HOUSE OF REPRESENTATIVES—*Monday, June 10, 1974*

The House met at 12 o'clock noon.

Rev. William Pryor, First Presbyterian Church, Victoria, Tex., offered the following prayer:

Let us speak to this Living and Eternal One.

We pray: Lord God, before whom the nations are born, rise, and pass away; we give You grateful thanks for this country of ours; for the noble heritage and the rich traditions in which we stand. You have blessed us in the past, and Your promises are the hope of our future.

Be strongly present with this group of men and women. They face momentous and critical decisions, and we pray that they might have the wisdom to seek Your guidance. Grant to them a vision of Your own divine will, that they might see the problems not as overwhelming—rather as opportunities for a better and finer tomorrow for each of the world's children.

Let us experience true peace, the calmness of heart and mind which comes from lives lived in Your presence and committed to Your service.

In Christ's own name. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 14291. An act to amend the Northwest Atlantic Fisheries Act of 1950 to permit U.S. participation in international enforcement of fish conservation in additional geographic areas, pursuant to the International Convention for the Northwest Atlantic Fisheries, 1949, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 13999) entitled "An act to authorize appropriations for activities of the National Science Foundation, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KENNEDY, Mr. PELL, Mr. EAGLETON, Mr. CRANSTON, Mr. MONDALE, Mr. DOMINICK, and Mr. STAFFORD to be the conferees on the part of the Senate.

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

S. 649. An act to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes; and

S. 3311. An act to provide for the use of simplified procedures in the procurement of property and services by the Government where the amount involved does not exceed $10,000.

RECREATION SUPPORT PROGRAM FUNDS

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

Mr. ROSTENKOWSKI. Mr. Speaker, it has come to my attention that the Department of Labor plans to distribute summer recreation support program funds in a manner wholly unlike past practice and unlike what the Congress intended when it provided for the program's continuation in the second supplemental appropriations bill.

I have now learned that the Department of Labor intends to distribute recreation support money this summer to 500 cities, over four times the number of communities normally receiving these funds. Obviously, a program expansion of this magnitude will necessitate a substantial reduction in funding for the cities having the greatest need and, I might add, for those cities Congress intended to receive RSP money. When Congress funded recreation support at essentially last year's funding level, it did not envision an expansion of the program as is planned by Labor. Congressional intent in this regard is made amply clear by the language in the House Appropriations Committee reports accompanying the second supplemental appropriations bill:

The Committee strongly urges the continued support of the summer youth recreation programs, including the hiring of recreation aides and cost of youth transportation, *similar to the way this program has operated in the past* (emphasis added).

Recreation support is a big city program, originally designed to help "keep the cities cool" during the long, hot summer months when large numbers of youth are out of school and idle. Since 1970, recreation support funds have gone to approximately 120 of the Nation's largest cities—those having the largest concentrations of inner-city, disadvantaged youth who are too young to obtain employment—Chicago received $913,000 for operation of RSP last summer. Over the years the program has been operated so that basically the same cities have received basically the same amounts of money. The funding level has remained relatively stable, fluctuating between $12 and $15 million. This year's appropriation of $17 million—a slight increase over last year's appropriation—underscores the congressional intent in having the program operated in the same fashion as in previous years.

Mr. Speaker, it is evident to me the Department of Labor needs a stiff reminder of congressional intent as regards operation of this important program.

THE ROLLCALL CONGRESSIONAL BASEBALL GAME

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

Mr. CONTE. Mr. Speaker, I painfully point out to everyone in this Chamber that due to circumstances beyond our control, major league baseball has been plucked from the hands of Washington area residents once again.

Although I grieve this continued absence, I am pleased to announce that baseball in its purest form will again be played this year for the enjoyment of congressional baseball buffs. That annual struggle between political powerhouses—the rollcall congressional baseball game—will be played the night of July 30 at Memorial Stadium in Baltimore. The Baltimore Orioles have graciously consented to play an anticlimactic game against the Cleveland Indians following our contest.

Mr. Speaker, I call upon my Republican colleagues to stand up and meet the challenge offered by our Democratic counterparts. Yes, our side has won 10 games in a row, but this only means that we have a tradition to uphold. Even if you cannot belt one out of the park or strike out the entire Democrat team, we still need your support. Muster your staffs on July 30 for the charge up the Baltimore-Washington Parkway and lead them in cheering on to victory the great Republican baseball team.

Let us make this year a memorable one for Republican fans by out-houting, out-hitting, and outscoring our mule-ish foes in that classic of congressional confrontations—the annual roll call congressional baseball game.

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER. This is District of Columbia Day.

The chair recognizes the gentleman from California (Mr. REES).

DISTRICT OF COLUMBIA CAMPAIGN FINANCE REFORM ACT

Mr. REES. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 15074) to regulate certain political campaign finance practices in the District of Columbia, and for other purposes, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, there is no one from the minority side here to object, or not object, to considering the bill in the House as in the Committee of the Whole.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 283]

Abdnor	Eshleman	Murphy, Ill.
Abzug	Fish	Murphy, N.Y.
Addabbo	Flowers	Nichols
Andrews, N.C.	Fountain	Nix
Andrews, N. Dak.	Frelinghuysen	O'Hara
	Giaimo	Patten
Annunzio	Gonzalez	Podell
Armstrong	Grasso	Quie
Aspin	Gray	Quillen
Badillo	Green, Oreg.	Railsback
Bell	Griffiths	Regula
Biaggi	Gubser	Reid
Bingham	Gude	Robison, N.Y.
Blatnik	Gunter	Roe
Boland	Hammer-schmidt	Roncallo, N.Y.
Bolling		Rooney, N.Y.
Brademas	Hanley	Roy
Brinkley	Hansen, Wash.	Ruppe
Broyhill, N.C.	Harrington	Ryan
Burke, Calif.	Hastings	Sebelius
Butler	Hébert	Selberling
Carey, N.Y.	Hogan	Skubitz
Chisholm	Holifield	Spence
Clark	Holtzman	St Germain
Clay	Howard	Steed
Cleveland	Huber	Steele
Cochran	Hunt	Steiger, Wis.
Collier	Jones, Tenn.	Stratton
Conyers	Ketchum	Stuckey
Cotter	Kluczynski	Studds
Crane	Kyros	Thompson, N.J.
Davis, Ga.	Lagomarsino	Treen
Davis, S.C.	Landgrebe	Udall
Denholm	Landrum	Waldie
Derwinski	Leggett	Walsh
Dickinson	Lehman	Ware
Diggs	McEwen	Whitten
Donohue	McKinney	Wyatt
Dorn	McSpadden	Wydler
Drinan	Mann	Wyman
Dulski	Maraziti	Young, Alaska
Eckhardt	Matsunaga	Young, S.C.
Edwards, Ala.	Meeds	Zwach
Edwards, Calif.	Mink	
Esch	Moss	

The SPEAKER. On this rollcall 302 Members have recorded their presence by electronic device, a quorum.

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

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN REPORTS

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

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

There was no objection.

DISTRICT OF COLUMBIA CAMPAIGN FINANCE REFORM ACT

The SPEAKER. Does the gentleman from California renew his request?

Mr. REES. Mr. Speaker, I do; by direction of the Committee on the District of Columbia, I call up the bill (H.R. 15074) to regulate certain political campaign finance practices in the District of Columbia, and for other purposes, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

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

There was no objection.

The Clerk read the bill, as follows:

H.R. 15074

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

TITLE I—SHORT TITLE, DEFINITIONS

SHORT TITLE

Sec. 101. This Act may be cited as the "District of Columbia Campaign Finance Reform Act".

DEFINITIONS

Sec. 102. When used in this Act, unless otherwise provided—

(a) The term "election" means a primary, runoff, general, or special election held in the District of Columbia for the purpose of nominating an individual to be a candidate for election to office or for the purpose of electing a candidate to office, and includes a convention or caucus of a political party held for the purpose of nominating such a candidate.

(b) The term "candidate" means an individual who seeks nomination for election, or election to office, whether or not such individual is elected, and, for purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election, if he has (1) obtained or authorized any other person to obtain nominating petitions to qualify himself for nomination for election, or election, to office, or (2) received contributions or made expenditures, or has given his consent for any other person to receive contributions or make expenditures, with a view to bringing about his nomination for election, or election, to office. A person who is deemed to be a candidate for the purposes of this Act shall not be deemed, solely by reason of that status, to be a candidate for the purposes of any other Federal law.

(c) The term "office" means the office of Mayor of the District of Columbia, Chairman or member of the Council of the District of Columbia, member of the Board of Election of the District of Columbia, or an official of a political party.

(d) The term "official of a political party" means—

(1) national committeemen and national committeewomen;

(2) delegates to conventions of political parties nominating candidates for the Presidency and Vice Presidency of the United States;

(3) alternates to the officials referred to in clauses (1) and (2) above, where permitted by political party rules; and

(4) such members and officials of local committees of political parties as may be designated by the duly authorized local committees of such parties for election, by public ballot, at large or by ward in the District of Columbia.

(e) The term "political committee" means any committee (including a principal campaign committee), club, association, organization, or other group of individuals organized for the purpose of, or engaged in, promoting or opposing a political party or the nomination or election of an individual to office. Such term shall include any committee, association, political fund, or other organization sponsored by or affiliated with a corporation or labor organization that is engaged in permissible activities under section 401(g) of this Act.

(f) The term "contribution" means—

(1) a gift, subscription (including any assessment, fee, or membership dues), loan, advance, or deposit of money or anything of value, made for the purpose of financing, directly or indirectly, the election campaign of a candidate or any operations of a political committee;

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

(3) a transfer of funds between political committees;

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

(5) Notwithstanding the foregoing provisions of this paragraph, such term shall not be construed to include services provided without compensation, by individuals volunteering a portion or all of their time on behalf of a candidate or political committee.

