice for older Americans.

During the past few years several constructive measures, including a number I have advanced, were approved to provide urgently needed tax relief for overburdened moderate and low-income taxpayers. Some of these measures include:

A new low-income allowance to exempt persons with poverty incomes from paying Federal income tax;

An increase in the personal exemption deduction from \$600 to \$750;

Liberalization of the child care expense provisions; and

An increase in the standard deduction for persons who do not itemize their expenditures.

But there is still a compelling need to improve or update other provisions of the Internal Revenue Code. One clear-cut example is the retirement income credit. It was adopted in 1954 to provide retired teachers, policemen, firemen, and other government annuitants with comparable tax relief as social security beneficiaries.

Payments under the social security program are, of course, exempt from Federal income tax. Government pensioners and others with little or no social security benefits can receive similar tax relief by claiming a 15-percent credit on their qualifying retirement income—pensions, annuities, interest, dividends, and rent.

The maximum amount for computing this 15-percent credit is now \$1,524 for single aged persons and \$2,286 for elderly couples. These amounts must, however, be reduced by:

First, tax-exempt pensions, such as social security benefits and railroad retirement annuities; and

Second, earned income, depending upon the individual's age and extent of earnings.

In the case of persons aged 62 to 71 the maximum base for computing the credit is decreased by \$1 for each \$2 of earnings between \$1,200 and \$1,700. And thereafter, it is reduced on a dollar-for-dollar basis for earned income above \$1,700.

For public pensioners or annuitants under 62, their maximum base is reduced for each dollar of earnings above \$900.

The retirement income credit, however, has not been updated since 1962 for single elderly persons and 1964 for aged couples. As a consequence, it no longer provides equivalent tax relief for retired persons with little or no social security. On the other hand, social security benefits have been adjusted six times during this period to protect older Americans from the cruel effects of inflation. And, these benefit increases have aggregated 104 percent.

Quite clearly, the need to update the retirement income credit is long overdue.

As a first step toward this goal, my amendment would increase the maximum amount for computing the 15-percent credit from \$1,524 to \$2,500 for single aged persons, and from \$2,286 to \$3,750 for elderly couples.

In terms of dollars and cents, this change alone could produce a tax savings of \$146 for single older Americans. And for an aged couple, this measure could provide an additional \$220 in tax relief.

For older Americans struggling on low or moderate incomes this relief would certainly be most welcome, especially since their purchasing power has been eroded substantially by the staggering increase in the cost of living in recent months.

Second, my proposal would raise the exempt earnings limitation before the maximum base for computing the retirement income credit would be reduced. For retired persons aged 62 to 71, the earnings ceiling would be increased from \$1,200 to \$2,100. Moreover, the \$1 for \$2 reduction would apply to all earnings above \$2,100, instead of just a \$500 band—from \$1,200 to \$1,700—as under present law. For public pensioners under age 62, the exempt earnings ceiling would be boosted from \$900 to \$1,200.

This proposal, I am pleased to say, was adopted by the Finance Committee as an amendment to the 1972 Social Security Amendments, H.R. 1. Shortly thereafter, the Senate approved this urgently needed change. Unfortunately though, this measure was later removed in conference committee—as were several other House and Senate amendments—to reduce costs for the overall social security package, and thus enhance the likelihood for enactment.

Consequently, the Senate is not acting on a new proposal now. What we are doing in effect is to expedite consideration of a measure upon which there is widespread bipartisan support.

The need to update the retirement income credit is urgently required, particularly in view of the fact that no adjustment has been made since 1962 for single elderly persons, nor since 1964 for elderly couples.

This amendment would bring it into line with the changes that Congress has made during the interval in social security payments.

I would hope that the committee might see fit to accept the amendment.

Mr. HARRY F. BYRD, JR. Mr. President, as the Senator from Idaho pointed out, this matter was previously approved by the Finance Committee and by the Senate. However, in connection with the pending bill, it was not considered by the committee.

For that reason, the acting manager of the bill does not feel that he can make a commitment on behalf of the committee. If the Senator from Idaho wants to put the question to a vote, then the Senate can decide it.

Mr. CHURCH. I would like to bring this matter to a vote.

Mr. BENNETT. Mr. President, will the Senator yield for a question?

Mr. CHURCH. I yield.

Mr. BENNETT. Mr. President, could the Senator from Idaho supply for the RECORD, either now or later, the total revenues loss of his amendment?

Mr. CHURCH. I am informed that the revenue loss anticipated would be about \$200 million. However, I will seek to confirm that figure and have it placed in the RECORD.

That is the figure that has been related to me from conversations between a member of my staff and a member of the Finance Committee staff.

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

Mr. CHURCH. I yield.

Mr. PASTORE. Mr. President, is it not a fact that unless this adjustment is made, these increases that have been granted over the years because of the inflationary spiral will in some ways be deleted for the simple reason that what we give out in benefits will be taken back in taxes?

Mr. CHURCH. The Senator is correct. And all that this would do would be to make an adjustment to provide for the inflation and see to it that those people who do not receive social security or who receive very little social security will get the same tax treatment that we afford to all others.

Mr. PASTORE. In other words, the \$1,524 is predicated upon the fact that the \$1,524 is constant and now that the ceiling has been raised, we have to increase the figure.

Mr. CHURCH. Exactly so.

Mr. President, I urge the approval of the amendment.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. HARRY F. BYRD, JR. Mr. President, I yield back my time.

Mr. CHURCH. Mr. President, I yield back my time, and in yielding back the time, I reserve time in which to ask for a yeas and nays vote should that be necessary.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho (putting the question).

The amendment was agreed to.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table. The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the last division of the last committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HASKELL. 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. HASKELL. Mr. President, I offer an amendment to the committee amendment as follows: On page 25, line 8, at the end of the line, add the words "which is a DISC."

I ask if that is satisfactory to the Senator from California.

Mr. CRANSTON. That is satisfactory to me.

Mr. HARRY F. BYRD, JR. Mr. President, I have no objection to the proposal of the Senator from Colorado.

The PRESIDING OFFICER. Will the Senator from Virginia restate his objection?

Mr. HARRY F. BYRD, JR. I have no objection to the amendment offered to the pending amendment by the Senator from Colorado. As I understand, the vote now will occur on the amendment offered by the Senator from Colorado, and then a yeas and nays vote has been ordered on the pending amendment, and the Senator from Colorado might want to ask to vacate it.

The PRESIDING OFFICER. A yeas-and-nays vote has been ordered on the last division of the committee amendment.

Mr. HASKELL. Mr. President, I ask unanimous consent that, with the adoption of my amendment to the committee amendment, the order for the yeas and nays on section 19 of the committee amendment, which we are discussing, be vacated.

The PRESIDING OFFICER. Is there objection? Without objection, the order for the yeas and nays on the committee amendment is vacated.

Mr. HARRY F. BYRD, JR. The pending question is on the adoption of the amendment to the amendment by the Senator from Colorado?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado.

Mr. CRANSTON. Mr. President, I suggest the absence of a quorum, so that I can discuss this matter with the Senator for one moment further.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. 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. KENNEDY. Mr. President, I ask unanimous consent that Carey Parker be given the privilege of the floor during consideration of this legislation.

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

Mr. CRANSTON. Mr. President, I make the same request on behalf of Jon Fleming.

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

Mr. KENNEDY. 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. HASKELL. 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. HASKELL. Mr. President, I ask unanimous consent that my previous amendment to line 8, page 25 of the committee amendment be withdrawn.

The PRESIDING OFFICER. The Senator has that right, and the amendment is withdrawn.

Mr. HASKELL. Mr. President, I send to the desk an amendment to the committee amendment which I ask be read.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The legislative clerk read as follows:

Line 9, after "or" insert the following: "if such corporation is a financing corporation and a member of a controlled group," and delete "a" on line 10 and substitute in lieu thereof "the".

Mr. HASKELL. Mr. President, I ask that my amendment be agreed to.

Mr. CRANSTON. Mr. President, let me say that the language is fine and I want to thank the Senator from Colorado for his effort to make the language acceptable to us. I am very grateful to him.

Mr. HASKELL. I thank the distinguished Senator from California.

Mr. HARRY F. BYRD, JR. Mr. President, the committee has no objection to the amendment of the Senator from Colorado.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado to the committee amendment.

The amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The committee amendment, as amended, was agreed to.

Mr. HASKELL. Mr. President, I wish to thank the floor manager of the bill for his patience and the distinguished Senator from California for his cooperation.

Mr. HARRY F. BYRD, JR. Mr. President, as I understand it, that completes the consideration of the committee amendments.

The PRESIDING OFFICER. The Senator is correct.

Mr. HARRY F. BYRD, JR. Mr. President, this bill had 12 amendments put on it by the Finance Committee. They were all considered by the Senate and the Senate approved 11 of the 12. The Senate refused to accept 1 of the 12.

It is well to point out that neither the acting manager of the bill nor the chairman of the committee had any interest in the amendments. The amendments must be, on the whole, therefore, satisfactory, because they were considered by the Senate. There were able legislators on the floor who were making points in regard to many of the amendments. I think that those Senators rendered the Senate and the Finance Committee a valuable service by doing so.

I believe that the more discussion we can have on complicated and important legislation, the better off the Senate is, and the better off the American people will be.

I yield to the Senator from Utah (Mr. BENNETT).

Mr. BENNETT. Mr. President, will the acting manager of the bill kindly include the Senator from Utah among those who have no interest in any of the amendments that we have considered?

Mr. HARRY F. BYRD, JR. I think that applies to most of the members of the Finance Committee.

Mr. LONG. Mr. President, will the Senator from Virginia yield?

Mr. HARRY F. BYRD, JR. I am glad to yield to the Senator from Louisiana.

Mr. LONG. Mr. President, I want to congratulate the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, JR.) because of the very fine way in which he has managed the bill before the Senate. I had to call on him on short notice yesterday because I found that I had a longstanding commitment to make, which I had to fulfill. I really believe that the Senator from Virginia has handled this bill with ability and distinction, which is traditional in the Byrd family, dating back to the days when his father spoke for the Finance Committee on this floor.

As one member of the Finance Committee, I am extremely grateful to the Senator from Virginia for the fine way he has managed the bill for the committee.

I should like to point out with regard to the action of the Senate in adding 12 amendments, that we would have much preferred to put 1 amendment on each of 12 bills, but we had little choice about the matter because the House, for reasons of its own, had not seen fit to send us more than a very few revenue bills, about the number one could count on his hand.

So far as I know, we do not have a tax bill in the committee at this moment, so that in order to give Senators the opportunity to propose revenue amendments, in some cases to meet pressing needs with regard to various situations existing in their States, we had no option but to add 12 amendments onto this bill.

The distinguished Senator from Idaho (Mr. CHURCH) has proposed an amendment, to which the Senate agreed, which will cost a lot more than all the committee amendments put together, but it is something the committee studied in years gone by and it is something which I think the Senate would want to do by an overwhelming vote, if the Senate wants to vote on it. Rather than delay action on the matter, we thought it would be best to permit the Senate to vote on it and take the matter to conference.

It is not the desire of the Finance Committee to add a great number of amendments to a single bill. We were simply confronted with a situation where we did not have much choice. Revenue bills have to originate in the House of Representatives, of course, and if the House sees fit to send us only one bill, then every Senator who wants to offer a revenue measure is compelled to offer it to a single bill. Senators have been most helpful. I did not have the opportunity to hear the statement of the Senator from Wisconsin (Mr. PROXMIER), but I noticed that he had a subheading

in his remarks "History of Christmas Tree Bills." I recall very well, Mr. President, how that situation first developed, and how a bill first came to be called a "Christmas tree" bill.

The Senator from Louisiana had been trying to help President Johnson get through a vast number of important revenue bills to further the Great Society program. He had been asking every Senator not to press his amendment, but to try to respond to President Johnson's plea for urgency on many matters, but that there would be a bill that would give every Senator a chance to offer an amendment and which the President would sign.

So we saved the foreign investors tax bill for last.

When that bill came up, those of us on the committee knew it was going to be the last bill that we would vote on, and it was getting near Christmastime, so every Senator yielded to the plea to hold up his particular amendment and had no choice but to offer it to that last bill when it came to the floor. Every Senator on the floor who had been patient in yielding to the committee to withhold offering his amendment until a subsequent date, had no choice but to offer his amendment on that last bill.

The Senate had the chance to work its will on each individual amendment on that bill, and someone in the press said that the bill lit up like a Christmas tree when it hit the floor. I can understand how that would be the case.

It was a bill we had held back in order to fulfill our commitment to every Senator that his amendment would be considered.

Really, we have very little choice sometimes, when the Senate is in an adjournment mood and we are at the end of a session, but to offer Senators a chance to offer their amendments on something which can no longer be postponed. That is what happened on that occasion. I do not believe that was a case of irresponsible legislation. It was just a case that we had to act as we could to meet the pressing needs to move on with legislation and be responsible as best we could during that session of the Senate.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HARRY F. BYRD, JR. 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. CRANSTON. 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. CRANSTON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the appropriate place insert the following:

SEC. —. IMPOSITION AND RATE OF TAX.
(a) IN GENERAL.—The last sentence of section 5041(a) of the Internal Revenue Code of 1954 (relating to tax on wines) is amended

by striking out "0.277" and inserting in lieu thereof "0.392."

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the first day of the first calendar month which begins more than 10 days after the date of enactment of this Act.

Mr. CRANSTON. Mr. President, this is an amendment which has been accepted by the Committee on Finance in prior times but for some reason never reached the floor. I think the simplest way for me to explain it is to read a very brief statement by the Department of the Treasury in regard to this matter. The purpose is to provide for an increase in the amount of carbon dioxide that may be contained in still wines. The Treasury Department's letter, which was written to the chairman of the committee, reads as follows:

Currently, wines are divided into two categories for tax purposes: still wines, and champagne and other sparkling wines. The rates on still wines are: 17 cents a gallon if containing not more than 14 percent of alcohol by volume; 67 cents a gallon if containing more than 14 percent and not more than 21 percent of alcohol by volume; and \$2.25 a gallon if containing more than 21 percent and not more than 24 percent of alcohol by volume. Champagnes and other sparkling wines are taxed at \$3.40 a gallon if naturally carbonated and \$2.40 per gallon if artificially carbonated.

Prior to the Excise Tax Technical Changes Act of 1958, the law and regulations regarding still wines provided no tolerance as to carbon dioxide content. This resulted in compliance and administrative difficulties because a certain amount of carbonation is a normal consequence of the fermentation process by which wine is produced. Furthermore, the addition to, or retention in, still wine of small quantities of carbon dioxide improves its character and flavor.

The aforementioned 1958 legislation provided that still wines could contain not more than 0.256 gram of carbon dioxide per hundred milliliters of wine. The tolerance level for carbon dioxide was accepted with the understanding that it did not include effervescent wine. As a matter of fact, the 0.256 gram level definitely achieved this objective because the first 0.196 gram of carbon dioxide dissolves in the wine without a pressure increase and is quite slowly released when the wine is poured.

The permissible carbon dioxide content of still wine was increased to 0.277 gram per hundred milliliters of wine by the Excise Tax Reduction Act of 1965. The change was supported by the argument "that the present definition is too restrictive to serve adequately the purpose intended." What the statement meant was that the degree of carbonation then permitted was so low that there were technical difficulties in determining when the limit was reached.

This proposal would further increase the amount of carbon dioxide permitted in still wine to 0.392 gram per hundred milliliters of wine.

The objective of the proposed increase is to improve the shelf life of wines of low alcoholic content, say below 10 percent of alcohol by volume. Still wines today generally do not contain less than 11-12 percent of alcohol by volume, but certain producers are working to expand the market for wines by producing wines with less than 10 percent of alcohol by volume. However, as the alcoholic content of a wine decreases, it tends to deteriorate more quickly because there is less alcohol to act as a preservative. If low alcohol content still wines were produced with a greater volume of carbon dioxide than now permitted, this would help preserve the color and flavor by displacing some of the

oxygen which reacts with the bacteria in the product. Certain chemical additives provide an alternative to increased carbon dioxide for stabilizing wine.

Wine containing carbon dioxide at a level of 0.392 gram per hundred milliliters would have some appearance of effervescence, i.e., there would be a very modest amount of bubbles released during the period the product was in the consumer's glass. But the effervescence would in no manner be comparable to that of champagne or similar wines which customarily have a carbon dioxide content of 0.980-1.176 grams per hundred milliliters. Consequently, we do not feel that wines carbonated to the 0.392 gram level would be purchased in lieu of champagne, or sparkling wines with a similar level of carbonation. In addition, it should be noted that labeling and packaging of still wine to misrepresent it as an effervescent wine is prohibited by regulations implementing the Federal Alcohol Administration Act and by section 5662 of the Internal Revenue Code.

There is a small amount of carbonated and sparkling wine marketed which was a level of carbonation not greatly in excess of the 0.392 gram level, e.g., some imported hard ciders, which could be affected by liberalizing the carbon dioxide content of still wine. It might be possible for producers to reformulate some of these products to come within the 0.392 gram limit, or some consumers thereof might transfer their purchases to still wines produced in accordance with the liberalized carbon dioxide levels proposed by H.R. 9716. These moderately carbonated wines enjoy an extremely limited market, however, and the revenue from them is not significant.

Since practically all the revenue from carbonated and sparkling wines come from champagne and wines with a similar high level of carbonation and we do not believe champagne sales would be affected by the proposed liberalization of the carbon dioxide content of still wines, the revenue effect of this proposal should be minimal.

The Treasury Department has no objection to the enactment of this provision.

For these rather complicated reasons, Mr. President, which make plain that this amendment should not be considered controversial—it should simplify life for producers of wine and produce better wine for some people—I urge its adoption.

Mr. HARRY F. BYRD, JR. Mr. President, this proposal passed the Senate in late 1972 as a part of H.R. 7577. The bill was passed late in the session. It did not go to conference and of course was not enacted. Since then, the House Ways and Means Committee has approved a proposal similar to the one offered by the distinguished senior Senator from California. That being the case, I see no objection to the proposal of the Senator from California.

Mr. CRANSTON. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CRANSTON. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without

objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of the bill insert the following new section:

SEC. —. REFUND OF MANUFACTURERS' EXCISE TAX PAID BY TRUCK DEALERS ON PARTS AND ACCESSORIES INSTALLED ON OR IN CONNECTION WITH THE FIRST RETAIL SALE OF LIGHT-DUTY TRUCKS.

(a) IN GENERAL.—(1) Section 6416 (b) (2) (relating to special cases in which tax payments are considered overpayments) is amended by—

(1) striking "or" at the end of subparagraph (R);

(2) striking the period at the end of subparagraph (S) and inserting in lieu thereof "; or"; and

(3) adding at the end thereof the following new subparagraph: "(T) in the case of any article taxable under section 4061 (B), sold on or in connection with the first retail sale of a light-duty truck, as described in section 4061 (a) (2), if credit or refund of such tax is not available under any other provision of law."

(2) Section 6416 (1) (relating to meaning of terms) is amended by adding at the end thereof the following: "For purposes of subsection (b) (2) (T) the term 'sold on or in connection with the first retail sale' includes any article sold within 30 days after the first retail sale of a light-duty truck."

(b) Effective Date.—The amendments made by this subsection shall apply to parts and accessories sold after the last day of the month in which this Act is enacted.