(g) The term "expenditure" means—

(1) a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of financing, directly or indirectly, the election campaign of a candidate or any operations of a political committee;

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

(3) a transfer of funds between political committees; and

(4) notwithstanding the foregoing provisions of this paragraph, such term shall not be construed to include the incidental expenses (as defined by the Board) made by or on behalf of individuals in the course of volunteering their time on behalf of a candidate or political committee.

(h) The term "person" means an individual, partnership, committee, association, corporation, labor organization, and any other organization or group of persons.

(i) The term "Director" means the Director of Campaign Finance of the District of Columbia Board of Elections created by title III.

(j) The definitions of "contribution" and "expenditure" (provided in subsections (f) and (g) of this section) shall not be construed to include any payment made or incurred by a corporation or a labor organization which, under the provisions of the last paragraph of section 401(f), would not constitute a contribution or a contribution by that corporation or labor organization.

(k) The term "political party" means an association, committee, or organization which nominates a candidate for election to any office and qualifies under the District of Columbia Election Act (D.C. Code, sec. 1–1101 et seq.), to have the names of its nominees appear on the election ballot as the candidate of that association, committee, or organization.

(l) The term "Board" means the District of Columbia Board of Elections established under the District of Columbia Election Act (D.C. Code, sec 1–1101 et seq.).

TITLE II—FINANCIAL DISCLOSURES

ORGANIZATION OF POLITICAL COMMITTEES

SEC. 201. (a) Every political committee shall have a chairman and a treasurer. No contribution and no expenditure shall be accepted or made by or on behalf of a political committee at a time when there is a vacancy in the office of treasurer thereof and no other person has been designated and has agreed to perform the functions of treasurer. No expenditure shall be made for or on behalf of a political committee without the authorization of its chairman or treasurer, or their designated agents.

(b) Every person who receives a contribution of $10 or more for or on behalf of a political committee shall, on demand of the treasurer, and in any event within five days after receipt of such contribution, submit to the treasurer of such committee a detailed account thereof, including the amount, the name and address (including the occupation and the principal place of business, if any) of the person making such contribution, and the date on which such contribution was received. All funds of a political committee shall be segregated from, and may not be commingled with, any personal funds of officers, members, or associates of such committee.

(c) Except for accounts of expenditures made out of the petty cash fund provided for under section 201(b), the treasurer of a political committee, and each candidate, shall keep a detailed and exact account of—

(1) all contributions made to or for such political committee or candidate;

(2) the full name and mailing address (including the occupation and the principal place of business, if any) of every person making a contribution of $10 or more, and the date and amount thereof;

(3) all expenditures made by or on behalf of such committee or candidate; and

(4) the full name and mailing address (including the occupation and the principal place of business, if any) of every person to whom any expenditure is made, the date and amount thereof and the name and address of, and office sought by, each candidate on whose behalf such expenditure was made.

(d) The treasurer or candidate shall obtain and preserve such receipted bills and records as may be required by the Board.

(e) Each political committee and candidate shall include on the face or front page of all literature and advertisements soliciting funds the following notice: "A copy of our report is filed with the Director of Campaign Finance of the District of Columbia Board of Elections.".

PRINCIPAL CAMPAIGN COMMITTEE

SEC. 202. (a) Each candidate for office shall designate in writing one political committee as his principal campaign committee. The principal campaign committee shall receive all reports made by any other political committee accepting contributions or making expenditures for the purpose of influencing the nomination for election, or election, of the candidate who designated it as his principal campaign committee. The principal committee may require additional reports to be made to it by any such political committee and may designate the time and number of all reports. No political committee may be designated as the principal campaign committee of more than one candidate, except a principal campaign committee supporting the nomination or election of a candidate as an official of a political party may support the nomination or election of more than one such candidate, but may not support the nomination or election of a candidate for any public office.

(b) Each statement (including the statement of an organization required under section 204) or report that a political committee is required to file with or furnish to the Director under the provisions of this Act shall also be furnished, if that political committee is not a principal campaign committee, to the campaign committee for the candidate on whose behalf that political committee is accepting or making, or intends to accept or make, contributions or expenditures.

(c) The treasurer of each political committee which is a principal campaign committee, and each candidate, shall receive all reports and statements filed with or furnished to it or him by other political committees, consolidate, and furnish the reports and statements of the principal campaign committee of which he is treasurer or which was designated by him, in accordance with the provisions of this title and regulations prescribed by the Board.

DESIGNATION OF CAMPAIGN DEPOSITORY

SEC. 203. (a) Each political committee, and each candidate accepting contributions or making expenditures, shall designate, in the registration statement required under section 204 or 205, one national bank located in the District of Columbia as the campaign depository of that political committee or candidates. Each such committee or candidate shall maintain a checking account at such depository and shall deposit any contributions received by the committee or candidate into that account. No expenditures may be made by such committee or candidate except by check drawn payable to the person to whom the expenditure is being made on that account, other than petty cash expenditures as provided in subsection (b).

(b) A political committee or candidate may maintain a petty cash fund out of which may be made expenditures not in excess of $50 to any person in connection with a single purchase or transaction. A record of petty cash receipts and disbursements shall be kept in accordance with requirements established by the Board and such statements and reports thereof shall be furnished to the Director as it may require. Payments may be made into the petty cash fund only by check drawn on the checking account maintained at the campaign depository of such political committee or candidate.

REGISTRATION OF POLITICAL COMMITTEES; STATEMENTS

SEC. 204. (a) Each political committee shall file with the Director a statement of organization within ten days after its organization. Each such committee in existence at the date of enactment of this Act shall file a statement of organization with the Director at such time as the Director may prescribe.

(b) The statement of organization shall include—

(1) the name and address of the political committee;

(2) the names, addresses, and relationships of affiliated or connected organizations;

(3) the area, scope, or jurisdiction of the political committee;

(4) the name, address, and position of the custodian of books and accounts;

(5) the name, address, and position of other principal officers, including officers and members of the finance committee, if any;

(6) the name, address, office sought, and party affiliation of (A) each candidate whom the committee is supporting, and (B) any other individual, if any, whom the committee is supporting for nomination for election, or election, to any public office whatever; or, if the committee is supporting the entire ticket; or, if the committee is supporting the entire ticket of any party, the name of the party;

(7) a statement whether the political committee is a continuing one;

(8) the disposition of residual funds which will be made in the event of dissolution;

(9) the name and address of the bank designated by the committee as the campaign depository, together with the title and number of each account and safety deposit box used by that committee at the depository, and the identification of each individual authorized to make withdrawals or payments out of each such account or box; and

(10) such other information as shall be required by the Director.

(c) Any change in information previously submitted in a statement of organization shall be reported to the Director within the ten-day period following the change.

(d) Any political committee which, after having filed one or more statements of organization, disbands or determines it will no longer receive contributions or make expen-

ditures during the calendar year shall so notify the Director.

REGISTRATION OF CANDIDATES

SEC. 205. (a) Each individual shall, within five days of becoming a candidate, or within five days of the day on which he, or any person authorized by him (pursuant to section 401(g)) to do so, has received a contribution or made an expenditure in connection with his campaign or for the purposes of preparing to undertake his campaign, file with the Director a registration statement in such form as the Director may prescribe.

(b) In addition, candidates shall provide the Director the name and address of the campaign depository designated by that candidate, together with the title and number of each account and safety deposit box used by that candidate at the depository, and the identification of each individual authorized to make withdrawals or payments out of such account or box, and such other information as shall be required by the Director.

REPORTS BY POLITICAL COMMITTEES AND CANDIDATES

SEC. 206. (a) The treasurer of each political committee supporting a candidate, and each candidate, required to register under this Act, shall file with the Director, and with the applicable principal campaign committee, reports of receipts and expenditures on forms to be prescribed or approved by the Director. Except for the first such report which shall be filed on the twenty-first day after the date of enactment of this Act, such reports shall be filed on the 10th day of March, June, and August, in each year during which there is held an election for the office such candidate is seeking, and on the fifteenth and fifth days next preceding the date on which such election is held, and also by the 31st day of January of each year. In addition such reports shall be filed on the 31st day of July of each year in which there is no such election. Such reports shall be complete as of such date as the Director may prescribe, which shall not be more than five days before the date of filing, except that any contribution of $200 or more received after the closing date prescribed by the Director for the last report required to be filed prior to the election shall be reported within twenty-four hours after its receipt.

(b) Each report under this section shall disclose—

(1) the amount of cash on hand at the beginning of the reporting period;

(2) the full name and mailing address (including the occupation and the principal place of business, if any) of each person who has made one or more contributions to or for such committee or candidate (including the purchase of tickets for events such as dinners, luncheons, rallies, and similar fundraising events) within the calendar year in an aggregate amount or value in excess of $50 or more, together with the amount and date of such contributions;

(3) the total sum of individual contributions made to or for such committee or candidate during the reporting period and not reported under paragraph (2);

(4) the name and address of each political committee or candidate from which the reporting committee or the candidate received, or to which that committee or candidate made, any transfer of funds, together with the amounts and dates of all transfers;

(5) each loan to or from any person within the calendar year in an aggregate amount or value of $50 or more, together with the full names and mailing addresses (including the occupation and the principal place of business, if any) of the lender and endorsers, if any, and the date and amount of such loans;

(6) the net amount of proceeds from (A) the sale of tickets to each dinner, luncheon, rally, and other fundraising events organized by such committee; (B) mass collections made at such events; and (C) sales by such committee of items such as political campaign pins, buttons, badges, flags, emblems, hats, banners, literature, and similar materials;

(7) each contribution, rebate, refund, or other receipt of $50 or more not otherwise listed under paragraphs (2) through (6);

(8) the total sum of all receipts by or for such committee or candidate during the reporting period;

(9) the full name and mailing address (including the occupation and the principal place of business, if any) of each person to whom expenditures have been made by such committee or on behalf of such committee or candidate within the calendar year in an aggregate amount or value of $10 or more, the amount, date, and purpose of each such expenditure and the name and address of, and offices sought by, each candidate on whose behalf such expenditure was made;

(10) the total sum of expenditures made by such committee or candidate during the calendar year;

(11) the amount and nature of debts and obligations owed by or to the committee, in such form as the Director may prescribe and a continuous reporting of its debts and obligations after the election at such periods as the Director may require until such debts and obligations are extinguished; and

(12) such other information as may be required by the Director.

(c) The reports to be filed under subsection (a) shall be cumulative during the calendar year to which they relate, but where there has been no change in an item reported in a previous report during such year, only the unchanged amount need be carried forward. If no contributions or expenditures have been accepted or expended during a calendar year, the treasurer of the political committee or candidate shall file a statement to that effect.

REPORTS BY OTHERS THAN POLITICAL COMMITTEES

SEC. 207. Every person (other than a political committee or candidate) who makes contributions or expenditures, other than by contribution to a political committee or candidate, in an aggregate amount of $50 or more within a calendar year shall file with the Director a statement containing the information required by section 206. Statements required by this section shall be filed on the dates on which reports by political committees are filed, but need not be cumulative.

FORMAL REQUIREMENTS RESPECTING REPORTS AND STATEMENTS

SEC. 208. (a) A report or statement required by this title to be filed by a treasurer of a political committee, a candidate, or by any other person, shall be verified by the oath or affirmation of the person filing such report or statement, taken before any officer authorized to administer oaths.

(b) A copy of a report or statement shall be preserved by the person filing it for a period to be designated by the Board in a published regulation.

(c) The Board shall, by published regulations of general applicability, prescribe the manner in which contributions and expenditures in the nature of debts and other contracts, agreements, and promises to make contributions or expenditures shall be reported. Such regulations shall provide that they be reported in separate schedules. In determining aggregate amounts of contributions and expenditures, amounts reported as provided in such regulations shall not be considered until actual payment is made.

EXEMPTION FOR CANDIDATES WHO ANTICIPATE SPENDING LESS THAN $250

SEC. 209. Except for the provisions of subsections (c), (d), and (f) of section 202 and subsection (a) of section 205, the provisions of this title shall not apply to any candidate who anticipates spending or spends less than $250 in any one election and who has not designated a principal campaign committee. On the fifteenth day prior to the date of the election in which such candidate is entered, and on the thirtieth day after the date of such election, such candidate shall certify to the Director that he has not spent more than $250 in such election.

IDENTIFICATION OF CAMPAIGN LITERATURE

SEC. 210. All newspaper or magazine advertising, posters, circulars, billboards, handbills, bumper stickers, sample ballots, and other printed matter with reference to or intended for the support or defeat of a candidate or group of candidates for nomination or election to any public office shall be identified by the words "paid for by" followed by the name and address of the payer or the committee or other person and its treasurer on whose behalf the material appears.

EFFECT ON LIABILITY

SEC. 211. Nothing in this title shall be construed as creating or limiting in any way the liability of any person under existing law for any financial obligation incurred by a political committee or candidate.

TITLE III—DIRECTOR OF CAMPAIGN FINANCE

ESTABLISHMENT OF THE OFFICE OF DIRECTOR

SEC. 301. (a) There is established within the Board of Elections for the District of Columbia the office of Director of Campaign Finance (hereinafter referred to as the "Director"). The Board shall appoint the Director without regard to the provisions of title 5 of the United States Code, governing appointments in the competitive service, to serve at the pleasure of the Board. The Director shall be entitled to receive compensation at the maximum rate as may be established from time to time for grade 10 of the General Schedule in section 5332 of title 5 of the United States Code, and shall be responsible for the administrative operations of the Board pertaining to this Act and shall perform such other duties as may be delegated or assigned to him from time to time by regulations or orders of the Board. However, the Board shall not delegate to the Director the making of regulations regarding elections.

(b) The Board may appoint a General Counsel without regard to the provisions of title 5 of the United States Code, governing appointments in the competitive service, to serve at the pleasure of the Board. The General Counsel shall be entitled to receive compensation at the same rate as the Director of the Board and shall be responsible solely to the Board. The General Counsel shall perform such duties as may be delegated or assigned to him from time to time by regulation or order of the Board.

(c) In any appropriate case where the Board upon its own motion or upon recommendation of the Director makes a finding of an apparent violation of this Act, it shall refer such case to the United States Attorney for the District of Columbia for prosecution, and shall make public the fact of such referral and the basis for such finding. In addition, the Board, through its General Counsel, shall initiate, maintain, defend, or appeal any civil action (in the name of the Board) relating to the enforcement of the provisions of

this Act. The Board may, through its General Counsel, petition the courts of the District of Columbia for declaratory or injunctive relief concerning any action covered by the provisions of this Act.

POWERS OF THE DIRECTOR

SEC. 302. (a) The Director, under regulations of general applicability approved by the Board, shall have the power—

(1) To require any person to submit in writing such reports and answers to questions as the Director may prescribe relating to the administration and enforcement of this Act; and such submission shall be made within such reasonable period and under oath or otherwise as the Director may determine;

(2) to adminster oaths;

(3) to require by subpena the attendance and testimony of witnesses and the production of all documentary evidence relating to execution of its duties;

(4) in any proceeding or investigation to order testimony to be taken by deposition before any person who is designated by the Director and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (3) of this subsection;

(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the Superior Court of the District of Columbia; and

(6) to accept gifts voluntary and uncompensated services.

Subpenas issued under this section shall be issued by the Director upon the approval of the Board.

(b) The Superior Court of the District of Columbia may, upon petition by the Board, in case of refusal to obey a subpena or order of the Board issued under subsection (a) of this section, issue an order requiring compliance therewith; and any failure to obey the order of the court may be punished by the court as a contempt thereof.

DUTIES OF THE DIRECTOR

SEC. 303. The Director shall—

(1) develop and furnish (upon request) prescribed forms for the making of the reports and statements required to be filed with him under this Act;

(2) develop a filing, coding, and cross-indexing system consonant with the purposes of this Act;

(3) make the reports and statements filed with him available for public inspection and copying, commencing as soon as practicable but not later than the end of the second day following the day during which it was received, and to permit and facilitate copying of any such report or statement by hand and by duplicating machine, as requested by any person, at reasonable cost to such person, except any information copied from such reports and statements shall not be sold or utilized by any person for the purpose of soliciting contributions or for any commercial purpose;

(4) preserve such reports and statements for a period of ten years from date of receipt;

(5) compile and maintain a current list of all statements or parts of statements on file pertaining to each candidate;

(6) prepare and publish such other reports as he may deem appropriate;

(7) assure dissemination of statistics, summaries, and reports prepared under this title;

(8) make from time to time audits and field investigations with respect to reports and statements filed under the provisions of this title, and with respect to alleged failures to file any report or statement required under the provisions of this title; and

(9) perform such other duties as the Board may require.

GENERAL ACCOUNTING OFFICE TO ASSIST BOARD AND DIRECTOR

SEC. 304. The Board and Director may, in the performance of its functions under this Act, request the assistance of the Comptroller General of the United States, and the Comptroller General shall provide such assistance with or without reimbursement, as the Board and Director and the Comptroller General shall agree.

TITLE IV—FINANCE LIMITATIONS

GENERAL LIMITATIONS

SEC. 401. (a) No individual shall make any contribution which, and no person shall receive any contribution from any individual which when aggregated with all other contributions received from that individual, relating to a campaign for nomination as a candidate or election to public office, including both the primary and general or special elections, exceeds—

(1) in the case of a contribution in support of a candidate for Mayor, $1,000;

(2) in the case of a contribution in support of a candidate for Chairman of the Council $750;

(3) in the case of a contribution in support of a candidate for member of the Council elected at large, $500;

(4) in the case of a contribution in support of a candidate for member of the Board of Education elected at large or for member of the Council elected from a ward, $200, and in the case of a runoff election, an additional $200; and

(5) in the case of a contribution in support of a candidate for member of the Board of Education elected from a ward or for official of a political party, $100, and in case of a runoff election, an additional $100.

(b) No person (other than an individual with respect to whom subsection (a) applies) shall make any contribution which, and no person shall receive any contribution from any person (other than such an individual) which when aggregated with all other contributions received from that person, relating to a campaign for nomination as a candidate or election to public office, including both the primary and general or special elections, exceeds—

(1) in the case of a contribution in support of a candidate for Mayor, $2,000;

(2) in the case of a contribution in support of a candidate for Chairman of the Council, $1,500;

(3) in the case of a contribution in support of a candidate for member of the Council elected at large, $1,000;

(4) in the case of a contribution in support of a candidate for member of the Board of Education elected at large or for member of the Council elected from a ward $400, and in the case of a runoff election, an additional $400; and

(5) in the case of a contribution in support of a candidate for member of the Board of Education elected from a ward or for official of a political party, $200, and in the case of a runoff election, an additional $200.

For the purposes of this subsection, the term "person" shall include a candidate making contributions relating to his candidacy for nomination of election, or election, to office. Notwithstanding the preceding provisions of this subsection, a candidate for member of the Council elected from a ward may contribute $1,000 to his own campaign.

(c) No individual shall make any contribution in any one election which when aggregated with all other contributions made by that individual in that election exceeds $2,000.