Mr. CRANSTON. Mr. President, this amendment would correct an unfair situation arising out of Congress repeal in 1971 of the automobile excise tax. Along with automobiles, the tax was lifted on light-duty trucks and buses. At the same time, parts and accessories sold by the vehicle manufacturer as part of the truck were relieved of the separate 8-percent excise tax on truck parts and accessories.

However, parts and accessories sold separately by another manufacturer to be used on the new truck are still subject to the 8-percent tax, because they are not part of the original equipment coming from the vehicle manufacturer.

So if a customer buys a new truck, it comes with tax-exempt parts and accessories. But if he wants to purchase a separate bumper or other accessory to be installed on the new truck, he has to pay an 8-percent excise tax on that bumper; even though it is sold to him at the same time he buys the truck.

My distinguished colleague from Georgia, Senator TALMADGE, brought this inequity to the attention of the Finance Committee. I believe toward the end of the 92d Congress. As I understand it, the committee adopted a proposal at that time to lift the tax and accessories and parts sold in connection with the first retail sale of a light-duty truck. But it was never brought to a vote in the Senate.

So my amendment, Mr. President, is substantially the same as the measure accepted by the Finance Committee in the last Congress. It provides that the 8-percent manufacturer's excise tax on truck parts and accessories is not to apply in the case of any part or accessory sold on or in connection with the first retail sale of a light-duty truck. It provides a refund or credit where the parts

and accessories tax has already been paid by the manufacturer and it is thereafter determined that the sale of the part or accessory is tax free.

I am told, Mr. President, that the Treasury Department has no objection to this amendment. In fact, the amendment was drafted with the assistance of Treasury officials.

The revenue loss is estimated to be under \$3 million per year.

Mr. President, this amendment would be very fair to small manufacturers who are discriminated against in a way that gives an advantage to the Big Three automobile manufacturers.

Mr. HARRY F. BYRD, JR. Mr. President, this amendment was approved by the Committee on Finance in the closing days of the last session. We have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CRANSTON. I thank the Senator very much.

Mr. BENNETT. Mr. President, yesterday the Senator from Utah offered an amendment and the Senator from Wisconsin requested it lie over until today.

I ask that the clerk report the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

(c) CERTAIN DIVIDEND INCOME RECEIVED FROM A NONINCLUDABLE LIFE INSURANCE COMPANY.—In the case of an affiliated group of corporations filing or required to file a consolidated return under section 1501 for any taxable year, there shall be excluded from consolidated personal holding company income and consolidated adjusted ordinary gross income for purposes of this part dividends received by a member of the affiliated group from a life insurance company taxable under section 802 that is not a member of the affiliated group solely by reason of the application of paragraph (2) of subsection (b) of section 1504.

SEC. 2. The amendment made by the first section of this Act shall apply to taxable years beginning after December 31, 1973.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT. 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. BENNETT. Mr. President, the Senator from Wisconsin is in the Chamber now, and I would be very happy to respond to any questions he may have about the amendment.

Mr. PROXMIER. Mr. President, yesterday we had a discussion about this amendment, and because it was an amendment that had not been offered before and because it was a somewhat complicated amendment, I discussed it with some members of the staff of the committee and others. It was suggested that we defer until today the consideration of the amendment and the Senator from Utah very graciously did so.

Since then we have had an opportunity

to examine the amendment. It is a good amendment. It does remove an inequity for a company. There is no Treasury loss; there is no objection on the part of the Treasury Department. No precedent is established for the future. It is a good proposal, and I am happy to support it.

Mr. BENNETT. Mr. President, I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The amendment was agreed to.

Mr. KENNEDY. Mr. President, I call up an unprinted amendment relating to personal tax exemptions.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

At the end of the bill insert the following new section:

SEC. 20. INCREASE IN PERSONAL EXEMPTIONS TO \$850

(a) Effective with respect to taxable years beginning after December 31, 1972—

(1) section 151 (relating to allowance of personal exemptions) is amended by striking out "\$750" wherever it appears, and inserting in lieu thereof "\$850";

(2) section 6012(a)(1) (relating to persons required to make returns of income) is amended by striking out "\$750" wherever it appears and inserting in lieu thereof "\$850", by striking out "\$2,050" wherever it appears and inserting in lieu thereof "\$2,150", and by striking out "\$2,800" wherever it appears and inserting in lieu thereof "\$2,900"; and

(3) section 6013(b)(3)(A) (relating to assessment and collection in the case of certain returns of husband and wife) is amended by striking out "\$750" wherever it appears and inserting in lieu thereof "\$850" and by striking out "\$1,500" wherever it appears and inserting in lieu thereof "\$1,700".

(b) Effective with respect to wages paid on or after the 30th day after the date of enactment of this Act, the table contained in section 3402(b) (relating to percentage method of withholding) is amended to read as follows:

Percentage Method Withholding Table	
Payroll period:	Amount of one withholding exemption
Weekly	\$16.33
Biweekly	32.67
Semimonthly	35.42
Monthly	70.83
Quarterly	212.50
Semiannual	425.00
Annual	850.00
Daily or miscellaneous (per day of such period)	2.26

Mr. KENNEDY. Mr. President, the purpose of this amendment is to increase the personal exemption under the Federal income tax law from its present level of \$750 to a new level of \$850, retroactive to the tax year 1973.

The biggest danger facing the Nation today is an energy-induced recession in 1974. The problem was clear before the Arab oil embargo last October, but it became a crisis as the oil shortage

worsened. Early last fall, the administration was already talking of a "soft landing" for the economy in 1974, but the sudden new crisis over energy has made a "crash landing" much more likely. Economists are virtually unanimous now in predicting a recession, with 6 to 8 percent unemployment, in 1974. Already, the unemployment rate is creeping up. And the fourth quarter figures for 1973 show that the Nation's real economic growth has slowed substantially; the first two quarters of 1974 are likely to show zero or negative growth. If that happens, the Nation will be in recession once again.

The classical economic remedy for a recession is a tax cut, to stimulate the economy. It worked brilliantly to get the economy moving again in the early 1960's, and it can work well again today. If we can get more purchasing power into the hands of consumers to stimulate the economy, we can blunt the recession before it takes hold. And at the same time, we can help offset the impact of high food and fuel costs in every family's budget.

The best prompt dose of fiscal stimulus is through the Tax Code, and that is the purpose of the amendment I am proposing. A \$100 increase in the personal exemption, from \$750 to \$850, would provide \$3.5 billion in new consumer purchasing power, as a badly needed shot in the arm for our sick economy. Its impact will be felt immediately. By adding it to the tax bill now on the Senate floor, and by making it retroactive to tax year 1973, people filing their returns between now and April 15 will benefit immediately, and the Nation will be the winner.

At the same time, such a fiscal stimulus to blunt the impact of recession will in no substantial way retard our fight against inflation. To a large extent, the inflation that exists today is already locked in by pressures of the past, and it is confined largely to the areas of food and fuel. Fiscal policy by Congress cannot do anything to curb that inflation now. What fiscal policy can do is to prevent a recession on top of inflation.

The bulk of the increment in consumer spending produced by this amendment will go into areas where the economy is already sagging, and where recession is now an imminent threat. In fact, the proposal means extra employment for workers, extra income for families, and extra profits for business, in all of the areas of the economy now facing serious dangers of layoffs, economic hardship, idle plant capacity, and all the other distressing consequences of recession.

To be sure, a small portion of this new consumer spending will find its way into food and gasoline, the only two important areas where inflation today is a serious problem. But the real advantage of a tax cut in so many other areas of the economy where recession, not inflation, is the problem, far outweighs the disadvantage of increased spending in these areas. The administration has other tools to control inflation here, if only it will use them. Congress may not be able to legislate economic competence in the administration's management of

the economy, but at least Congress can act now to try to prevent a serious recession in 1974, especially when the warning signs are so obvious.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a fact sheet describing the amendment.

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

KENNEDY AMENDMENT—RAISE PERSONAL TAX EXEMPTION TO \$850

TERMS

Raise the allowance for personal exemptions in the Federal income tax law from its current level of \$750 to a new level of \$850.

PURPOSE

(1) offset the increase in the cost of living since the personal extension was last increased in 1971.

(2) provide a needed one-shot fiscal stimulus to the economy to avert the imminent danger of a recession in 1974.

REVENUE EFFECT

\$3.5 billion loss to the Treasury; \$3.5 billion stimulus to the economy.

LEGISLATIVE HISTORY

In the Tax Reform Act of 1969, Congress enacted progressive increases in the personal exemption, raising it from the pre-existing level of \$600, as follows:

1970	\$625
1971	650
1972	700
1973	750

In the Revenue Act of 1971, Congress accelerated the increases and established a level of \$675 for 1971 and \$750 for 1972, where it remains today.

CONSUMER PRICE INCREASED

Since December 1971, the Consumer Price Index has risen from 123.1 to 138.5, for an overall two-year gain of nearly 13%. The increase in 1973 alone was nearly 9%. A rise in the personal exemption from \$750 to \$850 is an increase of slightly over 13%, which almost exactly offsets the rise in the cost of living since Congress last acted. To offset anticipated inflation in 1974, the personal exemption would have to exceed \$850.

ECONOMIC (FISCAL) POLICY

Economic experts are virtually unanimous in their predictions of an energy-induced recession in 1974. Growth is already slowing, the economy is sagging in many areas, and unemployment is rising.

A fiscal stimulus is the now classical response of economic policy to economic downturns and recessions. The well-known general tax cut of the early 1960's ended a period of recession and stagnation and launched the longest uninterrupted period of growth and price stability in our history.

The most rapid fiscal stimulus is a tax cut. The pending bill, retroactive to the 1973 tax year, will pump the stimulus into the economy now, when it is needed most, when action by Congress can ward off a recession, or at least blunt its impact.

The stimulus will not seriously impede the fight against inflation. Apart from food and fuel, where inflation is serious, Phase IV has worked reasonably well. Fiscal policy can't be used against today's inflation, but at least it can be used to soften the burden of the looming recession.

SUPPORT OF ECONOMISTS

The proposal for a fiscal stimulus has the strong support of economic experts, including Walter W. Heller and Arthur M. Okun, past Chairmen of the Council of Economic Advisers.

Mr. KENNEDY. Mr. President, the precedent for this amendment goes back to 1969, when Senator Albert Gore offered amendments to increase the personal exemption. At that time, it was felt to be essentially a move to provide some kind of equity in the exemption provision of the Tax Code. In 1969, Congress made increases in the personal exemption to \$625 in 1970, to \$650 in 1971, and to \$750 in 1973, where it remains today.

The Consumer Price Index since 1971 has raised from 122.1 to 138.5, for an overall gain of nearly 12 percent. If this amendment is accepted, the impact is exactly enough—the same 13 percent—to offset that inflation.

In effect, what we are doing with the personal exemption is offsetting the Consumer Price Index increases for inflation we have seen over the period from 1971 to 1973. The people who obviously will be most assisted by this measure will be those who have been hardest hit in the cost of food, fuel, and other increases.

Economic experts are almost unanimous in their opinion that there will be an energy-induced recession in 1974. They point out the anomalous situation in 1974 that we are going to have both inflation and a recession-inflation because of the pressures that are being added to the economy in the fuel and food areas, and a recession because of the energy crisis and the generally slack economy.

Now, we are coming into the period where the taxpayers of this country will be filling out their tax forms. This amendment will increase their personal exemption to the same extent that their cost of living has been increased by the Consumer Price Index rise; namely, 13 percent. It makes up for that inflation.

In addition, as I have indicated, this measure makes sense economically. It has the support of some of our leading economists. It provides a fiscal stimulus to the economy, which is necessary and essential if we are to offset the recession and unemployment and hardship on many parts of our economy. It will also provide some degree of assistance to the many people around this country who have been paying highly inflated prices for fuel and food this year.

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

Mr. KENNEDY. I yield.

Mr. PASTORE. I merely want to congratulate the Senator from Massachusetts. I realize what the opposition is going to be. The opposition is going to be that the Treasury is going to lose about \$3 billion with the rise in exemption from \$750 to \$850.

We had Walter Heller, who is a renowned economist, come before the Policy Committee only yesterday. He made the very same prediction that the Senator from Massachusetts is making now. Unless we are very careful, we are going to steer ourselves into a recession in this year of 1974.

His argument was that the only way to alleviate or eliminate this happening is to raise the personal exemption. That was the best way to do it, because it would put the money in the pockets of

the people who spend it, in the pockets of people who have families.

When the question was asked as to how much money we are going to lose, he said about \$3 billion; but he said it is well worth while because if we can avoid a recession and bringing our economy to a stop, it is worth \$3 billion to keep the wheels of our economy going.

I want to congratulate the Senator from Massachusetts. This proposal has not been picked out of thin air. There is nothing frivolous about it. It has tremendous merit. I realize the problems that might confront the members of the committee. By raising the exemption, there might be a loss of income of about \$3½ billion. But I repeat, again, it might be well worth that amount to avoid a recession in the year 1974.

Mr. KENNEDY. I appreciate the comments of the Senator from Rhode Island. I do hope that it might be possible to gain acceptance of the amendment. I agree with what the Senator has said. I think it is sound economic policy and also sound social policy.

From 1948 until 1969, the personal exemption was \$600. It was only in 1969 that the amount was adjusted. A phased increase was made from \$600 to \$750 in 1969, to redress the imbalance caused by the failure of Congress to adjust the level in the two preceding decades.

We have found that the increase in the rate of inflation has been approximately 13 percent during the past 2 years. This additional \$100 would offset that increase for a great number of taxpaying families throughout the country. It would provide needed stimulation and a sense of equity. Also, it is a very concrete and direct way for Congress to assist the millions of homeowners and citizens of the country who have been so severely harassed because of the increase in fuel and food prices.

I would hope that the amendment would be accepted.

Mr. HARRY F. BYRD, JR. Mr. President, the committee is opposed to this amendment. It is a very expensive amendment. It will reduce revenues by \$3.5 billion.

Already, without this amendment, it is projected that the deficit will be very high during the coming fiscal year, somewhere around \$10 billion, unless we go on the theory that we can get something for nothing.

This amendment, if adopted, will lead to more inflation. It will further increase inflation. I do not agree that we can increase the deficit and pile up more and more deficit with no more money to pay for it; that we can just add to the deficit and pile up the inflation. But that is what this amendment would do.

More than that, the amendment is unworkable. The amendment at the desk provides for an effective date of December 1972, to be applied to the tax in 1973. The tax forms have already been printed and distributed, and many taxpayers have already paid their taxes and sent in their forms. So it seems to me, considering the amendment from a number of angles, that this would be a very undesirable amendment for the Senate to approve.

When we talk about an additional deficit or adding to the deficit—which we already have done—adding \$3.5 billion, it seems to me, is something that needs careful consideration.

Mr. LONG. Mr. President, will the Senator from Virginia yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. LONG. Are we to understand that this amendment proposes a retroactive tax cut; proposes a tax cut on income of last year?

Mr. HARRY F. BYRD, JR. That is what the proposal says. It would be effective with respect to the taxable year beginning after December 31, 1972.

Mr. LONG. So this would give a \$3.5 billion tax cut for taxes that have already accrued and been paid to the Treasury on withholding? Is that correct?

Mr. HARRY F. BYRD, JR. The Senator is correct.

Mr. LONG. So where the employees and the employers have made out their withholding statements based on what the tax law was up to this point, this, in effect, would give a refund on taxes that they paid during the last year, 1973. Is that correct?

Mr. HARRY F. BYRD, JR. The taxpayers would be entitled to refunds. It would not be every taxpayer, but many of them would be.

Mr. LONG. So many of those who have already paid their taxes would be reimbursed the taxes that they have paid all during the last year, 1973, under this amendment. Do I understand that to be correct?

Mr. HARRY F. BYRD, JR. The Senator is correct. This amendment would become effective after the taxable year 1972. So, it would be effective for the calendar year 1973. We are now in 1974.

Mr. LONG. Even though the forms have already been printed and distributed to the taxpayers and the withholding has been occurring during all four quarters of last year, and it is to late now to print new forms?

Mr. HARRY F. BYRD, JR. The Senator is correct. The forms have gone out. The Senator from Louisiana is quite correct.

I want to state again our financial situation. I doubt if some Members of the Congress are aware that for the last 5 years, ending this coming June 30, we will have a Federal funds deficit, an accumulated Federal deficit, of \$116 billion in that 5-year period. And that represents 25 percent of the total national debt. That will have occurred during that 5-year period.

This would add approximately an additional \$4.7 billion in fiscal year 1974 and an additional \$3.5 billion in fiscal year 1975 as far as the new budget which the President will send to the Congress this month. And that will have a built-in deficit of something around \$10 billion.

Even without this amendment, I think it would be a tremendous mistake from the point of view of the people of our Nation to pass this legislation. It will further increase the inflation. That inflation will eat deeper into every housewife's grocery dollar and into every wage earner's check.

The committee opposes the amendment.

Mr. KENNEDY. Mr. President, I hoped that we would have a better argument in opposition than the technical argument raised about the complications and the paperwork for the Treasury Department. It would not be difficult to set up some kind of system for refunding the amounts that would accrue under the amendment. Most taxpayers have not even totaled their tax returns for 1973 yet.

The argument in opposition to this amendment is basically a technical argument and is perhaps the weakest argument that could be made.

We also hear the argument that it will cost too much. But let us think what it will cost if we do not pass it. For every percentage point increase in unemployment, there will be another 1 million men and women unemployed. And if we assume that they each pay \$1,000 in taxes, that would be \$1 billion right away. If the unemployment rate rises from 5 percent today to 8 percent this year, the loss will be \$3 billion in lost taxes.

Nor do I hear any discussion from the manager of the bill, if we have 8 percent unemployment, how many billions of dollars we will have in increased welfare costs and increased social services costs for the people of this Nation.

Are we only going to consider the cost around here of adding \$3 billion to the Federal deficit?

We have a trillion dollar economy. It ought to be growing at the rate of 3 percent a year. That is a \$30 billion increase in real growth each year. Think what a recession means to business—zero growth or worse, a loss of \$30 billion or more a year. The country simply cannot afford that sort of loss, especially when we could avoid it by spending \$3 billion now.

And are we also going to think in the terms of the human cost, the thousands of people who will be unable to make a decent living and pay their own taxes and keep the American economy going?

This is sound economic policy. This idea and this concept are supported by two former Chairmen of the Council of Economic Advisers to the President, Walter W. Heller and Arthur M. Okun.

This makes sense from a fiscal point of view. It makes sense from an economic point of view.

When we were home during the recess we heard questions concerning what the Congress is going to do to provide relief to the people from the extraordinary increases in the prices of food and fuel. We can do something and we can do something this afternoon.

It makes sense from the fiscal point of view and from the economic point of view. It is the kind of measure that can afford considerable relief to millions of taxpayers in this country at a time when they need it.

I will say to the floor manager of the bill that after we dispose of this measure, I will offer a program to reform the minimum tax that will provide close to \$900 million, as a way to recoup some of the revenue loss. However, that program

would take the money from the people who are earning over \$100,000 a year and who are not paying their fair share of the taxes. But it will still offset the cost.

Mr. LONG. Mr. President, I would have the Senator realize that, notwithstanding all of the very fine intentions that the Senator from Massachusetts has in this area, this is not the only thing that we can do to help the poor. For example, we voted for and have in conference with the House now a low income tax credit proposal for the poor who have a family of 4 and make \$4,000 a year in income. That measure would increase their income by the amount of income tax credit which applies against the social security tax and all other taxes they pay. That would be worth \$400 a year to each of those poor families. We have that measure in conference with the House, and we hope that they will agree to it.

The proposal to increase the personal exemption would not be worth 1 cent to people who are in that situation. Unfortunately, their income is so low that they do not pay any income tax.

In addition to that, we have in conference right now a proposal by the Senator from Maine (Mr. MUSKIE) which has great appeal to the Senate. That would freeze, and I believe that it could be used to roll back, the increased medicare cost that the poor and the aged pay when they go into the hospital. That would save them the first \$6 of what they pay for medical expenses when they apply for help.

In addition, I have a measure and the Senator from Massachusetts has a measure which we are pressing because we want to pay additional health expenses of people who have very heavy health expenses.

The proposal I have sponsored would cost the Government about \$10 billion a year, out of which we would raise \$3.5 billion approximately in taxes to pay for it. The other \$5.5 billion would have to come from general revenues.

It would cost a great deal more than that, although in both proposals it could be argued that it will be coming out of the family budget one way or the other. A great deal of this money that people are spending is from personal income and we would substitute tax income to pay for it. The net expense on the citizens might not be a great deal each year. However, it would cost the Government a great deal of revenue. It would put us in greater debt.

I have only covered two very costly and very good proposals that have been added to a bill that we are trying to get the House to agree to.

The Senator from Indiana (Mr. HARTKE) had a proposal to help the blind. We had a proposal to help the disabled. All of those welfare proposals would not be funded, even though we proposed a tax increase to fund most of the social security benefits we proposed.

I submit that with all of the merit that is addressed to the Senator's amendment—and there is a great deal of merit—we could find ways in which to spend every dollar of this, ways that would have a higher priority in helping

the poor, the sick, the disabled, and each one of those for whom we hope to find employment so that they might improve their position in better way than with an increase in the personal exemption.

Mr. President, it has great appeal to people to say that we ought to increase the personal exemption, because every income taxpayer could benefit from it. But no one knows any better than Walter Heller, and no one knew any better than John F. Kennedy, who appointed Walter Heller to be his economic adviser, that you can find other ways to cut taxes to help the poor a lot better than just to raise the personal exemption.

For example, it was John F. Kennedy who proposed—and I was proud to stand here on this floor and help pass it—the proposal which caused a person in a lower income bracket to get a much higher tax deduction and much more tax help. It is the increase in the minimum standard deduction to which I am referring, which caused those in the lower income brackets to get much more tax advantage than those in the upper brackets.

In terms of dollars, as we all know, if a person is in the 70-percent bracket, when you increase this personal exemption by \$100, it is worth \$70 to him. But when you increase the poor man's exemption by \$100, it is only worth \$14. So a wealthy person would get a \$70 tax benefit, while a poor person would get only a \$14 benefit.

You could do the same thing, if you wanted to, by increasing that minimum standard deduction to make it worth \$100 to a poor man and not worth 5 cents to a man already making \$1 million a year. So there are other ways to provide tax relief that would do more for the poor.

In terms of doing something to stimulate the economy, I just happen to think there is nothing that can be done right now to stimulate the economy more than to press through an effective way of reducing the interest payments that little people, and particularly young couples, have to pay when they buy a home and sign a mortgage where they are committed to pay twice as much money for their interest as they pay for the house itself. There is no reason why to do something about that should cost this Federal Government anything.

It would seem to me that if we will ever break away from this thing of rationing credit on the basis of who can pay the most for it, and instead direct a certain portion of our credit into the housing field and certain other areas where people are going to need it for the good of this great Nation, to build their families and do that which we would expect to be the aspiration of every American citizen, we could do a great deal to move this economy ahead in ways that will not cost us anything.

As a matter of fact, if we can prevail on the Federal Reserve Board to bring the interest rates down—and I have tried to do something about that without much success, but I have made a little effort—we could do a great deal to save the Government money, because the Government is one of the greatest bor-

rowers and payers of interest of them all, and it would also help every little family.

So, much as I applaud the Senator for proposing this tax relief and being concerned about this matter, I believe, Mr. President, that if we give it more study, we can find ways where we can even more effectively meet the purposes the Senator has in mind.

Mr. President, \$3.5 billion is a great deal of money. As a matter of fact, I am led to believe that in this fiscal year impact on the budget would be 50 percent greater than that, because it involves a refund of \$3.5 billion for all of calendar year 1973 which would be paid in this fiscal year, plus the first half of calendar year 1974 which is in this fiscal year, assuming withholding could be changed in time. So there would be a first-year tax loss in this fiscal year of over \$5 billion.

Those things are very important matters that we have to take into account. I do hope, Mr. President, that we can effectively meet whatever is necessary to prevent this Nation from having a recession, but I do think that we have other alternatives, and we should explore them before we move headlong into one proposal, when I think that there are others that might meet the purpose better.

Mr. KENNEDY. Mr. President, just very briefly, I want to commend the distinguished Senator from Louisiana for the work that he has done in providing for the work-bonus amendments to the social security program—I supported those amendments here on the Senate floor, and commended him for doing so—and I also commend him for the minimum standard deduction. The Senator is to be commended for the strong leadership that he has provided in these areas, by providing a better system of tax justice.

But, Mr. President, much as the Senator is concerned about interest rates, and about some kind of help and assistance to young families that are trying to buy a house, that is a question of monetary policy and will be decided by the Federal Reserve, not by the U.S. Senate.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. KENNEDY. I yield.

Mr. LONG. As the Senator knows, the power of the Federal Reserve is something that Congress delegated it. I feel, however, as long as we have the present membership we have on the Federal Reserve Board, we may be wishing in vain.

Mr. KENNEDY. I think the Senator is quite correct. But what we are talking about at the present time, Mr. President, is the particular economic situation that we find ourselves in, and the predictions and projections that we are going into a serious economic downturn, probably a recession, in the first 6 months of this year.

What this amendment would do is provide an economic stimulation for this particular time. It is a fiscal policy measure.

Just as President Kennedy stood for the minimum standard deduction, he also stood for a general tax cut in the early 1960's which also provided a stimulation to the economy. And, as a result, we had the longest period of economic growth

and price stability in the history of the country.

I am interested in the tax reform measures which the Senator from Louisiana has referred to, and additional tax reform measures providing a better system of tax justice. I know the Finance Committee is going to be considering such proposals during the course of this year. The Ways and Means Committee is going to be considering tax reform and tax justice, and we will be debating those measures.

But this is an important economic measure that demands action now. It is supported by two of the most distinguished former members of the Council of Economic Advisers, who feel that it is essential to meet the economic demands and needs of this country at the present time. It also has the additional attraction of providing some degree of equity and a sense of justice and fairness to people who are hard hit by the fuel shortage and the increase in food prices. It is something that can be done immediately, and provide the stimulation which is so essential and so necessary if we are going to avoid the dire predictions and projections that have been made by economists and bankers.

Mr. BUCKLEY. Mr. President, while sympathetic to the concept of a more realistic personal exemption for tax purposes, I am concerned that no hearings have been held on the special proposal made in this unprinted amendment. One thing that we do know, based on the information supplied by the Senator from Massachusetts, is that it will cost the Treasury \$3.5 million at a time when we are already facing substantial deficits. It will, therefore, help fuel the inflationary process that today constitutes our greatest domestic economic problem—one that is particularly cruel to the poor and the aged. I, therefore, feel that the Kennedy proposal should be scheduled by the Committee on Finance before the Senate is asked to vote on it. I shall, therefore, vote against its adoption at this time.

Mr. KENNEDY. Mr. President, I am prepared to vote. I intend to ask for the yeas and nays. Until we get a sufficient number of Senators present to do that, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. 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. KENNEDY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts (Mr. KENNEDY).

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 Delaware (Mr. BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Hawaii (Mr. INOUE), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Alabama (Mr. SPARKMAN), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Georgia (Mr. TALMADGE) and the Senator from New Jersey (Mr. WILLIAMS) are absent on official business.

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

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), and the Senator from North Carolina (Mr. HELMS) are necessarily absent.

The result was announced—yeas 53, nays 27, as follows:

[No. 11 Leg.]

YEAS—53

Abourezk	Hart	Moss
Aiken	Haskell	Muskie
Allen	Hatfield	Nelson
Bible	Hathaway	Nunn
Brock	Huddleston	Packwood
Brooke	Hughes	Pastore
Burdick	Jackson	Pearson
Byrd, Robert C.	Johnston	Pell
Case	Kennedy	Ribicoff
Chiles	Magnuson	Schweiker
Church	Mansfield	Scott, Hugh
Clark	Mathias	Stafford
Cook	McGee	Stevens
Cranston	McGovern	Stevenson
Dole	Metcalf	Symington
Domenici	Metzenbaum	Weicker
Fulbright	Mondale	Young
Gravel	Montoya	

NAYS—27

Baker	Eastland	Percy
Bartlett	Fannin	Proxmire
Beall	Fong	Roth
Bennett	Griffin	Scott,
Bentsen	Gurney	William L.
Buckley	Hruska	Stennis
Byrd,	Javits	Taft
Harry F., Jr.	Long	Thurmond
Cotton	McClellan	Tower
Curtis	McClure	

NOT VOTING—20

Bayh	Goldwater	McIntyre
Bellmon	Hansen	Randolph
Biden	Hartke	Sparkman
Cannon	Helms	Talmadge
Dominick	Hollings	Tunney
Eagleton	Humphrey	Williams
Ervin	Inouye	

So Mr. KENNEDY's amendment was agreed to.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUGHES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 920

Mr. KENNEDY. Mr. President, I call up amendment No. 920, on behalf of Senators NELSON, MUSKIE, BAYH, and myself, as well as Senators STEVENSON, INOUE, HUMPHREY, HASKELL, and MCINTYRE.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the appropriate place in the bill insert the following new section:

Sec. . (a) Section 56 of the Internal Revenue Code of 1954 (relating to imposition of minimum tax for tax preferences) is amended—

(1) by striking out subsection (c);

(2) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) IN GENERAL.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to income of every person, a tax equal to 10 percent of the amount (if any) by which the sum of the items of tax preference exceeds the excludable amount,";

(3) by striking out "\$30,000" in subsection (b)(1)(B) and inserting in lieu thereof "\$10,000"; and

(4) by inserting a new subsection (c) as follows:

"(c) For the purpose of subsection (a) of this subsection, the excludable amount shall be \$10,000."

(b) The amendments made by this section shall apply to taxable years beginning after December 31, 1973.

Mr. KENNEDY. The purpose of the amendment is to close two of the most serious loopholes in the minimum tax; the so-called "deduction for taxes paid" and the \$30,000 exemption. On the basis of figures for calendar year 1972, the amendment will generate increased tax revenues totaling \$860 million.

The minimum tax is the imaginative technique enacted by Congress as part of the Tax Reform Act of 1969, in an effort to insure that all citizens with substantial income would pay at least some tax on their income, thereby ending the gross tax inequity by which thousands of wealthy taxpayers were able to use the loopholes in existing law to avoid large amounts of taxes they ought to pay, or even to avoid taxes altogether.

In effect, the minimum tax is supposed to be a "bucket under a sieve." It is designed to impose a modest tax on all income that slips otherwise untaxed through the many loopholes in the existing Revenue Code. If the minimum tax fulfills its function, no one with substantial income would be able to avoid paying a fair share of taxes on his income.

Under the present minimum tax, a person is taxed at the rate of 10 percent on the sum of his income from tax preferences, which include most, but not all, of the major tax loopholes, less a \$30,000 exemption and less the amount of regular income taxes owed.

Unfortunately, the minimum tax does not adequately fulfill its function. In 1970, for example, the first full year of operation, the revenue yield was a paltry \$117 million from individuals, compared to an anticipated yield of \$290 million when it was enacted in 1969. In 1971, the yield was little better, only \$163 million from individuals.

Because of the loopholes in the minimum tax—principally the deduction for taxes paid and the \$30,000 exemption—its effective rate in 1971 on individuals was only 2.6 percent, compared to the statutory rate of 10 percent, and the effective rate on corporations was only 4.8 percent. And, as a result of the loopholes in the minimum tax, 74,000 individuals, reporting tax loophole income totaling \$2.2 billion, paid no minimum tax at all. Similarly, 75,000 corporations, reporting tax loophole income totaling \$1.6 billion, paid no minimum tax at all.

Because of the exemptions and deductions written in at the beginning and in subsequent years, the minimum tax is itself a loophole-ridden tax—minimum in impact as well as name. As such, the minimum tax is the most aptly named provision in the tax laws. Instead of being a "bucket under a sieve," it is, instead, simply another sieve under the existing sieve.

The first of the two reforms I propose would eliminate the deduction for taxes paid. This deduction entered the revenue laws as an 11th hour Senate floor amendment to the Tax Reform Act of 1969. I opposed the amendment on the floor, but it was approved by a majority vote of the Senate.

In effect, this particular deduction has become an "executive suite" loophole, because it allows highly paid executives to use their large salaries to shelter large amounts of tax preference income against the minimum tax. But simply because a wealthy individual pays taxes on his salary just like everybody else, it does not follow that the taxes he pays should give him free entry to the "loophole club," by allowing him to amass large amounts of sheltered income, free not only from the regular tax, but free from the minimum tax as well.

Thus, the minimum tax works reasonably well in the case of individuals who pay little or no regular taxes, but it contains a gaping loophole in the case of individuals who pay substantial regular taxes. To me, there is no justification for allowing this loophole in the minimum tax to remain open. Simple tax justice requires that the minimum tax be applied even-handedly to all tax preference income. The amendment I am proposing today will achieve that result by eliminating the deduction for taxes paid.

The second reform would reduce the current \$30,000 exemption from the minimum tax to \$10,000. The existing exemption allows the first \$30,000 in tax loophole income to escape the minimum tax altogether. I believe the current exemption is excessive, and that a level of \$10,000 would eliminate much of the tax avoidance feature of the current law while insuring that the minimum tax comes into play at a reasonable level of tax preference income.

The \$30,000 exemption appears to be the loophole used by President Nixon to reduce his minimum tax to zero in 1971 and 1972, and to near-zero in 1970.

According to the information available, the President filed the required IRS form 4625 for the minimum tax in all 3 years since the tax was enacted—1970, 1971, and 1972—since he had many thousands of dollars in tax preference income derived from preferences such as excess investment interest, accelerated depreciation, and capital gains. Yet in only 1 of those years, 1970, did the President actually pay any minimum tax, and the amount paid that year was extremely small, \$792.81. In the other 2 years, in spite of his sizable tax preference income, the President was able to use the \$30,000 exemption in the law to reduce his minimum tax to zero.

The attachment explains the operation of the amendment in greater detail. As noted, I believe that the arguments against minimum tax reform based on the impact on capital gains and the depletion allowance have been grossly exaggerated in the past, and are far outweighed by the importance of the reforms involved. Wall Street did not blink and the oil industry did not miss a stride when Congress enacted far more substantial changes in capital gains and oil depletion in 1969.

In sum, the recent disclosures on President Nixon's tax returns and on the low rate of taxes paid by the large oil companies make a clear and compelling case for tax reform. The most obvious place to begin is with the minimum tax.

Mr. President, this amendment is offered on behalf of myself and the Senator from Maine (Mr. MUSKIE), who has been most interested in this whole concept, the Senator from Indiana (Mr. BAYH), who has also been an extremely effective advocate of tax reform, especially in this area, and the Senator from Wisconsin (Mr. NELSON), who fought for this program in the Committee on Finance, who has offered it in the committee and on the Senate floor on other occasions, and who has worked closely with us to gain its acceptance today.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a fact sheet prepared on the amendment.

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

AMENDMENT 920 TO H.R. 8214, KENNEDY-NELSON-BAYH-MUSKIE MINIMUM TAX AMENDMENT

PURPOSE

1. Repeal the step in the calculation of the minimum tax which currently allows a deduction for other taxes paid.

2. Reduce the current \$30,000 exemption from the minimum tax to \$10,000.

The proposed amendment makes no change in the tax preferences subject to the minimum tax, and no change in the current 10 percent rate of the minimum tax. It affects only the deduction for taxes paid and the \$30,000 exemption, the most obvious loopholes in the current minimum tax. The revenue gain from both provisions would be \$860 million.

CURRENT LAW

The minimum tax was enacted by Congress as part of the Tax Reform Act of 1969, in an effort to insure that persons with sub-

stantial amounts of untaxed income would pay at least a modest tax on such income. Under the present minimum tax, a person is taxed at the flat rate of 10% on the sum of his income from certain tax preferences, which include most, but not all, of the major preferences in the tax code.

But before the minimum tax is applied, a taxpayer gets two important deductions from his preference income: *First*, an automatic \$30,000 deduction; *Second*, a deduction for the regular income taxes he pays. These two deductions are largely responsible for the failure of the minimum tax to fulfill its promise.

DEDUCTION FOR TAXES PAID

This deduction allows substantial numbers of taxpayers to avoid the minimum tax completely, even though they have large amounts of income from their tax loopholes. In practice, the deduction is an "Executive Suite" loophole, since one of its principal effects is to allow highly paid executives to use the large amount of regular taxes they pay on their salaries as an offset against income they receive from tax loopholes. The following examples illustrate this point:

	A	B
Loophole income.....	\$100,000	\$100,000
Regular tax on salary....	100,000	100,000
Base for minimum tax....	0	100,000
Minimum tax.....	0	10,000

Individual A, who has \$100,000 in income from tax preferences but pays \$100,000 in regular taxes on his salary, owes no minimum tax. Individual B, who has \$100,000 in income from the same tax preferences, but who pays no regular taxes, owes a minimum tax of \$10,000. The minimum tax should operate equally on individuals A and B, yet the deduction for taxes paid lets A escape the minimum tax altogether. By closing the loophole for this deduction, the proposed amendment would insure that A pays a minimum tax on his preference income.

Contrary to arguments raised in the past against the proposal to repeal the deduction for taxes paid, this reform would have only a marginal impact on capital gains or on the percentage depletion allowance.

The effect of the change would be to increase the effective tax rate on capital gains in the highest bracket from its present level of 36.5% to 40%. But the 40% rate would apply only to that portion of capital gains over \$460,000, and it is still a bargain rate compared to the 70% tax rate on ordinary income at such levels.

The change would also have the effect of reducing the oil depletion allowance from its present "effective" level of approximately 18%, but the reduction would be less than a single percentage point. At a time of rising concern over excess profits on oil, the change is obviously *de minimis*.

In the Tax Reform Act of 1969, the maximum effective tax rate on capital gains was increased from 25% to 36.5%, with no measurable effect on Wall Street or the flow of capital to business. And the same Act reduced the effective rate of the oil depletion allowance from 27½% to 18%, with no measurable effect on oil company profits. If Wall Street and the oil industry could take these far more substantial reforms in stride in 1969, they can easily do the same with respect to the modest reforms now proposed in the minimum tax.

THE \$30,000 EXEMPTION

The second part of the amendment would reduce the existing \$30,000 exemption to \$10,000. The present level was set far too high by the 1969 Act. It enables wealthy taxpayers to enjoy their first \$30,000 in tax loophole income, completely free of the minimum tax. This was the provision used by President Nixon to reduce his minimum tax to zero in 1971 and 1972, and to near-zero in 1970.