(d) (1) Any expenditure made by any person advocating the election or defeat of any candidate for office which is not made at the request or suggestion of the candidate, any agent of the candidate, or any political committee authorized by the candidate to make expenditures or to receive contributions for the candidate is not considered a contribution to or an expenditure by or on behalf of the candidate for the purposes of the limitations specified in this Act.

(2) No person may make any unauthorized expenditure advocating the election or defeat of a clearly identified candidate during a calendar year which, when added to all other unauthorized expenditures made by that person during the year advocating the election or defeat of that candidate, exceeds $1.000.

(3) For purposes of paragraph (2)—

(A) "clearly identified" means—

(i) the candidate name appears,

(ii) a photograph or drawing of the candidate appears, or

(iii) the identity of the candidate is apparent by unambiguous reference,

(B) "person" does not include the central committee of a political party, and

(C) "expenditure" does not include any payment made or incurred by a corporation, bank, or labor organization which, under the provisions of section 401(g) would not constitute an expenditure by that corporation, bank, or labor organization.

(4) Every candidate shall file a statement with the Board, in such manner and form and at such times as the Board may prescribe, authorizing any person or any political committee organized primarily to support the candidacy of such candidate to either directly or indirectly, receive contributions, or make expenditures in behalf of, such candidate. No person and no committee organized primarily to support a single candidate may, either directly or indirectly, receive contributions or make expenditures in behalf of, such candidate without the written authorization of such candidate as required by this paragraph.

(e) In no case shall any person receive or make any contribution in legal tender in an amount of $50 or more.

(f) No person shall make a contribution in the name of another person, and no person shall knowingly accept a contribution made by one person in the name of another person.

(g) No corporation or labor organization may make any contribution or expenditure for the purpose of promoting or opposing any political party, political committee, or candidate for the nomination or election to office in the District of Columbia. No person may accept from a corporation, bank, or labor organization any contribution for an election in the District of Columbia. This section does not prohibit communications by a corporation to its stockholders and their families or by a labor organization to its members and their families on any subject; nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and their families, or by a labor organization aimed at its members and their families; the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization. In addition, the provisions of this subsection shall not apply to any principal campaign committee or political party which is incorporated.

(h) For purposes of the limitations contained in this section all contributions made by any person directly or indirectly to or for the benefit of a particular candidate, including contributions which are in any way earmarked, encumbered, or otherwise directed through an intermediary or con-

duit to that candidate, shall be treated as contributions from that person to that candidate.

LIMITATION ON EXPENDITURES

SEC. 402. (a)(1) No principal campaign committee shall expend any funds which when aggregated with funds expended by it, all other committees required to report to it, and by a candidate supported by such committee shall exceed in any single campaign $150,000 for a candidate for Mayor, $100,000 for a candidate for Chairman of the Council, $75,000 for a candidate for member of the Council elected at large, or $20,000 for a candidate for member of the Board of Education elected at large or member of the Council elected from a ward, or $10,000 for a candidate for member of the Board of Education elected from a ward, or in support of any candidate for officer of a political party.

(2) At the beginning of each calendar year (commencing in 1976), as there become available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Board and the Board shall publish in the District of Columbia Register the per centum difference between the price index for the twelve months preceding the beginning of calendar year and the price index for 1974. Each amount determined under paragraph (1) shall be changed by such per centum difference. Each amount so changed shall be the amount in effect for such calendar year.

(b) No political committee or candidate shall knowingly expend any funds at a time when the principal campaign committee to which it shall report, or which has been designated by him, is precluded by subsection (a) from expending funds or which would cause such principal campaign committee to be precluded from further expenditures. Any principal campaign committee of a candidate having reasonable knowledge to believe that further expenditures by a political committee registered in support of such candidate, or by the candidate it supports, will exceed the expenditure limitations specified in subsection (a) shall immediately notify, in writing, such political committee or candidate of that fact.

TITLE V—LOBBYING

DEFINITION

SEC. 501. When used in this title—

(a) The term "contribution" includes a gift, subscription, loan, advance, or deposit of money or anything of value and includes a contract, promise, or agreement, whether or not legally enforceable, to make a contribution

(b) The term "expenditure" includes a payment, distribution, loan, advance, deposit, or gift of money or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expediture.

(c) The term "legislation" means bills, resolutions, amendments, nominations, rules, and other matters pending or proposed in the District of Columbia Council and includes any other matter which may be the subject of action by the District of Columbia Council.

DETAILED ACCOUNTS OF CONTRIBUTIONS; RETENTION OF RECEIPTED BILLS OF EXPENDITURES

SEC. 502. (a) It shall be the duty of every person who shall in any manner solicit or receive a contribution to any organization or fund for the purposes hereinafter designated to keep a detailed and exact account of—

(1) all contributions of any amount or of any value whatsoever;

(2) the name and address of every person making any such contribution of $200 or more and the date thereof;

(3) all expenditures made by or on behalf of such organization or fund; and

(4) the name and address of every person to whom any such expenditure is made and the date thereof.

(b) It shall be the duty of such person to obtain and keep a receipted bill, stating the particulars, for every expenditure of such funds exceeding $10 in amount, and to preserve all receipted bills and accounts required to be kept by this section for a period of at least two years from the date of the filing of the statement containing such items.

RECEIPTS FOR CONTRIBUTIONS

SEC. 503. Every individual who receives a contribution of $200 or more or any of the purposes hereinafter designated shall within five days after receipt thereof render to the person or organization for which such contribution was received a detailed account thereof, including the name and address of the person making such contribution and the date on which recevied.

STATEMENT OF ACCOUNTS FILED WITH DIRECTOR

SEC. 504. (a) Every person receiving any contributions or expending any money for the purposes designated in subparagraph (a) or (b) of section 506 of this title shall file with the Director between the first and tenth day of each calendar quarter, a statement containing complete as of the day next preceding the date of filing—

(1) the name and address of each person who has made a contribution of $200 or more not mentioned in the preceding report; except that the first report filed pursuant to this title shall contain the name and address of each person who has made any contribution of $200 or more to such person since January 2, 1975;

(2) the total sum of the contributions made to or for such person during the calendar year and not stated under paragraph (1) of this subsection;

(3) the total sum of all contributions made to or for such person during the calender year;

(4) the name and address of each person to whom an expenditure in one or more items of the aggregate amount or value, within the calendar year, of $10 or more has been made by or on behalf of such person, and the amount, date, and purpose of such expenditure;

(5) the total sum of all expenditures made by or on behalf of such person during the calendar year and not stated under paragraph (4) of this subsection;

(6) the total sum of expenditures made by or on behalf of such person during the calendar year.

(b) The statements required to be filed by subsection (a) of this section shall be cumulative during the calendar year to which they relate, but where there has been no change in an item reported in a previous statement only the amount need be carried forward.

PRESERVATION OF STATEMENTS

SEC. 505. A statement required by this title to be filed with the Director—

(a) shall be deemed properly filed when deposited in an established post office within the prescribed time, duly stamped, registered, and directed to the Director, Washington, District of Columbia, but in the event it is not received, a duplicate of such statement shall be promptly filed upon notice by the Director of its nonreceipt;

(b) shall be preserved by the Director for a period of two years from the date of filing, shall constitute part of the public records of his office, and shall be open to public inspection.

PERSONS TO WHOM TITLE IS APPLICABLE

SEC. 506. The provisions of this title shall apply to any person (except a political committee) who, by himself, or through any agent or employee or other persons in any manner whatsoever, directly or indirectly, solicits, collects, or receives money or any other thing of value to be used principally to aid, or the principal purpose of which person is to aid, in the accomplishment of any of the following purposes:

(a) The passage or defeat of any legislation by the District of Columbia Council.

(b) To influence, directly or indirectly, the passage or defeat of any legislation by the District of Columbia Council.

REGISTRATION OF LOBBYISTS WITH DIRECTOR; COMPILATION OF INFORMATION

SEC. 507. (a) Any person who shall engage himself for pay or for any consideration for the purpose of attempting to influence the passage or defeat of any legislation by the District of Columbia Council shall, before doing anything in furtherance of such object, register with the Director and shall give to him in writing and under oath, his name and business address, the name and address of the person by whom he is employed, and in whose interest he appears or works, the duration of such employment, how much he is paid and is to receive, by whom he is paid or is to be paid, how much he is to be paid for expenses, and what expenses are to be included. Each such person so registering shall, between the first and tenth day of each calendar quarter, so long as his activity continues, file with the Director a detailed report under oath of all money received and extended by him during the preceding calendar quarter in carrying on his work; to whom paid; for what purposes; and the names of any papers, periodicals, magazines, or other publications in which he has caused to be published any articles or editorials; and the proposed legislation he is employed to support or oppose. The provisions of this action shall not apply to any person who merely appears before a committee of the District of Columbia Council in support of or opposition to legislation; nor to any public official acting in his official capacity; nor in the case of any newspaper or other regularly published periodical (including any individual who owns, publishes, or is employed by any such newspaper or periodical) which in the ordinary course of business publishes news items, editorials, or other comments, or paid advertisements, which directly or indirectly urge the passage or defeat of legislation, if such newspaper, periodical, or individual, engages in no further or other activities in connection with the passage or defeat of such legislation, other than to appear before a committee of the District of Columbia Council in support of or in opposition to such legislation.

(b) All information required to be filed under the provisions of this section with the Director shall be compiled by the Director as soon as practical after the close of the calendar quarter with respect to which such information is filed and shall be printed in the district of Columbia Register.

REPORTS AND STATEMENTS UNDER OATH

SEC. 508. All reports and statements required under this title shall be made under oath, before an officer authorized by law to administer oaths.

PENALTIES AND PROHIBITIONS

SEC. 509. (a) Any person who violates any of the provisions of this title, shall be guilty of a misdemeanor, and shall be punished by a fine of not more than $5,000 or imprisonment for not more than twelve months, or both.