By reducing the level to \$10,000, substantial amounts of income that are currently tax-free will become subject to the minimum tax. At the same time, the \$10,000 level will be high enough to prevent any substantial deleterious impact on middle-income taxpayers with modest tax preference income such as a capital gain on the sale of a home. In addition, the \$10,000 level will avoid any unnecessary inconvenience in the administration of the minimum tax, since it will not require the forms to be filed or the tax to be paid on modest amounts of tax preference income.

MAJOR TAX PREFERENCES SUBJECT TO MINIMUM TAX

Accelerated depreciation on real property, accelerated depreciation on personal property subject to a net lease, amortization of certified pollution control facilities, amortization of railroad rolling stock, stock options, reserves for losses on bad debts of financial institutions, depletion, capital gains, and amortization of on-the-job training and child care facilities.

MAJOR TAX PREFERENCES NOT SUBJECT TO MINIMUM TAX

Interest on state and local government bonds, intangible drilling and development expenses, interest and taxes during construction period of real estate, investment credit, gain on property transferred at death, gain on appreciated property given to charity.

EFFECT OF CURRENT LOOPHOLES

Individuals.—In 1971, 24,000 individuals paid \$163 million in minimum tax on loophole income of \$3.9 billion, for an effective tax rate of 4.1%.

But, 74,000 other individuals paid no minimum tax at all on loophole income of \$2.2 billion. Thus, the overall effective rate of the minimum tax on individuals is 2.0%, compared to the statutory rate of 10%.

Corporations.—In 1970, 6,000 corporations paid \$280 million in minimum tax on loophole income of \$4.1 billion, for an effective rate of 6.7%.

But, 75,000 corporations paid no minimum tax at all on loophole income of \$1.6 billion. Thus, the overall effective rate of the minimum tax on corporations is about 4.8%.

REVENUE GAIN FROM PROPOSED AMENDMENT

1. Elimination of deduction for taxes paid: [In millions]

Individuals	\$330
Corporations	250
Total	580

2. Reduction of exemption to \$10,000: [In millions]

Individuals	\$131
Corporations	20
Total	151

3. Combined amendments (because the two provisions interact, the total gain is greater than the sum of the separate gains from each): [In millions]

Individuals (80% from individuals over \$100,000)	\$585
Corporations	275
Total	860

Mr. MUSKIE addressed the Chair.

The PRESIDING OFFICER. The Senator will be in order. The Senator from Maine is recognized.

Mr. MUSKIE. Mr. President, I am delighted to join again with the distinguished Senator from Massachusetts in support of this amendment, also cosponsored by Senators BAYH, NELSON, STEVENSON, INOUE, HUMPHREY, HASKELL, and MCINTYRE. Twice last year we presented

a similar amendment and we were defeated on both occasions by narrow margins. Since then a great deal has happened to emphasize the burdens of taxation on important segments of our society, so I hope that today we will have the support of the majority of the Senate for this important needed reform of minimum tax.

The Senator from Massachusetts has given us some of the background for this so-called minimum tax. I would like to reemphasize some points he has made and add a few more.

Many tax shelters and tax preferences now serve to protect those with high incomes from paying their fair share of our tax burdens. Complicated tax dodges beyond the reach of most Americans give esoteric relief to the wealthy—gimmicky investments sold for their ability to defer and decrease normal taxes.

Unjustified shelters and preferences create a tax system which is fundamentally unfair. Preferences and shelters allow some of the richest Americans to pay little or no tax.

Unfair preferences and shelters create a tax system which is deceptive, transforming what were intended to be fair and reasonable progressive tax rates for the high income into an effective rate of about 30 percent for individuals with incomes of \$100,000 and more.

And unfair preferences and shelters add insult to the tax burden of low and middle income Americans: Those with incomes under \$20,000, who pay the majority of personal income taxes to the Federal Treasury.

Taxes are a weighty burden on the vast majority of Americans whose only source of income is their weekly wage, or the earnings of their stores, workshops, or farms. Americans saw their livelihood eaten away last year by a 9-percent overall cost-of-living increase, including a 22-percent increase in food prices, and now astronomical rises in gasoline and heating bills. The result last year was a 3-percent reduction in real income for the average working American. Most Americans caught in this squeeze are rightly demanding that the burden of Federal income taxes must be borne fairly.

Solution of tax injustice will require thorough tax reform. I have proposed a comprehensive Tax Reform Act, S. 1439, with the cosponsorship of Senators BAYH, HASKELL, HUGHES, PASTORE, and TUNNEY. My bill would produce \$18 billion in new Federal revenues, without increasing the burdens on low- and middle-income Americans. I am hopeful that Congress will devote the attention necessary to produce comprehensive tax reform along these lines before the end of 1974. Today is not the time to take that comprehensive step but we can take the first step toward that goal by strengthening the minimum tax, which goes to the heart of existing tax inequities.

Under current law, the minimum tax applies to nine items of tax preference: first, accelerated depreciation on real property; second, accelerated depreciation on net leased personal property; third, stock options; fourth, depletion allowances; fifth, capital gains; sixth, special amortization of pollution control

facilities; seventh, special amortization of railroad rolling stock; eighth, bad debt reserves for financial institutions; and ninth, special amortization for job training and child care facilities.

A reading of these nine items includes some which are designed to achieve some worthy objectives, and some which are less deserving. But the existence of these preferences makes it possible for many wealthy Americans to escape substantial taxation—or any taxation at all. The purpose of the minimum tax is to achieve a reasonable balance between the objectives to be served, and fair taxation.

The minimum tax, at a rate of 10 percent, is imposed on these items of preferential income, with three deductions allowed: a \$30,000 exclusion; the deduction of all Federal taxes paid in the current year; and the carryforward of any excess of the Federal tax deductions from the 7 previous years.

Our amendment would strengthen the minimum tax by applying it to preferential income now protected by the deduction for regular Federal taxes paid, and by a large part of the \$30,000 exemption. By making these two changes, the amendment would raise a total of \$855 million in revenue at 1972 income levels.

The first part of our amendment would repeal the deduction allowed for "regular" Federal taxes paid, and thus also repeal the carryover of that deduction.

By taking advantage of this deduction, taxpayers can shelter tax preference income to the extent that they pay Federal taxes on nonpreference income. Although this provision has no basis in logic, it effectively shields many taxpayers, such as those with high salaries and thus high regular income taxes, from paying the minimum tax.

Our amendment would further strengthen the minimum tax by reducing from \$30,000 to \$10,000 the exemption allowed before the minimum tax takes effect. A \$10,000 exemption would suffice to minimize any extra administrative burden of the minimum tax, as well as any burden it might impose on middle- or low-income taxpayers. But it would impose the moderate minimum tax on millions of dollars of tax preference income which goes primarily to the wealthy.

The object—and effect—of this amendment is to put us back on the road toward fairness in taxation. It would not perfect the tax code. Retrieving the bulk of the revenue lost through unjustified specific preferences can only be accomplished in a comprehensive tax reform measure. But strengthening the minimum tax would bring us closer to tax equality by narrowing the escape hatches for the wealthy.

The effect of the amendment on all but the very rich would be minuscule. The average individual taxpayer with income of \$50,000 or less now receives tax benefits from the depletion allowance, for instance, of only \$1.81, and from the capital gains provision of only \$31.62. It would be those taxpayers with incomes over \$100,000—who now reap the majority of benefits under these provisions—whose tax bills would be increased to reflect their fair share.

Our minimum tax reform amendment would be a first step toward tax justice.

I think it is appropriate to make another observation on the basic principle of fairness, with which this amendment is concerned. I had the privilege in Boston recently of conducting hearings, with the distinguished Senator from Massachusetts, on the impact of the rapidly escalating costs of energy upon various segments of our society.

It was clear from the testimony we received that the burden of the shortage has descended the economic ladder to the bottom rungs in three important ways.

First of all, with respect to supply: Those who are least able to pay for energy, who are least able to afford it, are most restricted by the shortage.

Second, with respect to price—

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

Mr. MUSKIE. I yield.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MUSKIE. Mr. President, second, with respect to price, New England has done a good job of conserving energy this winter. Overall, I think in addition to what has been saved because of a warmer winter, we have saved 17 percent in the consumption of energy. But interestingly, in the relatively high-income areas of southern New England, that saving is on the order of 12 percent. In the relatively low-income areas of northern New England, the saving is on the order of 18 percent.

In other words, we are in effect imposing rationing by income levels because of the enormously escalating price of energy. And so, in a second way, the burden of the shortage has descended the economic ladder to those who are least able to bear it.

And third, with respect to credit, enormously increasing costs have imposed working capital problems upon the small distributor and the small businessman who serves the home heating needs of the average citizen. Because credit terms made available to him have been restricted at the top of the ladder of distribution, he has had to restrict the credit terms that he traditionally gives to the poorest consumers.

So in those three ways, the burden of the present shortage has dropped to the bottom of the ladder.

Mr. President, and I detect—and I suspect all of my colleagues do—the feeling among our people that the whole system is inequitable, unfair, that it discriminates against those at the bottom of the ladder, and that it is exploited by those at the top of the ladder for their own benefit. This feeling is more pervasive than at any time I can recall in my political life of 25 years. And it is directed to the unfairness of the tax code as well.

Now, our amendment is a concrete way in which we can begin to redress the injustice of the tax system. I urge my colleagues to support this amendment.

I yield the floor.

Mr. THURMOND. Mr. President, I ask unanimous consent that Mr. Stanley Hackett, a member of my staff, be al-

lowed on the floor during the discussion of this matter.

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

Mr. BENNETT. Mr. President, there is no question that there is a problem with our present minimum tax proposal. We have been forced to listen to horrible examples of people with very high income who have escaped taxation completely. One could make a great demagogic charge of that, realizing that those people are using the same deductions that are available, in most cases, to everybody else. And I think we should give very careful consideration to an amendment of our present minimum tax law.

But in the spirit of the debate of yesterday, suggesting that it was unfair to come in here and present committee amendments that had not had hearings, we are now asked to make a tremendous change, a basic change, in our income tax system without even having had the opportunity in the committee to consider this change.

Mr. KENNEDY. Mr. President, will the Senator yield at that point?

Mr. BENNETT. I yield.

Mr. KENNEDY. What the Senator has said is really not accurate. This question of the minimum tax was considered by the Finance Committee and accepted by the Finance Committee in 1969. Extensive hearings were held. Then the committee acquiesced in the 11th hour change on the Senate floor, an amendment by the former Senator from Iowa, Mr. Miller, which opened up this serious loophole. This loophole was not created in the Finance Committee; it was created here on the floor, over the opposition of myself and a few other Members of the Senate.

All we are trying to do is go back to what the Finance Committee did in principle in 1969. What we are doing is conforming the bill to what the Finance Committee did in 1969. The only difference is that in 1969 the tax rate was 5 percent. It was changed to 10 percent on the Senate floor.

Mr. BENNETT. Mr. President, I think the Senator has given me a perfect example of what I am trying to say. We legislated on the floor in 1969 and made an error because we did not have the opportunity to examine all the possibilities. This is not the 1969 proposal. It has been changed again, a little here and a little there. I think the Finance Committee should have the opportunity again, in view of the difference in the economic situation between 1969 and 1974, about which much was made when we were discussing the last amendment, to look at the basic problem, and not again legislate on the floor, with the chance of again making a very serious mistake.

This amendment does not solve the problem of a high income taxpayer who avoids taxes. Under this amendment, he would continue to avoid taxes. However, it puts an additional tax on the back of the income taxpayer whose tax preference income is higher than \$10,000.

It would get right down into the income of the ordinary taxpayer who is already paying most of the burden.

The principal effect of the amendment would not at all affect the high income persons who are not now paying any taxes. And they are the people we are trying to get at with a minimum income tax.

The amendment would not increase the income tax liability of anyone who pays no tax. However, it would very substantially affect a large number of middle and lower income people who are already paying a substantial income tax.

The so-called minimum tax would become a disguised surcharge on certain items of income and deductions. It would increase the top effective rate of tax on individuals' capital gains from 36.5 to 40 percent.

About 85 percent of the present tax paid by individuals is on capital gains. That is now being paid by individuals, and not all of them are rich individuals.

For corporations, it reduces the rate of percentage of depletion on oil from 22 to 17.4 percent. Over half of the present minimum tax paid by corporations is attributable to depletion. Similar or greater reductions would be for individuals.

We are in the middle, as everyone in the country knows, of an oil crisis. We are all suffering because there is not enough oil to provide the energy that we need to run our cars, heat our homes, and supply feed stock and our manufacturing plants.

Maybe in the end it would be wise to reduce or to eliminate the oil depletion. That seems to be an easy answer, to punish the oil companies who suddenly find themselves in a better profit position than they did a year of two ago.

However, if we are going to solve the problem, we have to increase production. We have to have some kind of incentives to increase production. If we are going to do that, perhaps, the depletion allowance ought to be reduced. Maybe we should have an alternative suggestion. The President has made a recommendation and other Members of the Senate have made recommendations for shifting the tax burden to the oil industry and hopefully to increase the incentives. But to take this singlehanded action without any hearings or without consideration of other alternatives at this time when half a dozen committees of the Senate are studying the oil problem seems to me to be very shortsighted.

And I think that solving the energy crisis should be considered as part of the overall program.

As I have said, both Houses are now actively examining this question. I do not think that this shot in the dark will aid in its thoughtful solution.

In a time of inflation and rising costs changes in the taxation of capital investment should reflect congressional consideration of their impact on the availability of capital and savings.

The administration has proposed a new form of minimum tax which it hopes will solve the high income tax problem, which this amendment does not address directly.

This and other solutions should be carefully considered instead of handling them on the floor with no real considera-

tion by any member of the committee or of the Congress.

The amendment would introduce unwarranted complexity for low and middle income families. For example:

(i) 15% of the individuals affected would have adjusted gross incomes of less than \$15,000.

(ii) 29% of the individuals affected would have adjusted gross incomes of less than \$20,000.

(iii) 65% of the individuals affected would have adjusted gross incomes of less than \$50,000.

Mr. KENNEDY. Mr. President, will the Senator yield at that point?

Mr. BENNETT. I yield.

Mr. KENNEDY. Mr. President, I listened to the Senator earlier describe the figures concerning who would be affected. I do not recognize the amendment that the Senator described.

Who are the low-income people who have accelerated depreciation on real property? Who are the ones who have accelerated depreciation on personal property subject to a net lease, or amortization of certified pollution control facilities, or amortization of railroad rolling stock, or stock options? Do they sound like low-income people? They do not. It is the low-income people who are suffering from the unfair tax burden the law requires today. The Senator from Utah has the responsibility to use figures that tell the story fairly.

Mr. BENNETT. The figures I have cited were given by the Treasury. I cannot think of any fairer source of figures.

The figures the Senator from Massachusetts is using are apparently based on the theory that those kinds of deductions are the only ones involved. There are many individuals in the low-income range who are involved in percentage depletion. The Treasury says that of the individuals affected by this amendment, 15 percent have incomes under \$15,000; 29 percent have incomes under \$20,000; and 65 percent, or approximately two-thirds, have adjusted gross incomes of less than \$50,000.

So this is not the way to handle the problem. This amendment does not reach the man who pays no taxes, but it puts a surcharge on many of the individuals in tax brackets from \$15,000 to \$50,000. They are the ones who are carrying the heaviest burden now.

I think the amendment should be rejected. It should be rejected with the understanding, which, as a member of the Committee on Finance, I am sure I can give to the Senator from Massachusetts, that the whole question of the impact of taxation on our present problems is going to be given the most serious consideration by the Committee on Ways and Means and the Committee on Finance.

I think that if the Senator from Massachusetts would like to have hearings on his proposal, the Committee on Finance would be very glad to oblige him. I do not think we should be legislating a major change of this kind on the floor of the Senate without having had a chance, really, to explore other possibilities. The very fact that the Senator from Utah has one set of figures and the Senator from Massachusetts has an-

other is ample evidence to the Senator from Utah that we need reasoned hearings, based on prepared studies of the problem. We should not attempt to legislate this kind of program at this time in the afternoon when most Senators are not in the Chamber. Most Senators are unaware of the depth of the problem or its extent or its effect on middle-income taxpayers.

Mr. KENNEDY. The figures I am using are also Treasury figures. The point the Senator from Utah cannot get around is that in order to be required to pay a minimum tax, it is necessary for a taxpayer today to have more than \$30,000 in tax preference income.

I wonder how many low-income elderly or blue-collar workers are going to have more than \$30,000 in preference income in areas like accelerated depreciation on real property or personal property, or amortization of railroad rolling stock. They will have to have tax preferences in those areas, and the preferences will have to exceed \$30,000, before they may be required to pay a minimum tax.

Let me point out one final thing. When we are talking about adjusted gross income levels, we are not telling the whole story either. You can be sure that a taxpayer whose adjusted gross income is \$5,000 and who is paying a minimum tax today is using loopholes in the tax laws to keep his adjusted gross income down, so he pays less in regular taxes. Adjusted gross income figures can be extremely misleading, because they may conceal enormous tax preferences, especially in oil tax area.

Mr. President, for the record, I ask unanimous consent that a breakdown of the amendment by income groups may be printed in the RECORD.

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

DISTRIBUTION OF GAIN FROM INDIVIDUALS
(1972 INCOME LEVELS)

1. Current Law:

Adjusted gross income	Number of returns affected	Minimum tax
0 to \$3,000.....	1,000	\$11,000,000
\$3,000 to \$5,000.....		
\$5,000 to \$7,000.....		
\$7,000 to \$10,000.....		
\$10,000 to \$15,000.....		
\$15,000 to \$20,000.....		
\$20,000 to \$50,000.....	6,000	7,000,000
\$50,000 to \$100,000.....	8,000	18,000,000
\$100,000 and over.....	17,000	154,000,000
Total.....	32,000	192,000,000

2. Elimination of deduction for taxes paid
(note: 90% of the revenue gain from this provision would come from individuals with adjusted gross incomes of \$100,000 or more):

Adjusted gross income	Number of returns affected	Additional minimum tax
0 to \$3,000.....	1,000	
\$3,000 to \$5,000.....		
\$5,000 to \$7,000.....		
\$7,000 to \$10,000.....		
\$10,000 to \$15,000.....		
\$15,000 to \$20,000.....		
\$20,000 to \$50,000.....	11,000	\$4,000,000
\$50,000 to \$100,000.....	22,000	28,000,000
\$100,000 and over.....	30,000	299,000,000
Total.....	65,000	330,000,000

3. Reduction of exemption to \$10,000:

Adjusted gross income	Number of returns (affected)	Additional tax
\$0 to \$3,000.....	3,000	\$4,000,000
\$3,000 to \$5,000.....	1,000	1,000,000
\$5,000 to \$7,000.....		
\$7,000 to \$10,000.....	17,000	4,000,000
\$10,000 to \$15,000.....	5,000	3,000,000
\$15,000 to \$20,000.....	9,000	4,000,000
\$20,000 to \$30,000.....	61,000	49,000,000
\$30,000 to \$100,000.....	25,000	29,000,000
\$100,000 and over.....	21,000	38,000,000
Total.....	142,000	132,000,000

4. Elimination of deduction for taxes paid and reduction of exemption to \$10,000 (because the provisions interest, the effect of the two provisions combined is greater than the sum of the effect of the provisions taken separately):

Adjusted gross income	Number of returns affected	Additional minimum tax
0 to \$3,000.....	3,000	\$4,000,000
\$3,000 to \$5,000.....	1,000	1,000,000
\$5,000 to \$7,000.....		
\$7,000 to \$10,000.....	17,000	4,000,000
\$10,000 to \$15,000.....	19,000	5,000,000
\$15,000 to \$20,000.....	39,000	11,000,000
\$20,000 to \$30,000.....	98,000	92,000,000
\$30,000 to \$100,000.....	56,000	100,000,000
\$100,000 and over.....	40,000	368,000,000
Total.....	273,000	585,000,000

Mr. BENNETT. The Senator from Utah is confused. I carefully checked with the desk, and understand the Senator's amendment reduces that preference income from \$30,000 to \$10,000.

Mr. KENNEDY. The Senator is correct.

Mr. BENNETT. All right.

Mr. KENNEDY. The Senator is quite correct.

Mr. BENNETT. The Senator from Massachusetts says that in order to get involved in this, the taxpayer has to have—

Mr. KENNEDY. Under this amendment we would reduce the exemption in the minimum tax from \$30,000 to \$10,000. What it means is that the blue collar worker has to have \$10,000 in tax preference income before he could even start to owe a minimum tax.

Mr. BENNETT. I wanted the Senator to say that because in his previous statement, made about 5 minutes ago, he talked about \$30,000.

Mr. KENNEDY. That is the way it is now. That is the way it is at the present time, and we want to change it.

Mr. BENNETT. Then you cannot—well, there is no use arguing the misunderstanding between us, but it is perfectly clear to me that as the Senator talked, he was talking about his amendment and not the present law, and I am glad to straighten it out that the Senator's amendment reduces the amount of tax preference income necessary to qualify from \$30,000 to \$10,000.

Mr. MUSKIE. Mr. President, just a moment or two to cover several points raised by the Senator from Utah in a different way.

First of all, I am curious that the Senator says he had no warning as to this amendment, and yet he has given us Treasury figures as to its impact. He

obviously had enough time to get the Treasury's evaluation of the impact of this amendment, and that puts his complaint in some perspective.

Second, the Senator from Massachusetts and I sent every Member of the Senate a letter dated December 14 of last year, putting every Senator on notice that we would offer this amendment to this very bill. So there has been at least 5 weeks' notice, to all Senators. If the Senator from Utah reads his mail from Democratic Senators, he has been aware of this since December 14.

With respect to the impact on low-income groups, I think it is ridiculous to suggest, from reading the preferences that are covered, that there is any significant impact from this amendment on the low-income taxpayer in this country.

I am not going to belabor that point, but let me read from the table placed in this RECORD last year of the benefits in each adjusted gross income class of the preferences about which we are talking.

Let us take the oil depletion allowance, which the Senator from Utah would now have us believe protects the low-income taxpayer in this country. I read from the table on page 41563 of the CONGRESSIONAL RECORD for last year, which is based on figures prepared by the Treasury Department and the Joint Committee on Internal Revenue Taxation.

For those who have an income up to \$3,000, the benefit is 6 cents per person. From \$3,000 to \$5,000, the benefit is 50 cents. From \$5,000 to \$7,000, 45 cents. From \$7,000 to \$10,000, 87 cents.

When you get up to \$10,000 and over, the benefit rises to \$1,150.23.

The argument, I think, is ridiculous on its face. I would enjoy hearing the reaction of any group of citizens in my State to the Senator from Utah, if he were to make the argument anywhere in my State, that the average citizen, who is now paying exorbitant prices for heating oil, could offset against the oil depletion allowance benefits he receives. I am surprised that the Senator would make such an argument.

Mr. BENNETT. The Senator from Maine should realize that, when you argue national averages, you get the kind of figure he gets. But buried in that national average is a substantial number—I do not know how many, because we do not have that kind of people in Utah; we do not have private holders of oil lands—

Mr. MUSKIE. Let me say to the Senator, I understand what—

Mr. BENNETT. Will the Senator let me finish? I have the floor.

Mr. MUSKIE. When you take a penny or two from each taxpayer—

Mr. BENNETT. Mr. President, who has the floor?

Mr. MUSKIE. Well, it is on my time, but I will be glad to let the Senator finish.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Buried in that figure are various individuals of fairly low income who are going to be hurt. We have heard a lot in the last few days about the value of opening up the stripper wells which are producing only 10 to 18 barrels

of oil a day. Some of those are owned by people of fairly low income. But, of course, when you bury them in 100 million people, you get a figure like 5 or 6 cents. That is the weakness of arguing from averages.

Mr. MUSKIE. Let me try another one on the Senator. The impact of this amendment on the oil depletion allowance is a decrease of at most 1 percent. Is that the group the Senator has in mind?

Mr. BENNETT. That is still arguing the average, and I am concerned about the individual taxpayers.

Mr. MUSKIE. May I say to the Senator, I prefer my generalization, which assumes that the bulk of the benefit of these preferences goes to taxpayers with incomes of \$100,000 or more, to the Senator's generalization, which says the benefit is to those at the bottom of the ladder. As between those two generalizations, I think the record supports that of the Senator from Maine.

Mr. BUCKLEY. Mr. President, once again, Mr. President, I find myself compelled to vote against an amendment of which I generally favor because it has not been subjected to the scrutiny of the Finance Committee. It is my understanding, after discussion with two members of that committee, that the Kennedy-Muskie amendment has a significant indirect impact on other tax provisions that requires more study than is possible in a few moments of debate before a largely empty Chamber.

The PRESIDING OFFICER (Mr. DOMENICI). The question is on agreeing to the amendment of the Senator from Massachusetts. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Hawaii (Mr. INOUE), the Senator from New Hampshire (Mr. McINTYRE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Alabama (Mr. SPARKMAN), and the Senator from California (Mr. TUNNEY), are necessarily absent.

I further announce that the Senator from Georgia (Mr. TALMADGE) and the Senator from New Jersey (Mr. WILLIAMS) are absent on official business.

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

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Colorado (Mr. DOM-

INICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), and the Senator from North Carolina (Mr. HELMS) are necessarily absent.

I also announce that the Senator from New York (Mr. JAVITS) is absent on official business.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) would vote "yea."

The result was announced—yeas 47, nays 32, as follows:

[No. 12 Leg.]

YEAS—47

Abourezk	Hart	Muskie
Alken	Haskell	Nelson
Allen	Hatfield	Nunn
Baker	Hathaway	Packwood
Bible	Huddleston	Pastore
Brook	Hughes	Pearson
Brooke	Jackson	Pell
Byrd, Robert C.	Kennedy	Proxmire
Case	Magnuson	Ribicoff
Chiles	Mansfield	Schweiker
Church	Mathias	Stafford
Clark	McGovern	Stevenson
Cook	Metcalf	Symington
Cranston	Metzenbaum	Taft
Domenici	Mondale	Weicker
Fulbright	Moss	

NAYS—32

Bartlett	Fannin	Percy
Beall	Fong	Roth
Bennett	Gravel	Scott, Hugh
Bentsen	Griffin	Scott,
Buckley	Gurney	William L.
Burdick	Hruska	Stennis
Byrd,	Johnston	Stevens
Harry F., Jr.	Long	Thurmond
Cotton	McClellan	Tower
Curtis	McClure	Young
Dole	McGee	
Eastland	Montoya	

NOT VOTING—21

Bayh	Goldwater	Javits
Bellmon	Hansen	McIntyre
Biden	Hartke	Randolph
Cannon	Helms	Sparkman
Dominick	Hollings	Talmadge
Eagleton	Humphrey	Tunney
Ervin	Inouye	Williams

So Mr. KENNEDY's amendment (No. 920) was agreed to.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MUSKIE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, last year, the Committee on Finance reported to the Senate H.R. 8214, a revenue measure involving a revenue loss from present law of approximately \$22 billion.

The way this bill stands now, the Government would lose about \$6 billion net this calendar year. It would gain about \$900 million and would lose about \$7 billion.

It is obvious that the Senate is in a mood that it wants to think in terms of a tax reform bill. We have other amendments to be offered, involving billions of dollars. Those matters should at least be dignified by some consideration in hearings, where those in favor of them as well as those who oppose them could make their views known.

Therefore, I move that the bill be recommended to the Committee on Finance.

Mr. KENNEDY. Mr. President, I indicated yesterday that there were a number of provisions giving special tax benefits that were added to this measure. I

felt they had not been adequately considered. I think a number of other Members—the distinguished Senator from Wisconsin and the distinguished Senator from Maine (Mr. HATHAWAY), raised a number of very valid and worthwhile questions on these various provisions. Many of us felt these provisions could establish a very dangerous precedent in the tax code. We were unable to find out who the beneficiaries of these special provisions were. Although we received some information as to the impact on the Treasury, I thought it was quite incomplete.

At the beginning, I was prepared myself to offer a motion to recommit. Since that time, a number of changes have been made in the bill. One objection provision was deleted. This afternoon, the Senate has approved two extremely important and vital policy matters, in increasing the personal tax exemption to \$850, to provide some relief to millions of taxpayers and to stimulate the economy; and now we have just taken an extremely important step in providing tax equity, by reforming the minimum tax and closing perhaps the largest loophole in the Federal Tax Code.

There has been very strong support by the Senate for both of these amendments. If held in the conference—and I believe the overwhelming majority of the Members of the House of Representatives would support these programs—they could mean some dramatic relief to the middle-income people and those who are paying heavy taxes at this time. And it would make an extremely important contribution toward our economic policy, hopefully by staving off a recession.

So I am extremely hopeful, Mr. President, that the motion by the distinguished chairman of the Committee on Finance will not be adopted. I realize the prerogative of the chairman of a committee to make this motion. I hope the strong actions we have taken on these matters, which are of vital importance to the people of this country, will not be sidetracked by recommitting the bill to the committee. I will not make a motion to table. I think the chairman is entitled to make this motion, but I hope it will be defeated.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The question is on agreeing to the motion of the Senator from Louisiana (Mr. LONG) to recommit. 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 Delaware (Mr.

BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Indiana (Mr. HARKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Hawaii (Mr. INOUE), the Senator from Louisiana (Mr. JOHNSTON), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Rhode Island (Mr. PASTORE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Alabama (Mr. SPARKMAN), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Georgia (Mr. TALMADGE), and the Senator from New Jersey (Mr. WILLIAMS) are absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) and the Senator from West Virginia (Mr. RANDOLPH) would each vote "yea."

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 Vermont (Mr. AIKEN), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), and the Senator from North Carolina (Mr. HELMS) are necessarily absent.

I also announce that the Senator from New York (Mr. JAVITS) is absent on official business.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) would vote "yea."

The result was announced—yeas 48, nays 27, as follows:

[No. 13 Leg.]

YEAS—48

Allen	Dole	Packwood
Baker	Domenici	Pearson
Bartlett	Eastland	Percy
Beall	Fannin	Proxmire
Bennett	Fong	Roth
Bentsen	Fulbright	Scott, Hugh
Bible	Gravel	Scott,
Brook	Griffin	William L.
Buckley	Gurney	Stafford
Burdick	Hruska	Stennis
Byrd,	Hughes	Stevens
Harry F., Jr.	Long	Taft
Byrd, Robert C.	McClellan	Thurmond
Chiles	McClure	Tower
Clark	McGee	Weicker
Cotton	Moss	Young
Curtis	Nunn	

NAYS—27

Abourezk	Huddleston	Mondale
Brooke	Jackson	Montoya
Case	Kennedy	Muskie
Church	Magnuson	Nelson
Cranston	Mansfield	Pell
Hart	Mathias	Ribicoff
Haskell	McGovern	Schweiker
Hatfield	Metcalf	Stevenson
Hathaway	Metzenbaum	Symington

NOT VOTING—25

Alken	Goldwater	McIntyre
Bayh	Hansen	Pastore
Bellmon	Hartke	Randolph
Biden	Helms	Sparkman
Cannon	Hollings	Talmadge
Cook	Humphrey	Tunney
Dominick	Inouye	Williams
Eagleton	Javits	
Ervin	Johnston	

So Mr. LONG's motion to recommit was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. GRIFFIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. At this time, Mr. President, I ask unanimous consent when the Senate adjourns today, it adjourn to the hour of 10:30 tomorrow morning.

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

(Later in the day this order was changed to provide for the Senate to adjourn until Monday, January 28, at 12 noon.)

LEGISLATIVE PROGRAM

Mr. GRIFFIN. Mr. President, if we may have order, after spending 2 days considering the very meritorious bill to grant needed tax relief to prisoners of war and then recommitting it to committee, I wonder if I might ask the distinguished majority leader whether he expects that there will be any more votes today and about the program for the rest of the day and hopefully for the rest of the week.

Mr. MANSFIELD. Mr. President, I will be delighted to answer the Senator's question.

May I say that there will be no further votes today because there is no pending business except the energy emergency bill, S. 2589.

Mr. President, it is anticipated that at approximately 11 o'clock tomorrow morning the Senate will take up the conference report on S. 2589. I understand that the distinguished chairman of the committee, the Senator from Washington (Mr. JACKSON) will have some remarks to make at that time. There may be others.

A cloture motion will be filed tomorrow which will become effective on Tuesday if conditions warrant it.

Under the agreement entered into last year, Calendar No. 471, S. 2686, the so-called Legal Services bill will be laid before the Senate as the first order of business after the vote on cloture on Monday next. That was the will of the Senate at that time. It will be honored.

Then, depending upon circumstances, it is hoped that it will be possible to at least start debate on the so-called Genocide Treaty late Monday afternoon. That will entail considerable discussion.

That is about it as far as I can see at this time.

Mr. BENNETT. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. I yield.

Mr. BENNETT. Does that mean then that there is no prospect of a vote on tomorrow?

Mr. MANSFIELD. I do not think there is, barring unforeseen circumstances. I know of no one who desires to do anything other than talk. And the only one that I know at this time who wishes to

talk is the distinguished Senator from Washington (Mr. JACKSON). Perhaps the ranking minority member of the committee, the Senator from Arizona (Mr. FANNIN), can give us some indication on that matter.

Mr. FANNIN. I would say to the distinguished majority leader that I am surprised about the cloture motion because I do not know of any reason for a cloture motion.

I do not know what the objective would be. As far as I know, there has not been any discussion yet, and here we are talking about a cloture motion before we even discuss the matter, and as far as I know, I can only speak for myself, but I have inquired as to whether or not we had others who intended to have lengthy debate or filibuster, or whatever you want to call it on the matter, and I do not know of anyone. We have one Senator whom the distinguished majority leader mentioned, and as soon as we can clear that, I would not see any reason for filing a cloture motion.

Mr. MANSFIELD. I would hope it would be possible to bring this matter to a conclusion on Monday. We cannot do it this week. The cloture motion was made by the Senator from Montana at the request of another Senator who is absent.

Mr. LONG. Mr. President, I am sure the majority leader will do whatever his conscience dictates, but I wish he would reconsider his desire to file a cloture motion, because when Senators hear that a cloture motion has been filed, they get the impression there will not be any votes for 2 days, and that they can come back in 2 days, vote on the cloture motion, and if it carries, they vote on the bill. So when a cloture motion is filed, Senators leave town and come back 2 days later.

I hope we will be able to finish with the conference report tomorrow, but to file a cloture motion means everyone will take off for 2 days. For my part, I would like to see us just talk about the matter briefly and vote on it tomorrow, one way or the other, up or down.

Mr. MANSFIELD. Would the Senate consider this possibility—and I am doing it on my own initiative; I would like to check with the distinguished Senator from Washington, Mr. JACKSON—

Mr. President, I ask unanimous consent to vote on the conference report at 2 p.m. on Monday next.

Mr. LONG. Mr. President, reserving the right to object, would the Senator be so kind as to make some kind of unanimous-consent request to give Senators a right to make motions—for example, a motion to recommit—or do something other than just vote on the conference report? Because there are some who might want to move to recommit with instructions, or do something other than just vote on the conference report, and after having a chance to vote on a motion or two, I think most Senators would be willing to vote on the conference report.

Might I suggest to the Senator that he might say, if we are coming in tomorrow at 10 o'clock—

Mr. MANSFIELD. 10:30.

Mr. LONG. That he make his hour 4 o'clock?

Mr. MANSFIELD. Four o'clock Monday?

Mr. LONG. And that would give those who wish to make motions time to vote, and if any motion has not been disposed of, we can vote on the motion before we vote on the conference report.

Mr. MANSFIELD. Four o'clock Monday.

Mr. ALLEN. Four o'clock Friday.

Mr. MANSFIELD. No, 4 o'clock Monday, because we have given our word to Senators on both sides who have left, and once we do that, we have to honor it.

Mr. FANNIN. Mr. President, if the Senator will yield, the Senator from Washington, the chairman of the Committee on Interior and Insular Affairs, I think, has a commitment. I think he wanted to vote about 4 o'clock. Is that the understanding?

Mr. MANSFIELD. That is what the Senator from Louisiana indicated, 4 o'clock.

Mr. LONG. As long as you set any time for a vote, you can always move it forward, if there is no one who wants to talk.

Mr. MANSFIELD. Would the Senator allow me to put in a brief quorum call, so that we can get this matter cleared up once and for all, maybe?

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 (Mr. HASKELL). Without objection, it is so ordered.

ORDER FOR VOTE ON ENERGY EMERGENCY CONFERENCE REPORT TO OCCUR AT 4:30 P.M. ON TUESDAY, JANUARY 29, 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on the energy emergency conference report, S. 2589, occur at the hour of 4:30 p.m. on Tuesday next, and I ask unanimous consent that rule XII be waived.

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

ORDER FOR VACATING OF CLOTURE MOTION NOW PENDING

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the cloture motion now pending be vacated.

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

ORDER FOR ADJOURNMENT TO MONDAY NEXT

Mr. MANSFIELD. Mr. President, for the information of the Senate, I wish to change at this time the agreement to come in tomorrow and I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 12 o'clock noon on Monday next.

The PRESIDING OFFICER (Mr. METZENBAUM). Does the Senator wish to include in the motion that he made in his unanimous consent, the agreement that other motions be in order?

Mr. MANSFIELD. Yes; that other motions be in order; and that the final vote occur at 4:30 which, if there is a desire to recommit, that can be offered ahead of that time.

The PRESIDING OFFICER. That is he understanding.

Without objection, and it is so ordered.

THE ENERGY EMERGENCY ACT CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on Tuesday next the time be equally divided, beginning at 12 o'clock noon, between the distinguished Senator from Washington (Mr. JACKSON), the chairman of the committee, and the distinguished Senator from Arizona (Mr. FANNIN), the ranking Republican member of the committee.

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

The text of the unanimous consent agreement is as follows:

Ordered, That the vote on the conference report on S. 2589, the "National Energy Emergency Act of 1973," occur at 4:30 p.m. on Tuesday, January 29, 1974, unless some disposition is made of the conference report by the adoption of some other motion.

Ordered further, That the time between 12 noon and 4:30 p.m. on that day will be equally divided and controlled by the Senator from Washington (Mr. JACKSON) and the Senator from Arizona (Mr. FANNIN), respectively.

Mr. LONG. Mr. President, during the past several days, the Finance Committee has been conducting hearings on the windfall profits aspect of the Energy Emergency Act. It demonstrates what some of us have feared, that the proposal would do a great deal more harm than good. It would be impossible to administer. It would create uncertainty on behalf of all those who wish to invest their money in helping to provide more energy for the country in the area of oil and gas. It would either be repealed before it went into effect or else it would be declared unconstitutional by the Supreme Court of the United States.