(b) In addition to the penalties provided for in subsection (a) of this section, any person convicted of the misdemeanor specified therein is prohibited, for a period of three years from the date of such conviction, from attempting to influence, directly or indirectly, the passage or defeat of any proposed legislation or from appearing before a committee of the District of Columbia Council in support of or opposition to proposed legislation; and any person who violates any provision of this subsection shall be guilty of a felony, and shall be punished by a fine of not

more than $10,000, or imprisonment for not more than five years, or both.

TITLE VI—PENALTIES AND ENFORCEMENT TAX CREDITS, USE OF SURPLUS CAMPAIGN FUNDS, VOTERS' INFORMATION PAMPHLETS, STUDY OF 1974 ELECTION AND REPORT BY COUNCIL, EFFECTIVE DATES, AMENDMENTS TO DISTRICT OF COLUMBIA ELECTION ACT, AND AUTHORIZATION

PENALTIES AND ENFORCEMENT

SEC. 601. (a) Any person or political committee who violates any of the provisions of this Act shall be fined not more than $5,000, or shall be imprisoned for not longer than six months, or both.

(b) The penalties provided in subsection (a) shall not apply to any person or political committee who, before the date of enactment of this Act during calendar year 1974, makes political contributions or receives political contributions or makes any political campaign expenditures, in excess of any limitation placed on such contributions or expenditures by this Act, except such person or political committee shall not make any further such contributions or expenditures during the remainder of calendar year 1974.

(c) Prosecutions of violations of this Act shall be brought by the United States Attorney for the District of Columbia in the name of the United States.

TAX CREDIT FOR CAMPAIGN CONTRIBUTIONS

SEC. 602. (a) Title VI of article I of the District of Columbia Income and Franchise Tax Act of 1947 (D.C. Code, secs. 47–1567—47–1567e) is amended by adding at the end of that title the following:

"SEC. 7. (a) CREDIT FOR CAMPAIGN CONTRIBUTIONS.—For the purpose of encouraging residents of the District to participate in the election process in the District, there shall be allowed to an individual a credit against the tax (if any) imposed by this article in an amount equal to 50 per centum of any campaign contribution made to any candidate for election to any office referred to in the first section of the District of Columbia Election Act, but in no event shall such credit exceed the amount of $12.50, or $25 in the case of married persons filing a joint return.

"(b) (1) A husband and wife filing separate returns for a taxable year for which a joint return could have been made by them may claim between them only the total credit (or refund) to which they would have been entitled under this section had a joint return been filed.

"(2) No individual for whom a personal exemption was allowed on another individual's return shall be entitled to a credit (or refund) under this section.".

(b) The table of contents of such article is amended by adding at the end of the part of such table relating to title VI the following: "Sec. 7. Credit for campaign contributions.".

USE OF SURPLUS CAMPAIGN FUNDS

SEC. 603. Within the limitations specified in this Act, any surplus or unexpended campaign funds may be contributed to a political party for political purposes, or may be used to retire the proper debts of the political committee which received such funds. In addition, such funds may be contributed to educational or charitable organizations, or may be preserved for use in future campaigns of that candidate for whom the funds were contributed for the same office.

VOTERS' INFORMATION PAMPHLETS

SEC. 604. (a) Not sooner than thirty five days nor later than twenty days prior to each election (except a runoff election), the Board shall mail to each registered qualified elector a voters' information pamphlet containing campaign statements and photographs of candidates in that election who submit such information, as provided in this section.

(b) Not later than forty-five days before each election, any qualified candidate (as determined by the Board) seeking nomination or election in that election may file with the Board a photograph of the candidate and a typewritten statement (which shall include no drawings or other illustrative material) setting forth the—

(1) full name of the candiate, the office sought, and his party affiliation, if any; and include

(2) reasons why the candidate believes he should be nominated or elected to office. No such statement or photograph of any person who is the sole candidate for election for any office shall be included in the pamphlet.

(c) Each candidate for nomination or election to an office elected at large may submit statements not to exceed two hundred and fifty words and such a candidate for office elected from a ward may submit statements not to exceed one hundred and fifty words.

(d) Each candidate for nomination or election to an office elected at large shall be allowed no more than one-half of a page of space, and each candidate for nomination or election to any other office shall be allowed no more than one-quarter of a page of space, in the voters' pamphlet.

(e) Each candidate who submits a statement and portrait cut for inclusion in the voters' information pamphlet shall pay to the Board a fee as follows:

(1) Candidates for an office elected at large shall pay a fee of $100.

(2) Candidates for office elected from a ward shall pay a fee of $75.

(f) No statement submitted by any candidate shall contain any obscene, profane, libelous or defamatory matter, as determined by the Board. The Board shall, within three days after receipt, notify a candidate that a statement or portion of such statement contains such matter. Within five days after a candidate has been so notified by the Board, he may request and shall be granted a hearing by the Board. A decision by the Board shall be final upon the acceptance or rejection of the matter in controversy.

(g) The Board may include in the voters' information pamphlets information regarding voter registration, polling places, election districts, and other similar matter.

(h) For the purposes of this section, the term "photograph" means a conventional photograph, not more than three years old, of the face or face and bust of a candidate (which shall not include more than the head, neck and shoulders of the candidate), and not a cartoon, caricature, or similar representation, suitably prepared and processed for printing as prescribed by the Board. A portrait cut shall not show the candidate wearing a military, police or other uniform, or a judicial robe. The background shown in the portrait cut shall be plain.

A STUDY OF 1974 ELECTION AND REPORT BY COUNCIL

SEC. 605. (a) The District of Columbia Council shall, during calendar year 1975, conduct public hearings and other appropriate investigations on (1) the operation and effect of the District of Columbia Campaign Finance Reform Act and the District of Columbia Election Act on the elections held in the District of Columbia during 1974; and (2) the necessity and desirability of modifying either or both of those Acts so as to improve electoral machinery and to insure open, fair, and effective election campaigns in the District of Columbia. Such hearings and investigations shall consider, but not be limited to, the following:

(A) The provision of partial or complete public financing of elections in the District of Columbia.

(B) The assurance of fair and impartial administration and enforement of campaign finance laws in the District of Columbia, through the creation of an independent commission, the restructuring of the Board of Elections, or other appropriate means.

(C) The modification of the election laws in the District of Columbia to require comparative signature books at voting places, voting machines, frequent purging of ineligible voters, and other means to prevent voting fraud.

(D) The regulation of lobbying activities.

(E) The modification of expenditure and contribution limitations specified in this Act in order that campaign costs can be maintained at the lowest level at which full and fair election campaigns can be waged.

(F) The advisability of an act for the District of Columbia relating to the question of conflict of interest, and requiring the disclosure of the financial interests of candidates for public office, public officials, and of certain government employees.

(G) The regulation of campaign practices (including campaign finance matters) of political party officials and politial parties.

(b) Upon the conclusion of its hearings and investigations the Council shall issue a public report on its findings and recommendations. Nothing in this section shall be construed as limiting the legislative authority over elections in the District of Columbia vested in the Council by the District of Columbia Self-Government and Governmental Reorganization Act.

EFFECTIVE DATES

SEC. 606. (a) Titles II and IV of this Act shall take effect on the date of enactment of this Act, except the first report or statement required to be filed by any individual or political committee under the provisions of such titles shall include that informaion required under section 13(e) of the District of Columbia Election Act (D.C. Code, sec. 1–1113(e)) with respect to contributions and expenditures made before the date of enactment of this Act, but after January 1, 1974.

(b) Titles, I, III, and VI of this Act shall take effect on the date of enactment of this Act.

(c) Title V of this Act shall take effect January 2, 1975.

AMENDMENTS OF DISTRICT OF COLUMBIA ELECTION ACT

SEC. 607. (a) Section 13 of the District of Columbia Election Act (D.C. Code, sec. 1–1113) is amended to read as follows:

"AUTHORIZATION

"SEC. 13. There are hereby authorized to be appropriated, out of any money in the Treasury to the credit of the District of Columbia not otherwise appropriated, such sums as are necessary to carry out the purposes of this Act".

(b) The first sentence of subsection (b) of section 4 of such Act (D.C. Code, sec. 1–1104) is amended to read as follows:

"(b) Each members of the Board shall be paid compensation at the rate of $75 per day, with a limit of $11,250 per annum, while performing duties under this Act, except during 1974 such compensation shall be paid without regard to such annual limitation.".

(c) The last sentence of section 3 of such Act (D.C. Code, sec. 1–1103) is amended by inserting ", who shall serve in a full-time capacity" immediately after "Board".

(d) The amendment made by subsection (a) shall not affect the liability of any person arising out of any violation of section 13 of the District of Columbia Election Act committed before the date of enactment of this title, and any action commenced with respect to such a violation shall not abate.

AUTHORITY OF COUNCIL

SEC. 608. Notwithstanding any other provision of law, or any rule of law, nothing in this Act shall be construed as limiting the authority of the District of Columbia Council to enact any act or resolution, after January 2, 1975, pursuant to the District of Columbia Self-Government and Govern-

mental Reorganization Act with respect to any matter covered by this Act.

AUTHORIZATION OF APPROPRIATION

SEC. 609. Amounts authorized under section 722 of the District of Columbia Self-Government and Governmental Reorganization Act may be used to carry out the purposes of this Act.

With the following committee amendments:

On page 18, beginning in line 24, strike out "(c), (d), and (f) of information pamphlets," and renumber items 605, 606, 607, 608, and 609, as 604, 605, 606, 607, and 608, respectively.

On page 18, beginning in line 24, strike out "(c), (d), and (f) of section 202" and insert in lieu thereof "(c) and (d) of section 201".

On page 32, line 1, strike out "District of Columbia Council" and insert in lieu thereof "Council of the District of Columbia".