Because of the many problems that this matter creates, Mr. President, I believe the Senate should be on notice that it places itself in a very difficult situation for which it will necessarily find a compelling requirement to extricate itself at some future point, if it votes the conference report through with the so-called renegotiation or windfall aspects of the bill as it comes to us.

I ask unanimous consent, Mr. President, to have printed in the RECORD excerpts from statements from former Commissioners of Internal Revenue, and from men who have served as Under Secretaries in charge of Treasury tax policy, and as counsel for the IRS, as well as a member of the Renegotiation Board.

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

WINDFALL PROFITS HEARINGS EXCERPTS

The Committee on Finance invited former high officials of the Treasury Department, concerned with the administration of tax laws, to testify on a windfall profits tax proposal based on the definition of windfall profits in S. 2589. These former officials were asked to comment on the administrative problems which would be created if such a vague standard were enacted, and they were asked, as tax practitioners, what kind of advice they would give a company to which the tax would apply. Excerpts from the testimony of these witnesses are set forth below.

GENERAL COMMENTS

"For reasons discussed before, the proposed 'windfall profits' tax is not a suitable solution: it is erratic and inequitable in application, and complex and costly to manage."—Mortimer Caplin, former Commissioner of IRS.

"I do not believe it feasible to give adequate guidance to administrative officials, taxpayers or the courts on a subject of such complexity in a statute that is as brief and vague as the one proposed."—Edwin S. Cohen, former Undersecretary of the Treasury for Tax Policy.

"While it is possible to develop a reasonable windfall or excess profits tax applicable to energy companies which preserves and even increases the incentive for development of new energy sources, the form of tax under consideration today is wholly unsatisfactory. Similarly, the recapture of windfall profits by the renegotiation process, as contemplated in section 110 of S. 2589, the proposed Energy Emergency Act, would be an equally poor system. These particular proposals are probably unconstitutional because of their uncertain application. They would greatly discourage new capital investment in energy development because of this extraordinary uncertainty that they would create. Finally, they are totally unadministrable, either through our tax administration structure or the renegotiation process."—John S. Nolan, former Deputy Assistant Secretary of the Treasury.

"In addition to the administrative and litigation problems, enactment of a 'windfall' profits tax presents other serious problems. It seems clear today that we ought to be finding and developing new and greater sources of energy, in other words, encouraging development, exploration, and research. A 'windfall' profits tax certainly will not do this. Instead, it will discourage investment of dollars, effort, and time. Those who otherwise might make significant investments to improve our energy supplies without doubt will be dissuaded to some extent by the 'windfall' profits tax. Even if an energy corporation is willing to do what patriotism suggests, i.e., live with non-windfall profits, the necessity to justify actions will have a chilling effect on corporations. Unquestionably, this will delay needed action—just the opposite of the Nation's critical need."—Johnnie M. Walters, former Commissioner of IRS.

"Finally, the difficulties foreseen in the administration of the proposed excess profits tax pale into insignificance compared with the renegotiation provisions of S. 2589. The excess profits tax would be applied in the first instance by the taxpayer in filing his return. Thereafter, it would be audited by the Internal Revenue Service. Unresolvable differences could end in litigation. Under the renegotiation provisions, however, any purchase of petroleum products could initiate an appeal directly to the Renegotiation Board with no screening processes whatsoever. The Board could be swamped. Its decisions would be subject to judicial review. It seems probable that issues raised in this manner would be tied up in litigation long after the present crisis had subsided and

little but confusion would have been contributed to the resolution of the crisis."—Randolph W. Thrower, former Commissioner of IRS.

"In my view, this proposed statute unhappily combines the vagueness of the Renegotiation Act of 1951 (from which the factors enumerated in determining a 'reasonable profit' were derived) with the basic unfairness of a base period income excess profits tax.

"One need only consult the Tax Court reports on renegotiation cases to see that a 'reasonable profit' is simply a matter of opinion, regardless of how many underlying factors are enumerated."—Crane C. Hauser, former Chief Counsel, IRS.

ADMINISTRATIVE PROBLEMS

"As indicated earlier, what is a 'reasonable profit'? What are reasonable costs? And who can determine satisfactorily the true efficiency of an energy corporation at any time, and particularly during a period of crisis?"

"The determination of 'windfall' profits in many cases will not be easy. In fact, only in the simplest of cases will it be easy. For instance, where an 'energy corporation' derives some income from sale of energy products and some from production or sale of other products, it may be difficult, or even impossible, to ascertain what profits, if any, should be subjected to the 'windfall' profits tax. While the accounting profession has developed the specialty of cost accounting, the profession does not acclaim the specialty as a science. At best it is an art, and certainly not one on which to base an 85% tax!

"The kinds of subjective questions the proposed tax will raise (reasonable profit, extent of risk, efficiency, etc.) can only result in serious problems of administration and litigation. * * * Does the provision apply where the corporation generates and uses energy or energy products, without sales to others? And does the restriction of profits to 'reasonable profits' raise a constitutional question? It may."—Johnnie M. Walters, former Commissioner of IRS.

"Such a tax would call for income determinations by product lines, since the products of energy corporations extend far beyond the usual concept of 'energy products', particularly in petrochemicals and chemical and plastic products. Our tax system has never been required to determine taxable income by product lines, and it cannot readily be done. Few, if any, companies have product accounting which would provide profit data according to product lines which coincide with the concept of 'energy products'. Product accounting requires proper intra-company pricing between one division and another, as where the oil refining division sells refined products as raw materials to the chemical division, a determination which may be extremely difficult to make and is beyond the present scope of our section 482 inter-company pricing regulations.

"Since the proposed tax would require such determinations for the past period 1967-1971, both on an industry-wide basis and for each particular taxpayer, as well as for future years, and since such data could not be developed, the tax would not be administrable."—John S. Nolan, former Assistant Secretary of the Treasury.

"In determining a 'reasonable profit' of a particular seller, consideration would have to be given to 'the reasonableness of its costs and profits, with particular regard to the amount and source of capital employed,' 'extent of risk assumed,' 'efficiency and productivity, particularly with regard to cost reduction techniques and economics of operation,' and 'other factors the consideration of which the public interest and fair and equitable dealing may require.' What an awe-inspiring responsibility! Whereas today we

have an energy administrator, tomorrow under this proposal the Commissioner of Internal Revenue would become an 'energy industry czar.'—Mortimer Caplin, former Commissioner of IRS.

"The formula provided in S. 2589 and incorporated in the excess profits tax provision in the press release would seem deficient in several respects including the following:

"1. It is unprecedented in establishing profits of a base period as a maximum standard for current profits. It authorizes the administrator, by referring to a number of vague generalities, to reduce the standard of normalcy provided by the base period. Excess profits tax provisions traditionally have established the base period as a minimum standard, with a possible upward adjustment due to equitable considerations peculiar to the taxpayer or the segment of his particular industry. The factors listed in Paragraph (b) (7) of the proposed windfall profit tax are of the type which should be referred to as a justification, in the public interest or in the interest of treating equitably the taxpayer or seller, for increasing the base period standard rather than reducing it.

"2. The proposed formula is vague and uncertain in referring to 'average profit' of the base period. Does this mean average profit in terms of absolute dollars? This would be determinable for a single operator but not for the entire industry which has a wide range in the size of sellers. Does it then refer to a margin of profit as related to gross sales or units produced or sold or does it refer to return on investment? If all measures are referred to, which would control, the one most favorable to the taxpayer or the least favorable one?"—Randolph Thrower, former Commissioner of IRS.

"As contrasted with the brief 'windfall profits' tax provision being considered by the Committee today, the Korean War excess profits tax—which was drafted with care in the light of the experiences with the World War I and II taxes—contained 35 lengthy sections that were necessitated by the complexity of the subject matter. While the Korean War excess profits tax dealt with substantially all business corporations, whereas the proposed tax would deal only with sales of 'energy products' by 'energy corporations,' it would seem that most of the same problems would exist in this narrower segment; and they would be compounded by the necessity of determining separately the profits on energy products sold by corporations which are also engaged in the sale of other goods and services. I do not believe it feasible to give adequate guidance to administrative officials, taxpayers or the courts on a subject of such complexity in a statute that is as brief and vague as the one proposed."—Edwin Cohen, former Under Secretary of the Treasury.

"While I do not intend for a minute to deprecate the efforts of the Renegotiation Board, which must, of course, administer the law as it finds it, the lack of any precise rules as to how the various factors enumerated—such as reasonableness of cost and profits, volume of production, net worth, risk, and efficiency—are to be taken into account, make any objective determination of excessiveness of profits virtually impossible to attain. The lack of adequate guidelines for applying and weighting the statutory factors was the subject of criticism in a report by the Comptroller General to the Congress on the Renegotiation Board last May. The Comptroller General said that as a result it was unable to evaluate the reasonableness of the Board's determinations. Even if authority were to be granted to the Renegotiation Board, with its familiarity with such standards to determine excessiveness of profits, it is quite apparent that extended litigation would ensue—just as it has under the Renegotiation Act—before the amount of excess

sive profits of many companies would finally be determined."—K. Martin Worthy, former Chief Counsel, IRS.

"The single most important element of such a system is a law which a taxpayer can understand and apply to his own affairs—sufficiently clear and well defined to give him distinct pause at the thought of non-compliance. Stated somewhat differently, if the system is to work, a taxpayer ought to be on notice of what would constitute non-compliance. The proposed Windfall Profits Tax is utterly deficient in this respect. It fails to provide a workable premise for self-assessment, even by the most sophisticated corporate taxpayers. By failing to prescribe adequate standards by which even major corporate taxpayers can compute and report their liability, it erodes the very foundation of our tax system, by courting—and perhaps even inviting—massive noncompliance."—Charles W. Davis, former Chief Counsel of IRS.

ADVICE TO ENERGY CLIENTS

"With a 'windfall' profits tax, we can expect two basic approaches by those subject to the tax:

"(1) *Longrun*: To the extent feasible delay actions requiring investments necessary to meet and resolve the energy crisis until the 'windfall' profits tax expires.

"(2) *Shortrun*: Bill and charge conservatively in order to avoid the 'windfall' profits tax in order to avoid controversy and to avoid adverse public relations. (This means investors will keep their funds out of the very corporations needing them to meet and solve the crisis, i.e., the energy corporations will be weakened.)

"Thus, both the short-run and the long-run effect of a 'windfall' profits tax are counter to what the Nation needs, i.e., a great enthusiastic charge to discover and develop new and greater energy sources for the decades ahead."—Johnnie M. Walters, former Commissioner of IRS.

"I would feel obligated to counsel my clients to challenge in court the constitutionality of the statute; to challenge in court the validity of regulations and rulings interpreting its scope and attempting to amplify the statutory factors; and to challenge in court any determination of windfall profits. I would advise my clients that no reliable estimates of profitability or rate of return on investment for new capital expenditures could be made, at least for a number of years until the application of the statute in operation could be determined. In my judgment, this would greatly inhibit new capital investment for the purpose of expanding energy reserves—particularly in such vital projects as recovery of oil reserves from tar sands and oil shale, gasification of coal, use of thermal and steam energy resources, and similar projects."—John E. Nolan, former Assistant Secretary of the Treasury.

"In each instance, judgments would then have to be made on the possible existence of 'windfall profits' and the prudence of making commitments notwithstanding the threat of the 85% penalty tax. Differences of interpretation, and potential controversy and litigation, would always be lurking in the background.

"Until final Treasury regulations were adopted, therefore, lawyers would tend to proceed with extreme caution and would normally prefer to give only tentative advice. Even with final regulations, the statute would not lend itself to clearcut decisions, and advice to clients would in all probability have to contain numerous qualifications.

"In these circumstances, management would undoubtedly proceed with similar caution in making final investment decisions."—Mortimer Caplin, former Commissioner of IRS.

"One must assume that the client has the choice whether or not to risk his investment in an area covered by the excess profits pro-

visions. Additional investment will be determined by the return (perhaps, depending on the definition of 'profits,' including cash throw-off from percentage depletion) on marginal capital invested, not by the overall average return. The 85% tax rate may be too high to leave sufficient capital for reinvestment by petroleum producers. Moreover, the use of base period profits as a maximum return, without regard to inflation, impact of the devaluation of the dollar, extent of new investment or marginal risks in the present emergency, combined with the vast uncertainties of the language, might constitute too great a disincentive to new investment. Ultimately these are questions for economists rather than lawyers, but one would tend to advise a client to look elsewhere for investment opportunities."—Randolph W. Thrower, former Commissioner of IRS.

"At least until appropriate guidelines had been developed and published, it would be most difficult to advise an energy corporation with respect to proposed capital investments. Inability of the companies to ascertain the effect of capital investments under an 85 percent rate would seem to provide a serious deterrent to development of additional production and capacity, which is a prime objective in the energy program."—Edwin Cohen, former Under Secretary of the Treasury.

CONSTITUTIONAL AND OTHER COMMENTS

"Against this background, several conclusions may be drawn. If implemented through the renegotiation process, such a system would probably be unconstitutional. The renegotiation statutes have traditionally provided for recapture of excessive profits on contracts with the Government, principally defense-related. They have not applied to affect dealings wholly between private parties. Their constitutionality was upheld on the basis of the war powers of Congress. *Lichter v. United States*, 334 U.S. 742 (1948). Where the Government's interest is far less direct, as where the transactions are wholly between private parties, the proposed system would involve an unconstitutional delegation of Congressional power, or a taking of property without due process of law, because of the vagueness of the statutory standards and concepts."—John S. Nolan, former Assistant Secretary of the Treasury.

"For reasons discussed before, the proposed 'windfall profits' tax is not a suitable solution: it is erratic and inequitable in application, and complex and costly to manage. An alternative approach is called for—either through different new methods of taxation or, perhaps through modification, reduction or elimination of existing tax benefits available today to various elements of the energy industry. In making its decision, Congress clearly will want to procure and consider data on energy inventories, production, costs, reserves, sources of supply, and quantities sold. Undue haste could lead to unwise layering of the Internal Revenue Code with additional complexity."—Mortimer Caplin, former Commissioner of IRS.

"It would seem clear, Mr. Chairman, that the enactment of legislation determining excessive profits in the manner set forth in the proposed legislation before the Committee today would create not only great inequity to many companies—and by the same token, windfalls to others—but also tremendous administrative problems and almost endless litigation, which could be expected to ensue for a long period to come."—K. Martin Worthy, former Chief Counsel, IRS.

"An eminent authority in the field of Federal taxation has observed that the 'excess profits tax is an excrescence of crisis. Typically it has been one element in an emergency fiscal program designed for a mobilizing economy.'" (Mertens, Law of Fed-

eral Income Taxation, Introd. V. 6A.) Judges who have been required to consider the provisions of the Excess Profits Tax Act of 1960 have observed that it is perhaps the most intricate and baffling enactment ever to receive Congressional approval. Accordingly, it may be appropriate to evaluate the current proposed windfall profits tax in the light of the most recent experience of the Congress in the imposition of the Excess Profits Tax Act of 1950.

"Although that law was enacted during a period of approximately 6 weeks, from the beginning of hearings in the House Committee on Ways and Means to its signature by the President, there was a consistent theme expressed by witnesses before the tax writing committees and by committee membership that the standards for computation of excess profits subject to the excess profits tax should be explicitly stated in the statute, with much less reliance upon vague generalities than had been the case under the World War II Excess Profits Tax."—Charles W. Davis, former Chief Counsel of IRS.

Mr. LONG. Mr. President, it would seem to me that the Senate would want to think long and hard about passing into law a provision which has so many defects and so many shortcomings that the best argument that can be made for it is that if it is passed, it will be so bad that the Senate will find it necessary to act again in this area.

IN OPPOSITION TO SECTION 110 OF THE ENERGY EMERGENCY BILL

Mr. BENTSEN. Mr. President, earlier this week I stated my opposition to section 110, the so-called windfall profits provision, of this bill. I oppose it not because I favor windfall profits for any industry. No industry, no company, no individual should be allowed to make unconscionable profits from the troubles of this country.

But I do not want to see the Congress pass a provision which would fail to accomplish its purpose and would further aggravate the fuel shortage during 1974.

The Finance Committee has just completed 2 days of hearings where former Commissioners of the Internal Revenue Service, former Treasury officials, and the present Deputy Secretary of Treasury and Administrator of the Federal Energy Office told us that whatever the intentions of section 110, it is administratively unworkable.

In addition to those very expert witnesses in the tax field, a former general counsel of the Renegotiation Board, which would be responsible for enforcing the provision, testified that the procedure established under section 110 "defies understanding" and that the windfall profits definition is "impossible." As a former general counsel, who still practices before the Board, he testified the Board has never attempted anything like the determinations contemplated in this provision and has no expertise to do so. He said, and I will quote him directly:

I would hope, Mr. Chairman, that you personally and the Committee generally would prevail upon the Congress and the Senate not to accept this, because I think it would be a terrible burden on the Renegotiation Board.

We heard some very harsh judgments on the enforceability of section 110 of this bill, but frankly those judgments should be obvious to anyone who has

read the legislation. Section 110 provides for separate price determinations for every seller of petroleum products whose profits are challenged by an interested party. I asked the Library of Congress to compile some figures on the number of sellers of petroleum in this country.

There are between 10,000 to 12,000 companies involved in crude oil production, 129 firms managing about 250 refineries, 14,000 petroleum jobbers, 26,000 bulk storage facilities, and 220,000 gas stations, 70 to 80 percent of which are independently owned and operated.

Now I believe we will be doing the citizens of this country and ourselves a great disservice if we pass a provision which calls for one board in Washington to determine individual prices for every one of 278,000 sellers of petroleum which an "interested party" believes is reaping windfall profits. The Board would be buried in cases. Complaints would go unheard. And litigation would be endless.

And not only would the windfall profits provision be rendered meaningless, Secretary Simon testified in response to my question, that individually set prices for petroleum sellers would make the whole energy allocation program upon which the entire health of our economy depends impossible to administer.

Too many Americans already believe their Government is unable to deal effectively with the problems we must confront. I believe passing a provision which purports to deal with windfall profits but which even some of the proponents recognize poses problems of this magnitude can only contribute to the current lack of confidence.

In addition to section 110 failing to accomplish its intended purpose, I am very concerned about the adverse impact of the provision on petroleum production and investment during 1974. The provision is not effective until 1975 but if it does go into effect it will be retroactive to 1974 profits.

As a result of higher crude oil prices, domestic producers are receiving more today for their present level of production than they were during the base period provided in section 110. To the extent their costs have not increased as fast as oil prices they are already over the profit margin allowed and for every barrel of increased production they sell this year they will be that much more over the allowed margin. This provision actually prohibits increased production during 1974 for most producers.

While some may argue this provision is so bad that it should be obvious to anyone that it must be repealed and replaced by a more reasonable provision, the companies and individuals involved cannot make that kind of assumption. The former IRS and Treasury officials now in private practice, who testified before our committee, said that no act of Congress can be taken that lightly. A former Commissioner of Internal Revenue testified that he would feel obligated to advise a client not to make any additional investments to increase petroleum production during 1974 which would subject the client to this provision.

Now I believe all of us would have to

describe that as a very adverse and unintended result.

And the existence of this provision would not just affect the decision of the companies directly covered by section 110. Investors would have to take it into consideration as well.

Independent producers of crude oil drill 75 percent of the wells in unproven areas. A substantial amount of the funds for these new wells are raised from investors outside the petroleum business. The existence of this provision will dry up those outside funds at a time when we need them the most.