On page 32, line 3, strike out "District of Columbia Council" and insert in lieu thereof "Council of the District of Columbia".

On page 35, line 16, strike out "District of Columbia Council" and insert in lieu thereof "Council of the District of Columbia".

On page 35, beginning on line 16, strike out "District of Columbia Council" and insert in lieu thereof "Council of the District of Columbia".

On page 35, line 25, strike out "District of Columbia Council" and insert in lieu thereof "Council of the District of Columbia".

On page 36, line 19, strike out "District of Columbia Council" and insert in lieu thereof "Council of the District of Columbia".

On page 37, beginning on line 5, strike out "District of Columbia Council" and insert in lieu thereof "Council of the District of Columbia".

On page 38, line 3, strike out "District of Columbia Council" and insert in lieu thereof "Council of the District of Columbia".

On page 38, line 11, insert "ELECTION" immediately after "1974".

On page 40, strike out line 19 and all that follows down through line 3 on page 43.

On page 43, strike out line 5 and insert in lieu thereof "Sec. 604.(a) The Council of the District of Columbia shall,".

On page 44, line 24, strike out "606" and insert in lieu thereof "605".

On page 45, line 13, strike out "607" and insert in lieu thereof "606".

On page 45, line 24, strike out "members" and insert in lieu thereof "member".

On page 45, insert a comma immediately following "day".

On page 46, line 14, strike out "608" and insert in lieu thereof "607".

On page 46, line 2, strike out "609" and insert in lieu thereof "608".

The committee amendments were agreed to.

Mr. REES. Mr. Speaker, I move to strike the last word.

Mr. Speaker, the purpose of the bill before us, H.R. 15074, is to regulate campaign finance practices in the District of Columbia. The bill is necessary because the voters of the District of Columbia approved home rule, and we will be having an elected mayor and an elected city council in the District of Columbia.

The primary election is in September, and the final election is in November.

The bill that we have before us was developed by the Government Operations Subcommittee chaired by the gentleman from Washington (Mr. ADAMS) was voted out unanimously by that subcommittee and also voted out unanimously by the full Committee on District of Columbia.

The major provisions of the bill provide, one, for the requiring of financial disclosure of all contributions of $50 or more to a political campaign by candidates and committees; two, the creation of an Office of Director of Campaign Finance within the Board of Elections to administer the program of reporting and enforcement of limitations; three, limiting individual contributions to a candidate for mayor during the entire primary and general election span to $1,000, and limiting organization and group contributions to $2,000, with lower dollar limits for members of the Council at Large and members of the Council from wards. We also limit unauthorized expenditure in support of or in opposition to a candidate of $1,000 a year.

The cash contributions are limited to less than $50. We put a prohibition on both labor and corporate contributions. It is the same language that limits corporate and labor contributions in Federal campaigns. We set a ceiling for a candidate's committee and all other supporting committees of $150,000 in the primary and $150,000 in the general election for the mayor's race, and we also have limitations for the race, again, for a member of the City Council at Large and a member of the City Council of wards, and also members of the School Board.

There is also language that will require registration of lobbyists, and it provides for a detailed system of accounts and payments made.

We establish penalties, to require the City Council to make a study of the campaign law next year to see if it worked or not. We also authorize under the concept of home rule the City Council to amend this bill.

I think that the bill does represent a good system of campaign financing for the District of Columbia. It was worked on very diligently. Hearings were held, and members of the community were heard from.

Mr. Speaker, I ask for approval of the bill.

Mr. NELSEN. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I favor the passage of H.R. 15074 for the reasons stated in my additional views in the report accompanying this bill. I take this opportunity to insert in the RECORD those views so that they may be available as part of the legislative history of this legislation.

ADDITIONAL VIEWS OF CONGRESSMAN ANCHER NELSEN

INTRODUCTION

I generally support this bill because there is a definite need for the regulation of certain political campaign finance practices in the District during the first elections this fall. Indeed, there is a need for prompt action on this bill now, inasmuch as the primary filing date has passed, and over 120 candidates for local office are scheduled to be on the primary ballot.

DOES NOT SUPPORT PARTISAN ELECTIONS

I wish to make clear that while I generally support this bill, I do not wish to have my support construed in any way as supportive of partisan elections in the District of Columbia. I am not a co-sponsor of this bill.

There are those who may say that this should have been part of the home rule bill, which was brought to the Floor by the Committee last fall in the First Session. However, the urgency of the need for such legislation was lacking at that time. The home rule bill when it was presented on the Floor by the Committee did not contain provisions for partisan elections in the District. It was only in the House-Senate Conference where that particular provision was reversed so that partisan elections were provided for in the bill's final enactment. I refused to sign the Conference Report on that bill because the Report provided for partisan elections in the District. Because a large number of Federal and local employees who are voters are covered by the Hatch Act in the District, I viewed partisan elections as a denial of true home rule and self-government as it had been traditionally discussed in the Committee and debated on the Floor of the House.

Moreover, this is the second time we come to the House Floor with a bill that is the result of the D.C. Self-Government Act calling for partisan elections. The first instance had to do with an amendment to a relatively simple insurance bill that provided that the mayor and the members of the City Council be permitted to run for election without having mass resignations because they were covered by the Hatch Act. This bill, in turn, largely stems from the partisan election provisions in the Home Rule Act. It is true that there perhaps would be some need for future regulation of campaign financing practices in the District, even with non-partisan elections. However, the partisan election aspects of home rule, in my opinion, greatly accentuate the need for this type of bill, and the seriousness of certain practices which could occur during the forthcoming election in the District of Columbia if there are not certain amendments to the existing campaign finance practices.

PENDING FEDERAL LEGISLATION

I am mindful that the House Administration Committee is currently working on a bill that would regulate certain political campaign finance practices in Federal elections. However, I believe that time and circumstances dictate that we move on this local election bill at this time. Differing circumstances, views and facts and different conclusions based thereon, as they relate to any Federal legislation which may be submitted to this Body, may result in different positions being taken on a bill that will apply nationwide in contrast to one that will apply within the relatively small geographic area of the District of Columbia with some 250,000 registered voters.

LOBBYING

I introduced an amendment before the Full Committee that now comprises Title 5 of this bill. It regulates lobbying in the District of Columbia as it may be conducted before or with the District of Columbia Council. It tracks very closely with the Federal lobbying law with some minor adjustments that recognize the local aspects of this bill. Under the Home Rule Act all acts passed by the District of Columbia Council will lay over in one fashion or another to the Congress before becoming law. It appears to me to be entirely rational and consistent that individuals who lobby the local Council should be identified in the same way as they are in the Congress. The same rationale for the need for a Federal lobbying act can be said to exist for the local lobbying provisions now that the Congress has delegated certain legislative authority to the Council.

NOT IN FAVOR OF PUBLIC FINANCING OF POLITICAL CAMPAIGNS

I opposed the public financing of local provisions (either partial or complete) contained in the bills considered in the Full Committee. However, the thrust of this bill, it is my understanding, is to give broader participation in the form of contributions by the general public to the political campaigns of individuals seeking elective office. It seems to me that every effort should be made to broaden this voluntary citizen participation. A provision in the bill giving a tax credit under the D.C. income tax laws for campaign contributions moves in this direction.

Certainly other avenues to increase the citizens' participation in political campaigns by way of financial contributions, including services in kind, can and should be encouraged. There is considerable effort that can be taken along these lines that have not yet, in my opinion, been fully explored. A major effort along these lines is much preferable, in my opinion, than abruptly turning to public financing of local elections. For instance, if the airwaves are considered to be in the public domain, as evidenced by the Federal regulation of radio and television, then certainly some additional exploration of public service announcements urging broader public participation in elections and some consideration of free or low cost time on radio and television to air the political views of candidates should be closely examined in the interest of serving the public as far as political campaigns are concerned.

Direct public financing of elections, in my opinion, would bureaucratize and institutionalize the financing of elections. They would institutionalize the financing and participation in elections by inserting a third party—in this case the government—between the voter-contributor and his candidate. The voter-contributor would tend to be isolated from the decisions made with respect to those programs or tasks undertaken by the government bureau assigned the function of regulating and financing political campaigns. During my service with the government in elective office, I have seen a tremendous growth in the burdens of the government that have been shifted from the private sector to the government. Inevitably, when those shifts have occurred, that burden or function assumed by the government has been swallowed up and in some cases smothered by policymakers and government functionaires, who eagerly embrace procrastination, appraisal and reappraisal, compromise, and unending legalistic rules and regulations. In my opinion, public financing will lead to countless Constitutional issues involving an individual's right to support a particular candidate, as well as those involving the governmental selection, regulation, and financing of particular candidates to the possible detriment of (or involving discrimination with respect to) other candidates. My experience has led me to conclude that that government governs best which governs least, and I deplore the rate and extent to which we have transferred responsibility from the private sector (and even the family in some instances) to the government, both Federal and local. Public financing of political campaigns is yet another step in this same direction, a step which I feel would be a mistake and do not endorse. It is particularly unwarranted, in my opinion, as it relates to public financing of political campaigns, because other alternatives for fuller participation on the part of the voters and the citizens have not nearly begun to be fully explored or utilized.

I fear that under public financing of political campaigns the unqualified, the insincere and non-serious seeker of public office will be treated the same as the individual who is highly qualified, hard working, and very serious. Yet, the taxpayers would have to bear the cost of non-serious candidates who may only seek personal publicity. It is my opinion that in the course of a general campaign as it is now, the voter-contributor makes his own decision as to which candidate he prefers and which one he will support, not only with his vote but with his contribution. Under public financing, some committee, some bureau will be making these decisions in a manner which could very well be substantially adverse to the public good.