I strongly urge that this provision be removed from the bill and that the tax writing committees be allowed the opportunity to draft a reasonable provision which will accomplish the purpose of preventing windfall profits and yet avoid throwing an essential industry into complete turmoil.

I would remind the Senate that the petroleum industry in this country is not all corporate management and investors. There are thousands of independent businessmen operating production companies, distribution companies, and service stations. There are also over 1 million wage earners employed in this industry. The men and women engaged in crude oil production, refining, and transportation of petroleum products receive over \$4½ billion in wages annually and that is not even counting the 600,000 employees of service stations.

Before we pass legislation to punish a whole industry in our frustration over the energy crisis, I believe we should remember that man working in the oil field for an average wage of \$190 a week or in the refinery for \$230 a week. These are people whose whole livelihoods depend upon a healthy petroleum industry. And we certainly cannot afford to forget that we all depend upon a healthy petroleum industry for over 70 percent of the energy consumed in this country.

Once again, I urge the Senate to reconsider this provision.

Mr. BELLMON. Mr. President, I rise in opposition to section 110 of S. 2589, the so-called windfall-or-excess-profits provision of the Energy Emergency Act.

My opposition stems from my belief that the current energy crisis has been caused by unwise governmental policies and practices and that it will best be solved by the privately owned energy industry. Passage of section 110 will only prolong the current shortages of energy and delay the day when this Nation will again be substantially self-sufficient in energy and free from the danger of international energy blackmail.

In order for the United States to become self-sufficient in energy, it will be necessary for huge sums of money to be invested searching for and developing new oil and gas reserves, opening of new mines, constructing coal liquefaction and gasification plants, and developing new types of energy sources. Imposition of an excess profits tax would only further impede the development of new sources of fuel by the private sector.

Two questions the country and the Congress must face and solve are: Where does this huge sum of money come from?

And will the private sector or the Government be in charge of developing the new energy sources and operating the plants once they are in place?

The adoption of section 110 of S. 2589 is the first long step down the trail toward the nationalization of the Nation's energy industry. I make this statement because the impact of section 110 is to make it difficult, if not impossible, for the private energy industry to accumulate the funds and to attract the investments that will be necessary for developing the abundant natural energy resources which this Nation fortunately possesses.

The energy companies are public companies. Any citizen who wants to may buy and own a share in whichever company he feels is most likely to be a good investment. Without these funds, the private sector's ability to develop a solution to the Nation's energy shortage will be seriously and permanently damaged. Lacking new supplies of energy, the consumer will naturally blame the energy industry and sooner or later will begin to insist that the Government move into the vacuum.

When this happens, the American taxpayer will begin to pay the bill and Federal bureaucrats will begin to make the decisions as to where to drill oil and gas wells, where and when to open coal mines and where to build the energy processing plants.

If experience in other countries means anything at all, the American taxpayer can expect the bureaucracy to fumble the ball as is done in so many other areas. Also the energy consumer can expect to pay a far higher price for his energy than he is now paying or will pay if private investors and private operators continue to be in charge of the energy industry.

Attractive as it may sound to soak the energy companies because of an increased profit due to the Arab embargo of oil, the fact is that this section is totally counterproductive. Someone, either the energy consumer or the taxpayer, must put up the funds needed for a vast expansion of the Nation's energy industry. Section 110 will not keep this investment from being made. Rather, the impact of this section is to deny to the private sector the funds necessary to expand the Nation's energy output and put the Government in position of beginning to take over this large and vital section of the Nation's economy.

There is no question that the energy industry, and especially oil companies, suffers from an image problem. Many Americans are skeptical about the present shortages of gasoline and other fuels. Even in Oklahoma, a State where thousands of citizens work actively in the petroleum industry, I found during the recent recess that a number of my constituents were not convinced that the energy crisis is real. If Oklahomans who live next door to oil workers and in the shadow of oil and gas wells do not fully understand the energy crisis, it is easy to appreciate the difficulty other Americans have in understanding the complex energy shortage which now faces the country.

There is a widely held belief that the oil industry is a high-profit business.

This concept reflects a basic misunderstanding of the industry and an inadequate grasp of the facts about its operations and economics. It confuses total profits with profitability, that is, the rate of return on investment.

Looking at profit in terms of the relationship of earnings to capital invested, oil companies over the last 20 years come in below the average of all manufacturing companies. According to data compiled by the First National City Bank of New York for a large group of oil companies over a 20½ year period—1952-71—the average rate of return on net worth was 11.9 percent, which compares to 12.2 percent for all other manufacturing companies. This so-so record has discouraged investors from making needed capital available for new energy development. Unless the profit picture improves, investors will continue to stay away from the hazardous petroleum business in droves.

Exploration for new oil and gas reserves has declined in recent years primarily because of inadequate incentives. Recently, as profits have increased, this pattern has begun to improve. This improvement will continue so long as the funds for development are available.

Mr. President, during the last decade, the average price of a barrel of crude oil at the wellhead rose about 50 cents, or just over 17 percent. During the same period prices of oil field machinery rose 35 percent, well casing by 46 percent, and the average hourly wages in petroleum production rose 57 percent. In addition, the 1969 tax reform bill included a major disincentive to investors when it raised the industry's taxes by more than \$500 million a year.

In the case of natural gas, interstate prices are regulated at the wellhead by the Federal Power Commission. This regulation has led to artificially low prices, encouraged overutilization of gas, demoralized the coal industry, and discouraged the search for new supplies of other energy.

Another objection to section 110 is the vast Government bureaucracy that would be required to administer the complex rules that would be necessary to determine whether windfall profits have been made and then to redistribute those profits. In addition, the recordkeeping which would have to be done by the industry and the inevitable lawsuits that would result would add further to the regulatory nightmare.

In short, the "excess profits" restriction would produce results just the opposite of what is needed to get this country out of its energy mess. It would dampen the incentive of private companies to seek new fuel sources and dry up the capital they need to build new refineries, coal liquification and gasification and oil shale conversion plants.

Fuel prices will not remain high forever if the energy companies are allowed to increase supplies by plowing back profits into developing new energy sources. The free market will quickly increase the supply and bring costs lower.

In many respects, the fuel crisis is similar to the beef shortages of last summer. In that situation, when beef prices

rose, consumption eased, the supply increased, and prices dropped. The same thing will happen if energy companies are left unfettered by excessive Government regulations. The price adjustment may take longer because new energy sources cannot be developed overnight. Without attractive profit incentives or under a governmental bureaucracy, these increased supplies will not be forthcoming at all.

Mr. President, the administration and the Congress have the opportunity to take action which will permanently solve the Nation's energy shortage. The course we choose now will have an immense impact upon the economic health and the security of our Nation. I urge that we not choose a short-sighted punitive course but rather that we give the private sector the time and the incentive to do the job. Section 110 would be totally counterproductive, and I urge its defeat.

Mr. President, I ask unanimous consent that the following items be printed in full in the RECORD at the conclusion of my remarks:

A Mobil Oil Co. ad printed in The Oil Daily, Monday, January 14, 1974, titled "We just spent three months' profits in one morning."

An editorial taken from the January 15, 1974, Wall Street Journal, "The Great Oil Conspiracy."

A letter from Mr. W. F. Martin, chairman of the board, Phillips Petroleum Co., Bartlesville, Okla.

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

[From the Oil Daily, Jan. 14, 1974]

WE JUST SPENT 3 MONTHS' PROFITS IN ONE MORNING

Last month, at the first federal lease sale of exploratory acreage in the eastern Gulf of Mexico, Mobil spent \$271,100,000.

Can anyone relate to \$271,100,000? We can. It's \$40 million more than our profits in the third quarter of 1973—the best in Mobil's history.

What we bought was the right to look for oil. A down payment.

Actual drilling in the Gulf acreage will cost millions more, of course. And there's no assurance that we'll earn even one dollar on that investment. Our geologists think we made a good buy, but this is still wildcat acreage where no one has ever drilled before. The nearest oil well is 45 miles away.

If we're fortunate enough to find oil in commercial quantities, we expect to earn a good profit on it. In that case, we would first have to invest hundreds of millions more to produce it and bring it ashore.

High as the cost is, we must go on spending big in order to find the new reserves that will keep us in business and keep you supplied with fuel.

Because the risk is high, a large part of the money we invest in this search has got to come from profits—the money we earn in our own business. We can't take risks like these entirely on borrowed funds. People who lend money like to sleep nights.

What we earn in three months—or a year—sounds like a lot.

Until you hear how much we can spend in a day. Mobil.

[From the Wall Street Journal, Jan. 15, 1974]

THE GREAT OIL CONSPIRACY

At cocktail parties, on railroad platforms, and in elevators, we have encountered an astonishing number of people who know all

there is to know about the energy industry and how it conspired to cook up the energy crisis. They tell us the oil tycoons acted on an opportunity they contrived to push up prices, get the Alaska pipeline approved, and squeeze those pesky little independents out of business.

Conspiracy theories, of course, are inherently appealing in that they can be understood without regard to any messy little details. It's hard to understand the fall of China to the Communists in the sweep of Chinese civilization, but easy to understand "57 Communists in the State Department." It's hard to understand what went wrong in Vietnam, but easy to understand "the military-industrial complex."

Conspiracy theories, too, have a marvelous capacity to embrace contradictory notions. Apparently the same individual who believes the oil companies are running roughshod over the environment to get the 2 million-barrel-a-day output of Alaska can also believe they have contrived to boost prices by withholding 2 million barrels a day from unknown sources. And at one time the companies are accused of (a) keeping their prices predatorily low to destroy independents and (b) hoisting the prices unreasonably high to gouge consumers. From our perspective, finally, the hardest thing of all to believe is that oil executives would do anything so nicely designed to bring about what they fear most, which is the political destruction of their companies.

To the extent the oil conspiracy theory has any intellectual foundation whatever, it is found in the November 8 staff report by Senator Jackson's Permanent Subcommittee on Investigations. In [MORE], a professed arbiter of journalistic performance, James Ridgeway writes that the report "explicitly demonstrates" that the oil companies, among other sins, "refused at government urging to import more crude oil from abroad." Mr. Ridgeway demonstrates that media critics have insights denied us ordinary journalists, for search the report as we may we can find no such statement.

The Jackson report was also cited in a CBS television special, "The Energy Crisis: How We Got There." The special reported that in late 1972 there was a shortage of fuel oil because the refineries did not operate at a high enough percentage of capacity. Walter Cronkite told viewers, "Senate investigators have not yet received an answer to why the refineries were operating at such a low level." Now, we revere Mr. Cronkite and every sentence he utters must be strictly true. Still since the answer was readily available, we wonder whether the Senate investigators ever asked.

The report says that the industry ought to be able to use 92% of its refining capacity over a sustained period of time, and that the government estimated there would be no shortages in the winter of 1972-73 if that rate were maintained. However, in the final quarter of 1972, refineries "east of the Rocky Mountains" operated at only 89% of capacity. The report does not exactly say this 3% drop was the result of a conspiracy to raise prices, but, judging from the emphasis on this particular statistic, we suspect this was the impression its authors wanted to leave.

Now, "east of the Rocky Mountains" is a bit slippery, since the report shows that nationwide the 10 largest companies operated at 93% of capacity in the fourth quarter, and the next 15 operated at 95%. So apparently the companies conspired east of the Rockies but not in California.

These utilization figures did drop from third-quarter levels of 95.5% for the top 10 and 96.3% for the next 15. But four of the top 10 actually increased their utilization, so apparently the conspirators failed to get word to Amoco, Gulf, Sun and Sohio. Indeed,

the only companies in the top 10 to show sharp drops were Texaco and Mobil. So if anyone wants to find out why utilization was down, he can start by calling Texaco and Mobil.

Texaco said it was forced to take the crude units of two of its largest refineries out of production for maintenance scheduled two years earlier. It adds that refinery units often go down for maintenance simultaneously if they have been built or improved in the same capital expansion program. We suppose this explanation will be discounted by those who prefer to believe that Texaco was somehow named to take a bath for the industry.

Mobil says its percentages dropped because it kicked in a new refinery at Joliet, Ill. The capacity figures went into its total immediately, but you do not start off running a refinery at full capacity. So its percentage utilization went sharply down while its actual production went up, as fine print in the Senate report shows.

To us, all of this looks a good deal less like a conspiracy than like each company trying to cope on its own. Yet the conspiracy theory will no doubt thrive, nudging Congress to take all manner of punitive action against the companies, action that will prolong, not shorten, the energy crisis. We only hope that enough people can conceive that just as a nation's foreign policy can be distorted by believing in bogeymen in pin-stripes, so energy policy can be warped by visions of bandits in the boardrooms.

PHILLIPS PETROLEUM Co.,
Bartlesville, Okla., January 18, 1974.

HON. HENRY BELLMON,
U.S. Senate,
Washington, D.C.

DEAR HENRY: With Congress reconvening this month, I am sure further consideration will be given to an additional tax on earnings of oil companies. While I believe such legislation would prove adverse to the energy objectives of the nation, I can understand why it would have support among some members of the Congress based on the feelings "back home" in their districts where the energy shortage has brought an intense response from constituents. This response appears to derive from certain misconceptions or myths concerning the shortage, one of which is the claim that the oil industry has been making excessive profits. This just simply is not true and to act upon such misinformation in a matter that would have dire consequences to the economic welfare of the country and to consumers generally would be most unfortunate.

I wish to give you certain information about Phillips Petroleum Company as follows:

1. Our earnings for 1973 will be up substantially. Our books for 1973 have not been closed, but based on estimates and unaudited figures, we would guess that about 25% of our earnings increase will come from domestic operations and 75% from international operations. The primary causes of our increased profits from abroad are increased production of crude oil and higher crude oil prices. The major portion of our known future earnings growth is expected to come from production from three areas: (1) Norwegian North Sea, where oil was discovered in 1969, and where we have been and are investing substantial sums to bring this oil to market. Not until late 1974 or early 1975 will it be possible to produce any sizable volume of oil from this source; (2) Nigeria, where the large immediate increase in Phillips production is occurring; and (3) North Slope of Alaska, where production is expected after the Alyeska pipeline is completed.

2. For 1973, return on total assets for Phillips domestic operations will approximate 6%.

3. In the United States, 1973 exploration and production, refining, transportation and marketing of crude oil and natural gas, natural gas liquids and petroleum products are estimated to result in a return on assets of about 5%, less than inflation.

4. Of our capital expenditures worldwide for the five years through 1972, 77% was for exploration and production, refining, transportation and marketing of crude oil and natural gas, natural gas liquids, and petroleum products. Of total capital expenditures during the period, 67% was spent in the United States and 33% in other countries.

5. During the five-year period 1968 through 1972, our cash flow available for capital expenditures and investments totaled \$594 million, whereas our expenditures for these purposes totaled \$1,462,000,000, leaving a difference of \$868 million which was made up by funds from other sources, such as borrowings, sale of assets and stock.

6. Our capital budget for 1974 totals \$650 million, of which \$536 million, or 82% has been allocated to exploration and production, refining, transportation and marketing of crude oil and natural gas, natural gas liquids and petroleum products. Over 60% of this amount is allocated to domestic operation.

7. In 1973, we processed approximately 144,000,000 barrels of crude oil through our domestic refineries, compared with 141,400,000 barrels in 1972. Our total sales of petroleum products were less in 1973, because the products we normally purchased from others and resold to our customers were largely unavailable in 1973. Beginning in December 1973, we have had to reduce our refinery runs because of shortage of crude oil.

Recent price increases in the cost of fuels primarily reflect the "pass-through" of our rising cost of crude oil as permitted by the Cost of Living Council. A substantial portion of our increasingly expensive crude oil is imported from abroad. World crude oil prices are set by OPEC nations selling their own crude oil in world markets. With shortages existing in many nations, competition for this oil is very strong. For example, the price of oil posted by OPEC nations has been set as high as \$14 to \$16 per barrel f.o.b., which is equal to about 36 cents per gallon f.o.b. their shores.

Phillips Petroleum Company profits graphically illustrate why no discriminatory legislation limiting the profits of the oil industry is justified. Our Company's return on total assets averaged only 4.35% for the years 1968 through 1972. This is a very low return, especially in a high-risk industry. In 1973, we estimate our overall Company return to be 7% on total assets. Even so, cash flow from operations will not be sufficient to meet cash requirements.

The attachment shows that the oil industry return on total assets fell sharply between 1967 and 1972. This information is taken from a report by John S. Herold, Inc. Although the industry's earnings have improved substantially in 1973, the increase is from a 1972 base which was the lowest in 10 years.

I can say to you without any qualification whatsoever that Phillips Petroleum Company has not contrived to create the energy shortage. Further, I have no knowledge of any contrivance on the part of any other oil companies to create the energy shortage. I make no claim that Phillips and other oil companies should not share some of the blame for the situation in which we find ourselves; but I am amazed, perplexed and frustrated by the criticisms of the oil industry which have been developed, not the least of which is the general accusation that because of a high percentage increase in profits, Phillips and other oil companies are making windfall profits. I am against windfall profits, but the question is what constitutes windfall profits. Merely a large percentage

increase in profits compared to a low level of profits in the past should not per se be regarded as windfall profits.

Consideration should be given to return or what one might expect to make on risk investments. I truly wonder if any thoughtful person really believes that oil company executives would do all those things they are accused of doing, knowing most certainly that such actions would not only destroy their industry but also would support a move against the free enterprise system.

I hope you will consider the information I have presented. Assuming that Congress will pursue the possibility of additional taxation legislation, I trust it will be done in an orderly manner and with full hearings before appropriate committees so the consequences to our country can be fully assessed. It has been demonstrated many times in the past throughout all industry that

controls and disincentives enhance shortages.

Respectfully yours,

W. F. MARTIN.

OIL INDUSTRY RETURN

Oil industry return on total assets has fallen sharply since 1967, averaging approximately 6% in 1972.

Only six of the 60 companies in the following tabulation posted a 10%, or better, return on total assets last year. These were Cardinal Petroleum, General Crude Oil, Louisiana Land & Exploration, Quaker State Refining, Southland Royalty and Texaco Canada.

Texaco continued to maintain its leadership among the international companies with a 7.4% return. British Petroleum's return was a mere 2.1% and Royal Dutch's 3.2%. Group's overall average of 5.4% is 18% below the 1967 return of 6.6%.

Three integrated companies, Murphy Oil Ltd., Pacific Petroleum and Texaco Canada, have countered the industry trend by posting higher returns on total assets in each of the past six years. Murphy Oil Corp., however, has a consistent record of a low return on assets.

Refining companies have suffered the greatest shrinkage, with a 1972 return on total assets of only 4.6%, down 47% since 1967. Year-to-year performance by the various refining companies has been very erratic and indicates the problems associated with the down-stream end of the oil business.

The producing companies continue to provide the best profit on total assets, 7% in 1972. Approximately 40% of the producing companies' return exceeded the group's average. However, none of the companies have been able to provide continued increases since 1967.

PROFIT AS A PERCENT OF TOTAL ASSETS

	1972	1971	1970	1969	1968	1967
International companies:						
British Petroleum	2.1	4.6	3.5	4.0	4.8	3.9
Burmah Oil	(1)	3.8	4.0	3.6	3.1	5.6
Compagnie Francaise	(1)	3.9	3.7	5.4	5.2	5.3
Exxon Corp.	7.1	7.4	7.2	7.1	7.6	7.5
Gulf Oil	4.8	5.9	6.3	7.5	8.4	8.8
Mobil Oil	6.2	6.3	6.1	6.4	6.2	6.2
Royal Dutch	3.2	4.8	4.9	5.8	5.6	5.2
Standard Oil of California	6.8	6.8	7.0	7.4	7.8	7.6
Texaco	7.4	8.3	8.3	8.3	9.2	9.3
Average	5.4	5.7	5.8	6.2	6.4	6.6
Integrated companies:						
Amerade Hess	3.4	10.0	10.3	8.8	10.5	10.1
Atlantic Richfield	4.2	4.5	4.7	5.4	5.1	5.2
Cities Service	4.1	4.5	5.4	6.1	6.5	7.0
Continental Oil	3.3	4.7	5.3	5.1	5.9	5.7
Getty Oil	3.5	2.9	5.2	5.7	5.5	6.9
Gulf Oil Canada	5.3	4.6	3.5	4.6	5.2	5.2
Husky Oil Ltd.	4.4	3.6	3.1	2.9	3.3	4.5
Imperial Oil	8.4	8.3	6.8	6.4	7.3	7.7
Kerr-McKee	6.3	5.3	4.9	5.0	5.7	5.3
Marathon Oil	5.3	6.4	6.5	6.9	7.2	7.5
Murphy Oil Corp.	2.5	2.3	2.3	1.8	2.5	3.3
Murphy Oil Ltd.	7.6	6.5	5.0	3.6	3.6	4.0
Pacific Petroleum	5.8	5.2	4.1	3.7	3.4	3.2
Petrofina Canada	5.2	5.7	5.0	4.9	5.3	4.4
Phillips Petroleum	4.5	4.2	3.9	4.2	4.4	5.8
Shell Oil Co.	5.0	5.2	5.1	6.7	7.4	7.8
Shell Canada	7.5	6.1	5.3	5.3	6.7	6.7
Skelly Oil	5.0	5.3	5.1	6.0	6.4	7.0
Standard Oil of Indiana	6.1	6.1	5.8	6.2	6.5	6.7
Standard Oil of Ohio	3.3	3.2	3.7	3.3	9.1	9.8
Sun Oil	5.2	5.4	5.0	6.1	7.0	7.0
Tesoro Petroleum	8.3	6.4	5.3	4.5	6.1	7.1
Texaco Canada	10.3	7.9	6.7	6.7	6.3	5.7
Union Oil of California	4.5	4.5	4.5	5.6	6.5	7.1
Average	5.5	5.5	5.1	5.2	6.0	6.3
Refining companies:						
American Petroleum	6.9	5.5	9.7	10.9	8.9	9.3
Amoco Oil	4.1	3.9	7.9	5.7	7.9	6.6
Ashland Oil	5.3	3.8	5.1	6.3	6.8	7.7
Clark Oil & Refining	4.1	2.0	6.3	10.0	10.7	11.7
Commonwealth Oil	1.8	4.5	5.2	7.4	7.5	8.7
Crown Central Petroleum	1.1	7	2.7	6	2.5	5.9
Quaker State Oil	10.3	10.6	10.5	13.1	11.8	10.7
Average	4.6	4.4	6.8	7.6	8.0	8.7
Producing companies:						
Adco Corp.	8.2	6.9	3.7	6.3	6.4	(1)
Alminex	4.7	3.7	2.8	2.7	2.2	2.6
Austral Oil	7.3	5.5	5.6	6.7	5.0	(1)
Belco Petroleum	2.4	3.1	4.8	4.4	5.4	5.4
Buttes Gas & Oil	4.1	4.8	6.2	6.3	6.0	6.9
Canadian Industrial Gas	3.3	2.6	8	3.1	2.9	3.7
Cardinal Petroleum	7.8	7.9	8.0	9.3	10.9	8.6
Cardinal Superior	4.5	7.6	2.4	3.9	7.4	4.1
Coastal States Gas	11.1	9.7	7.0	5.5	5.2	9.2
Dome Petroleum	5.1	5.5	5.7	5.7	6.0	5.7
Eason Oil	4.8	5.0	4.3	5.9	8.7	8.3
Equity Oil	9.9	8.1	6.7	12.1	13.2	11.2
Felmont Oil	4.3	2.8	3.7	3.4	6.3	11.7
General American Oil	8.6	8.0	6.8	6.9	4.6	3.2
General Crude Oil	6.5	3.8	8.8	9.2	9.3	8.2
Helmerich & Payne	18.1	17.2	11.8	13.3	14.4	13.7
Hudson's Bay Oil & Gas	5.4	4.5	3.9	3.9	2.5	4.7
Inexco Oil	7.8	7.0	6.3	6.0	6.4	5.6
Keweenaw Oil	6.5	7.1	9.9	9.5	8.4	(1)
Louisiana Land	6.6	6.8	6.0	7.7	6.5	5.4
Mesa Petroleum	15.5	25.0	24.0	25.8	30.4	32.0
Mountain Fuel Supply	8.1	12.2	8.3	10.6	17.6	18.6
Ocean Drilling & Exploration	4.4	4.6	4.3	4.2	3.5	3.3
Reading & Bates	6.3	5.4	5.6	6.8	7.9	7.1
Sabine Royalty	3.1	2.9	5.0	3.3	5.8	4.9
Southland Royalty	9.4	12.9	12.1	9.8	10.7	10.6
Superior Oil	10.9	12.9	13.1	15.6	15.1	15.8
Texas Oil & Gas	.9	.8	2.2	3.2	3.4	5.6
Average	7.1	6.5	6.7	6.2	5.6	6.5
Average	7.0	7.3	6.8	7.5	8.2	8.6
Total, industry	6.0	6.1	6.1	6.6	7.2	7.5

1 Not available.

UNANIMOUS-CONSENT REQUESTS

Mr. MANSFIELD. Mr. President, as indicated under the order laid down by the Senate, calendar No. 471, S. 2686, a bill to amend the Economic Opportunity Act of 1964 to provide for the transfer of the legal services program from the Office of Economic Opportunity to a Legal Services Corporation, will be laid before the Senate on Monday next.

At this time, I am going to propose a series of unanimous-consent requests, seeking to bring about a limitation of time.

I ask unanimous consent that when the Senate takes up the legal services bill (S. 2686) on Monday, January 28, there be an additional 4 hours of general debate, divided between the proponents and opponents—between the majority leader or his designee and the junior Senator from North Carolina or his designee—followed by 2 hours of debate, divided

evenly as above, on a motion to recommend or commit to any committee, if such motion is offered, followed by a vote on such motion, followed by 1 hour of debate, evenly divided as above, and a vote on each amendment in the nature of a substitute now pending if called up by its sponsor, followed by one-half hour of debate, evenly divided as above, and a vote, on each other amendment now pending if called up by its sponsor, followed by an additional 4 hours debate on the bill, evenly divided as above, and a vote on the bill, it being understood that any Senator controlling time may choose to use less than his allotted time, and that motions to table remain in order under the usual rules.

Mr. ALLEN. Mr. President, reserving the right to object, as the Senator from Alabama recalls the situation that existed last year when this measure was pending in the Senate, it was not the

unfinished business or even the pending business that was in the Senate and on the calendar. An agreement was made, I understand, not on the bill, but, as the Senator from Alabama recalls, an agreement was made with the distinguished junior Senator from North Carolina (Mr. HELMS), that this matter would be laid down on January 28. Unless this request has been cleared with the Senator from North Carolina, the Senator from Alabama would feel that the Senator from North Carolina, who is out of the country at this time as I understand it, unless he has returned, would have felt that no action would be taken on the bill until January 28, inasmuch as it was going to be withdrawn from the Senate until January 28.

So I respectfully inquire of the distinguished majority leader whether such request has been cleared with the distinguished junior Senator from North Carolina.

Mr. MANSFIELD. No. May I say that I made inquiries, but, as the Senator has indicated, the Senator from North Carolina is absent from the Senate on official business.

Mr. ALLEN. If the Senator from North Carolina were on the floor and agreed to this, the Senator from Alabama would raise no objection. I am wondering whether the distinguished majority leader recalls that this matter was to be laid down on the 28th, and would not that give rise to the supposition that nothing would come up with respect to the bill until it was pending before the Senate?

Mr. MANSFIELD. That is correct, but that is the only piece of business on the calendar, excluding the genocide treaty, which is just as controversial, if not more so. The intention of the Senator from Montana was to make this request at this time, to see if we could work out some sort of modus operandi on a time limitation basis in the consideration of this most important bill.

Mr. ALLEN. I thank the distinguished Senator for his explanation. However, inasmuch as the Senator from North Carolina did discuss this matter from time to time with the Senator from Alabama, the Senator from Alabama would feel that, in order to protect the interests of the Senator from North Carolina, he would have to object to the unanimous-consent request.

Mr. MANSFIELD. I understand.

Mr. GRIFFIN. Mr. President, if the majority leader will yield for a moment, I should like to say that if the Senator from Alabama had not objected, I would feel constrained, in my responsibility as the acting minority leader at this time, to object on behalf of the Senator from North Carolina, because I also have not had an opportunity to check with him. I would not object in my own personal capacity, but in my capacity as the acting minority leader, I would.

Mr. MANSFIELD. Even though I am in favor of the bill, had I been in the position of the distinguished acting Republican leader, I would have done the same. Certain obligations are imposed upon us which we must observe and cannot avoid.

Mr. President, I ask unanimous consent that, when the legal services bill, S. 2686, becomes the pending business on Monday, January 28, there be 6 hours of additional debate on the bill, 4 hours to be controlled by the junior Senator from North Carolina or his designee, and 2 hours to be controlled by the majority leader or his designee, followed by 2 hours debate divided evenly, on a motion to recommit or commit to any committee, if such motion is offered.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. Mr. President, reserving the right to object, is this not just a similar request, possibly giving more time? Does it not apply to the same bill?

Mr. MANSFIELD. Yes.

Mr. ALLEN. I would have to interpose an objection, or I will yield to the distinguished Senator from Michigan to object.

Mr. GRIFFIN. I will object, for the same reason.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, when the legal services bill (S. 2686) becomes the pending business on Monday, January 28, the junior Senator from North Carolina or his designees be recognized for the entire period of time during which the Senate remains in session on that day, except that the majority leader or his designee shall be entitled to be recognized for 1 hour; and that at the end of the morning hour on Tuesday, January 29, the legal services bill (S. 2686) remain the pending business, or, if it is not the pending business at that time, become the pending business; and that there be 2 hours of debate, divided evenly, on a motion to recommit or commit to any committee, if such motion is offered.

Mr. GRIFFIN. Mr. President, I would have to object, for the same reasons.

However, I invite the majority leader to propound these or other requests at such time as the junior Senator from North Carolina is on the floor to speak for himself.

Mr. MANSFIELD. I understand, and again I must say that I appreciate the position of the Senator.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. I have one more unanimous-consent request.

I ask unanimous consent that when the legal services bill, S. 2686, becomes the pending business on Monday, January 28, the junior Senator from North Carolina or his designees be recognized for the entire period of time during which the Senate remains in session on that day, and for the entire period of time available for debate on Tuesday, January 29, except that the majority leader or his designee shall be allotted 1 hour on each day; and that at the end of the morning hour on Wednesday, January 30, the legal services bill (S. 2686) remain the pending business, or become the pending business, depending on the situation, and that there be 2 hours of debate on a motion to recommit, 1 hour on each substitute, and one-half hour of debate, evenly divided, on each other amendment.

Mr. GRIFFIN. Mr. President, these are very ingeniously worded and drafted proposals, and they have great appeal to the junior Senator from Michigan, especially since he supports the administration's position on this bill; but for the same reasons that were indicated before, I will object, on behalf of the Senator from North Carolina.

The PRESIDING OFFICER. Objection is heard.

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

Mr. MANSFIELD. I yield.

Mr. ALLEN. I wonder whether one of the legal services attorneys might possibly have prepared these unanimous-consent requests the majority leader has been reeling off.

Mr. MANSFIELD. May I say to the distinguished Senator from Alabama that the majority leader has done his duty. [Laughter.]

Mr. ALLEN. I understand.

Mr. CRANSTON. Mr. President, I thank the majority leader for his effort to expedite the business of the Senate and to work out agreements whereby we could come to a vote and dispose, one way or another, of the various amendments and the legal services bill.

I understand the reasons for the objections, since the Senator from North Carolina is not here, but presumably he will be here on Monday. I trust that another attempt will be made at that time to determine whether or not we will be permitted to come to a vote on this measure and various motions relating to it.

We have already had 4 days of debate in the Senate. This matter has been explored over a number of years, and I trust that another effort will be made on Monday to come to grips with it. If not, it seems to me that cloture motions would be in order. Since we had two cloture motions when there was an effort to obstruct and prevent action on the measure in December and the final cloture vote came within one vote of passage. Rather plainly, a strong majority in this body wants to proceed with expedition. The proponents did not seem particularly willing to debate its merits in December.

ORDERS FOR RECOGNITION OF SENATORS BIDEN AND WILLIAM L. SCOTT ON MONDAY, FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS, AND FOR CONSIDERATION OF THE ECONOMIC OPPORTUNITY ACT OF 1964

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Delaware (Mr. BIDEN) be recognized for not to exceed 15 minutes; that he be followed by the distinguished Senator from Virginia (Mr. WILLIAM L. SCOTT) for not to exceed 15 minutes, after which there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes, at the conclusion of which morning business the Senate proceed to the consideration of the legal services bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR ADJOURNMENT FROM MONDAY UNTIL TUESDAY, JANUARY 29, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Monday next, it stand in adjournment until 11 a.m. on Tuesday next.

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

Mr. ROBERT C. BYRD subsequently said: Mr. President, for the moment, I will revise the meeting time for Tuesday; and, of course, that can be changed again on Monday.

I ask unanimous consent that when the Senate completes its business on

Monday, next, it stand in adjournment until 11:30 a.m. on Tuesday next.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON TUESDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at 12 two leaders or their designees have been recognized under the standing order on Tuesday next, there be a period for the transaction of routine morning business, not to extend beyond 12 o'clock noon, with statements therein limited to 5 minutes each.

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

ORDER FOR CONSIDERATION OF THE CONFERENCE REPORT ON THE NATIONAL EMERGENCY ENERGY ACT ON TUESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at 12 o'clock noon on Tuesday next, the Senate resume the consideration of the conference report on the National Emergency Energy Act.

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 second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President,

I ask unanimous consent that the order for the quorum call be rescinded.

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

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, January 24, 1974, he presented to the President of the United States the enrolled bill (S. 1070) to implement the international convention relating to intervention on the high seas in cases of oil pollution casualties, 1969.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will not be in session tomorrow. On Monday the Senate will convene at the hour of 12 o'clock noon. After the two leaders or their designees have been recognized under the standing order, the distinguished junior Senator from Delaware (Mr. BIDEN) will be recognized for not to exceed 15 minutes, after which the distinguished Senator from Virginia (Mr. WILLIAM L. SCOTT) will be recognized for not to exceed 15 minutes, following which there will be a period for the transaction of routine morning business with statements limited therein to 5 minutes each, the period to extend not beyond 30 minutes. At the conclusion of routine morning business the Senate will resume its consideration of calendar order No. 471, S. 2686, the so-called Legal Services Act. Yea-and-nay votes are expected to occur thereon. The distinguished majority leader has indicated that sometime in the afternoon there may be a disposition to move to go into executive session to begin debate on the Genocide Convention.

ADJOURNMENT TO MONDAY, JANUARY 28, 1974

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 12 o'clock noon on Monday next.

The motion was agreed to; and at 6:25 p.m., the Senate adjourned until Monday, January 28, 1974, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate January 24, 1974:

DEPARTMENT OF STATE

Thomas O. Enders, of Connecticut, a Foreign Service Officer of Class one, to be an Assistant Secretary of State.

DEPARTMENT OF DEFENSE

James R. Cowan, of New Jersey, to be an Assistant Secretary of Defense, vice Richard S. Wilbur, resigned.

DEPARTMENT OF COMMERCE

Curtis Marshall Dann, of Delaware, to be Commissioner of Patents, vice Robert Gottschalk, resigned.

COMMISSION ON CIVIL RIGHTS

Arthur S. Flemming, of Virginia, to be a Member of the Commission on Civil Rights, vice Maurice B. Mitchell, resigned.

OFFICE OF TELECOMMUNICATIONS POLICY

John Eger, of Virginia, to be Deputy Director of the Office of Telecommunications Policy, vice George Frank Mansur, Jr., resigned.

DEPARTMENT OF TRANSPORTATION

Louis M. Thayer, of Florida, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1978. (Reappointment.)

EXTENSIONS OF REMARKS

LIKE FATHER LIKE SON

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 24, 1974

Mr. HELSTOSKI. Mr. Speaker, throughout the years, Bergen County, N.J., has produced many fine athletes. Citizens of the county have been continually afforded the opportunity to witness an outstanding brand of interscholastic sports. Today, however, I would like to focus our attention on the achievements of one family in particular—the Calabrese family, of Cliffside Park.

Presently, high school senior Tom Calabrese is enjoying a splendid season on the basketball courts, leading Cliffside Park High School's attack. Tom is presently considered to be one of the finest scholastic basketball players in the country and his sensational shooting has caught the attention of many college coaches.

However, Tom is not the first Calabrese to shine on the courts. His older brother Gerry was also an outstanding basketball player at Cliffside Park. And his father, Gerard, Sr., now mayor of

Cliffside Park with a record of dedicated service to his community, county, and State, was an all-America basketball selection at New York City's St. John's University before playing with the Syracuse Nationals of the National Basketball Association.

An interesting article highlighting the achievements of the Calabrese family appeared January 8 in the New York Times. I would like to take this opportunity to share this article with my colleagues as it is a fine tribute to the dedication and community commitment of one individual family:

NEW JERSEY SPORTS: IN FAMILY TRADITION

The name Calabrese has had a familiar ring in Bergen County for many years. A few years back, it appeared with regularity in the box scores of college and then professional basketball games.

Today, that name is drawing much attention even from points beyond Bergen County, where young Tom Calabrese is performing brilliantly on the court for Cliffside Park High.

College scouts are eager to land the 6-foot senior for a career starting in September. One basketball magazine has rated Tom among the 15 best players in the nation.

The young guard is scoring about 33 points a game, his rate for last year, on a wide assortment of moves and a rather accurate

jump shot from up to 22 feet. He has worked hard and long to achieve his success—and he has had quite an impressive crew to follow.

His father, Gerard Sr., is the mayor of Cliffside Park. He was quite an athlete, too.

STRONG TIES TO BASKETBALL

The senior Calabrese gained all-America honors at St. John's University in New York City before joining the Syracuse Nationals of the National Basketball Association. Tom's older brother, Gerry, also played three years at Cliffside Park, the last one with a 20-point average. And an uncle used to coach high school basketball.

"It's something he just naturally fell into," said Bart Talamini, the Cliffside coach, of Tom. "Hard work and determination have made him excel. If he grew a little, I feel he could be a professional."

Tom is the shooting guard in Cliffside's offense, a role which has allowed him to score more than 1,500 points and become the school's career scoring leader. Last season, he connected on 284 of 316 attempts from the foul line. This season he's shooting 50 per cent from the floor.

With all the glory, Tom has continued his quiet mannerism. "Sometimes he's so quiet, you would not know he's there," said Talamini. "And he shies away from publicity."

TOM'S FINEST MOMENT

A recent game Cliffside played with its rival, Englewood, was not completed because of a problem with the court floor, Tom