I wish to make it very plain and clear that the inclusion of Section 605(a)(A) calling for the Council to study public financing of elections is in no way an expression of my approval or endorsement of that method. On the contrary, I disapprove of that method of financing political campaigns.

ANCHER NELSEN.

There is an urgency about this legislation which exists, in my opinion, because in the home rule legislation we provided for partisan elections in the District of Columbia. If we had gone the nonpartisan election route, certainly the urgency for this legislation would be not nearly as acute as it is today. I know that the House did not favor partisan elections in the District, and, therefore, the home rule bill, when it was considered on the floor of the House, did not contain such a provision—but rather contained nonpartisan elections. Unfortunately, the partisan elections crept into the home rule legislation in the course of the conference.

With the partisan elections and certain gaps in the existing election campaign legislation in the District, I feel compelled to strongly urge you to vote for this piece of legislation.

As I stated in my additional views in the report accompanying the bill, I believe that the positions taken in this particular piece of legislation need not necessarily be binding to the membership when, as, and if it later taken up Federal legislation regarding campaign reform. This is basically a local bill, which will be in effect for this election, and if in 1975 the locally elected council wishes to alter, revise, repeal, and so forth, certainly they have the authority in the home rule legislation to do that.

I do strongly favor the lobbying provisions contained in title V of this bill. It was my amendment that placed these particular provisions in the bill. Title V tracks very closely with Federal legislation having to do with lobbying in the Congress, and I do not believe that compliance with its provisions will be in any way burdensome—on the other hand, will be very much in the public interest—if enacted into law.

There are a number of provisions in this bill on disclosures and on the controversial. However, I think in the circumstances since the bill will only apply to the first election and may be amended subsequently by the City Council, perfecting amendments can be taken up by the local government at a future date.

In conclusion, I urge your support of this legislation.

AMENDMENT OFFERED BY MR. FRENZEL

Mr. FRENZEL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRENZEL: Page 43, line 19 after the period, strike out all that follows down through and including line 20 on page 44.

Mr. FRENZEL. Mr. Speaker, when I circulated a Dear Colleague letter on H.R. 15074 last week, I indicated that my amendment would strike only the subsection directing the District of Columbia Council to hold hearings on partial and public financing of elections.

The amendment which I am now offering strikes all of the items, (A) through (G), on pages 43 and 44 which direct the Council to consider specific aspects of election, registration, lobbying and disclosure.

It was public financing which called my attention to this section, and I do hope that this House will pass no legislation which indicates in any way that it is supportive of public financing, particularly in non-Federal elections.

However, because I have such strong feelings about home rule and about the rights of local people to make local decisions, I have expanded my amendment to strike all of the things that the committee would like the Council to study.

I strongly believe that the local Council will study those things which are important to local people. This House, and this Congress, has no business telling the local Council how it should handle its election laws, especially after we have just voted the District a form of home rule.

Some of the things that the committee bill asks the Council to study are features I like, such as creation of an independent commission and a study of the need to require comparative signature books at voting places. Nevertheless, I think the overriding consideration should be that when we voted for home rule for the District, though it may not have been complete home rule, we really meant it. I do not think we should be put in a position where we are literally repudiating that home rule which only became law last Christmas eve.

Even though my amendment is much broader and rests on much broader philosophic choice than the objection on public financing, I would like to point out some of the problems of public financing within the District. Unless special tax were laid on residents or district property to carry election costs, it could be said that public financing would be provided by all the taxpayers of this country, at least up to 40 percent through the Federal payment to the District. I do not think my constituents would be interested in making that contribution.

Another interesting statistic is that over 120 candidates for the local election are running in the September primary. The District residents may wish to finance that many candidates, but again, I suspect that people from the State of Minnesota would not have any enthusiasm for such a project. The cost of financing a flock of mayoralty and chairman candidates at $150,000 a copy is staggering, and it illustrates one of the real arguments against public financing. If we have 120 candidates willing to run under the old rules, if public financing

ever becomes law we will have twice that many interested in running.

I urge the adoption of my amendment by all those people who believe that we really meant it when we established home rule within the District and suggest those people who, as I do, oppose public financing will certainly want to vote for the amendment, least the House be taking a tacit position in favor of public financing.

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

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

Mr. GROSS. I thank the gentleman for yielding. Is there anything in the bill as it now stands, without the gentleman's amendment, that requires Federal financing of an election in the District of Columbia?

Mr. FRENZEL. Insofar as I am aware, this is the only reference.

Mr. GROSS. This is the only reference?

Mr. FRENZEL. Yes.

Mr. GROSS. And the gentleman's amendment would strike that provision that would in any way make it possible to use Federal funds?

Mr. FRENZEL. That is correct.

Mr. GROSS. I agree with the gentleman's amendment.

Mr. ADAMS. Mr. Speaker, I rise in opposition to the amendment.

I appreciate very much the feeling of the gentleman from Minnesota and his belief in home rule and that the local City Council should decide its own decisions, make its own decisions on whether or not it wants certain types of campaign financing in the District of Columbia and campaign regulations. I believe the same thing.

I want to echo again the comments of the gentleman from Minnesota (Mr. NELSEN) and those of the gentleman from California (Mr. REES) that this bill is simply for this election, that we certainly expect the City Council once it is elected to decide how it wants to have elections for the positions in this area conducted, as is done in every other jurisdiction in the United States.

However, at the subcommittee level, and I chaired the subcommittee on this matter, we had many proposals before us. We had at least three separate bills. We had a number of witnesses who testified on specific items that they believed in. Those recommendations are included in this section that starts on page 43.

There was a strong recommendation for public financing of campaigns. I happen to believe that this is where the elections in the United States are going and I happen to believe in public financing; but we have not tried to put it in this bill because it would make this bill controversial. None of us wanted to come on this floor and attempt to defend an election disclosure bill as a public financing of campaigns bill, because we felt that would not pass the House; so it is not in this bill, to answer the gentleman from Iowa; but we did feel we should state to the City Council that this was considered, that the witnesses before our subcommittee which held most of the hearings indicated strongly it should be done.

I think public financing should be done first in the final elections. I think in primary elections, as the gentleman points out, with 140 or 160 candidates, whatever it might be in any election, that primary must be handled in a different fashion than final elections.

Notice also there is a regulation of lobbying activities. We requested that the Council study that and other specific items. These were all brought up by members of the subcommittee or by members of the full committee and strongly supported by witnesses; but we felt these were more controversial and we felt this should be a bare-bones bill that will easily pass the House. We have got to say that local candidates must disclose and they must have a single campaign depository. Limits have also been put on the campaigns. All the things the gentleman wants to strike are simply things we are trying to give the local City Council the benefit of the experience the Congress has had in going through this process. We are only saying to them, "Look at these things, make your own decision," so that the election process here builds on itself thus they will not start with little knowledge as to what we have studied in the Congress, what was recommended to the subcommittee and what we felt was too controversial to try to pass.

So I hope that this amendment will be defeated. These are simply directions to the City Council, when they are elected, to study these things. I hope they will study them and then either accept or reject them; but we are trying to give to them the benefit of the days of hearings that we had and all the witnesses that were before us. So I urge the Members to defeat this amendment and leave it in the bill.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Speaker, I am curious to know where, in the language of the bill, appears the limitation which is expressed on page 5 of the report, under title IV, which says:

> Organizations and groups—in contrast to individuals—may make contributions totaling $2,000 for the Mayor's campaign and lessor amounts for other candidates. These limits are twice the amounts set for contributions by individuals.

Mr. Speaker, I have difficulty finding it in the language of the bill.

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

Mr. ADAMS. Mr. Speaker, I yield to the gentleman from California.

Mr. REES. Mr. Speaker, the limitation language in the bill is title IV on page 24. The limitations start on page 25, line 3.

Mr. BROWN of Ohio. I am still curious as to where the specific language is.

The SPEAKER pro tempore. The time of the gentleman from Washington has expired.

(At the request of Mr. REES and by unanimous consent Mr. ADAMS was allowed to proceed for 5 additional minutes.)

Mr. BROWN of Ohio. Mr. Speaker, if the gentleman will yield further, my question is, in the report appears this language:

> Organizations and groups—in contrast to individuals—may make contributions totalling $2,000 for the Mayor's campaign and lessor amounts for other candidates. These limits are twice the amounts set for contributions by individuals.

My difficulty is in finding the language in the bill to which that specific reference refers.

Mr. ADAMS. If the gentleman will look on page 25, line 19, it starts at section (b):

> No person (other than an individual with respect to whom subsection (a) applies) shall make any contribution.

And so forth.

The "person" in the definitional section is defined as groups or as organizations. In other words, the term "person" covers a broader definition than the term "individual."

Then, if the gentleman will turn to the next page, he will notice where it says that they may not contribute more than——

Mr. BROWN of Ohio. Let me ask how that would be applied with reference to an individual, and then this odd definition of "person," which apparently means more than one individual.

Suppose I chose to give my $1,000 limit under section 401(a) to a candidate, and then wanted to combine with the gentleman from Washington to give additional funds to another candidate or to that same candidate. Could I then do that and fall both within the definitions of 401(a) and 401(b), and wind up giving an aggregate of $1,000 on my own and apparently participate in an aggregate amount of $2,000 with one or more other people?

Mr. ADAMS. No, that could not be done. As an individual, he is limited to the amount he can give directly or through an organization to a candidate. He cannot give it directly to an organization if there is anything in that organization or in that group which indicates the contribution to be earmarked.

For example, he could give a general contribution to the Republican party for $1,000, and he could give $1,000 to a candidate. Then, if the Republican party in its wisdom, out of its total funds, decided to give money to that same candidate, the gentleman would not be bound. However, he cannot go through a subterfuge of, say, giving $1,000 to the campaign committee for a particular candidate and then going to another group which says, "We have formed a campaign group called the XYZ group, which is going to contribute money to this candidate, and we will funnel the money through." That is known as a third party contribution.

Mr. REES. Mr. Speaker, will the gentleman yield further?

Mr. ADAMS. I yield to the gentleman from California.

Mr. REES. Mr. Speaker, in addressing myself to the question of the gentleman from Ohio, on page 26, line 25, it says:

(c) No individual shall make any contribution in any one election which when aggregated with all other contributions made by the individual in that election exceeds $2,000.

So, for a primary and a final it would be $4,000 limitation on all candidates and all offices.

Mr. BROWN of Ohio. Mr. Speaker, I would like to pursue this because I want to understand whether the gentleman is closing loopholes or creating additional loopholes.

Suppose I belong to an organization made up of 10 people. Each one of those people wants to give $1,000. Can we then combine into five committees and have each committee give $2,000?

In other words, the gentleman mentioned the Republican Party. I assume this applies to the Democratic Party, or to a local union of some kind. Can that union give Clean Government Committee, 1, Honest Government Committee, 2, Good Government Committee, 3, and so forth, $2,000 in the name of each of those groups?

Mr. ADAMS. In my opinion, they could not form, in effect, dummy committees which solicit funds in excess of the individual's $2,000 maximum contribution.

Mr. BROWN of Ohio. Can you cite for me the place where that is prohibited?

Mr. ADAMS. This comes in the monetary part. It shows how difficult these campaign disclosure and limitation laws are. We said in here that each candidate has to have just one committee. In other words, he cannot form dummy committees.

Mr. BROWN of Ohio. But that is a receipt committee, is it not?

The SPEAKER pro tempore. The time of the gentleman has again expired.

(On request of Mr. REES, and by unanimous consent, Mr. ADAMS was allowed to proceed for 5 additional minutes.)

Mr. ADAMS. Mr. Speaker, I want to add that everything that goes in or out of the candidate's control must go to the principal campaign committee in one campaign, so he must list these various groups that the gentleman referred to.

The limit stated by the gentleman from California on pages 25 and 27 limits one's total participations as an individual in the election, no matter how many groups anyone may want to contribute to. That is the purpose of that section. It does not permit, within that total limit, the joining of several groups and the contribution of parts of one's limit to each one of them.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. Yes, I yield.

Mr. BROWN of Ohio. Mr. Speaker, is there, then, a provision whereby Good Government Committee A, Clean Government Committee B, and Honest Government Committee C make full disclosure of the individuals who contribute to their various organizations?

Mr. ADAMS. Yes.

Mr. BROWN of Ohio. So that, in fact, the individual donation can be monitored?

Mr. ADAMS. Yes. They are required to report if they are going to contribute in this election, what they put in and what they get out, so that within the reporting system you know who has contributed into the committee, and who has contributed out. The candidate, as an individua., knows where what he gets comes from, and the candidate is responsible for seeing that his limits are not violated.

Mr. BROWN of Ohio. Mr. Speaker, let me be clear. Let us say that I as an individual want to give the maximum of $1,000 that I am allowed to give under this law in a campaign. That is the limit.

Mr. ADAMS. As an individual, you may contribute $2,000 in all of the races.

Mr. BROWN of Ohio. All right. Let us make that $2,000, then. There is this section under the law providing that if I give $1,000 to the Republican Party, $1,000 to the Boilermakers Union, and $1,000 to these Good Government Committee A, Good Government Committee B, and Good Government Committee C, I will be caught; is that correct?

Mr. ADAMS. One may not do that because that is in excess of $2,000.

Mr. BROWN of Ohio. How will I be caught?

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

Mr. ADAMS. Yes, I will yield to the gentleman from California.

Mr. REES. Mr. Speaker, if the gentleman will yield, on page 29, section (h), it says:

All contributions made by any person directly or indirectly to or for the benefit of a particular candidate, including contributions which are in any way earmarked, encumbered, or otherwise directed through an intermediary or conduit to that candidate, shall be treated as contributions from that person to that candidate.

Also, on page 5 we have a definition of a contribution being a transfer of funds between political committees, so I think that with these two, you zero in on that.

Mr. BROWN of Ohio. If the gentleman will yield, I will not earmark those funds. I will just give them to somebody I know who is going to give them to the candidate I favor, but I will be identified, is that correct?

This is one of the things that I would like to have this local committee study because I think that has been the traditional loophole, what I describe here, where one individual or organizations which wish is to contribute massively to individual campaigns has been doing it.

I just want to be sure that the Republican Party, the Democratic Party, the labor unions, the chamber of commerce, or the hotel operators or whoever it is, do not divide up into a lot of different committees and thereby put their money into all of these different committees and still try to buy elections.

I might further thank the gentleman in the well and my colleague from the 89th Congress for assuring me that this has been prohibited under the language of this legislation.

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

Mr. ADAMS. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, there is a definition contained on page 21, and it is, of course, defined on page 3 of the bill.

As I understand the law further, it is true, is it not, when we are talking about a limitation of $1,000 or $2,000 per person, that means $1,000 for an individual for an election, an election being one candidate in one race?

Mr. REES. No. Mr. Speaker, if the gentleman will yield further, the law allows no individual to make any contribution in any one election—and that could be the primary, say, coming up in September—of more than $2,000, so an individual is absolutely limited, although he might be for two candidates for council and one candidate for mayor. He would more or less have to figure out in advance how he could give these contributions so that the amount would not go over $2,000 for a primary.

Mr. FRENZEL. Mr. Speaker, if the gentleman will yield further, I do not think the bill says that, but it is nice to know what the committee intended, that in any one campaign he can only give $1,000 or $2,000.

Mr. BROWN of Ohio. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I would like to ask for one further comment from the gentleman from California (Mr. REES), who, I gather, is the author of the legislation, or at least he must be the chairman of the subcommittee.

Mr. REES. No. I was just here on Monday.

Mr. BROWN of Ohio. The gentleman, however, does support the committee's legislation?

Mr. REES. Yes. Mr. Speaker, if the gentleman will yield, I will state that I do support the legislation.

Mr. BROWN of Ohio. And the gentleman is here to respond to my questions, and my first question is this: Can I accept what the gentleman from California and the gentleman from Washington have assured me in the previous colloquy under the time of the gentleman from Washington (Mr. ADAMS) as to their understanding of the effect of the language of the legislation? Or can I assume that I have the assurance of the gentleman from California and of the gentleman from Washington that we will have the opportunity to have this matter further studied and modifying legislation prepared that would accomplish the purposes which the gentleman stated, in case the technical language in the legislation does not do that?

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

Mr. BROWN of Ohio. I yield to the gentleman from California.

Mr. REES. Mr. Speaker, this is the intent of the Committee on the District of Columbia. We wanted to put in absolute restrictions as to how much money can be put into a campaign by an individual.

We think that within this bill we have this properly structured. Every candidate has to have a principal campaign committee, also subsidiary committees must make reports to the principal campaign committee, and they are limited in the restrictions on the principal committee as to how much a candidate can spend. All other separate committees, let us say, a central committee, for example, would have to register with the elections board and would have to use the same

type of reporting that an actual campaign committee would be required to use, for example, a contribution of $50 or more would require that the name and address of the donor, et cetera, would have to be listed. They also must report as to where they spent their money, listed under campaign A, B, C, or D.

Mr. BROWN of Ohio. Mr. Speaker, the gentleman assures me that this applies to individuals. I would like the gentleman's assurance also as to groups as this relates to the $2,000.

Incidentally, the gentleman may perhaps be straining the credulity of the House to use, for example, the example of the Republican Committee in the politics of the District of Columbia.

Perhaps he might choose some other more realistic example.

Nevertheless, the objective is to limit groups to $2,000 and not to allow groups to sort of fold and collapse into other groups so that in effect the same group is putting in more than $2,000, is that not correct?

Mr. REES. Mr. Speaker, if the gentleman will yield, again any transfer of funds would be classified as a contribution, and that would have to be reported again. I would come under another limitation, which is the overall limitation as to how much money can be spent by a candidate.

Mr. BROWN of Ohio. I just do not want a single group or individual—and I am sure that the gentleman also feels this way—to be able to put up the total limit of $150,000 for the mayor or whatever. I gather we are prohibiting groups from putting in more than $2,000.

Mr. REES. No. There is no prohibition as to how much a group can put into all campaigns. The prohibition is $2,000 for a committee on any one election, but there is no prohibition as to a top limit on a group's contributions to all campaigns. For example, again on a partisan election, the central committee of the party might wish to give a candidate 50 percent of their funds because that is the way of operation of that central committee, but again it limits it on the overall as to how much can be spent in the specific campaign.

Mr. BROWN of Ohio. Let us take the hotel operators or the union of waiters and bartenders for our example. Is there a limit on how much they can give to the campaign, or can they put up the whole $150,000? I was under the impression from what the gentleman from Washington said a moment ago when he was in the well that the limit for groups was written into the legislation in section 401(b).

Mr. REES. As I say, there is a limit on the candidate. The candidate can only spend X amount of dollars. There is another limitation, and that is on individuals and on groups, in that a group cannot spend more than $2,000 on the election. So you take one of your groups you were talking about, and all they are permitted to do is spend $2,000 and no more for their candidate mayor.

Mr. BROWN of Ohio. But the group is limited, and I have your assurance that the group is limited?

Mr. REES. Yes. This limit is on groups.

Mr. BROWN of Ohio. The hotel owners on the one hand, or the bartenders and waiters on the other, cannot put in more than $2,000 through their organization?

Mr REES. No, they cannot, because that is taken care of under section (b) which very specifically limits it.

Mr. FRASER. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, I just want to say that I think the amendment offered by the gentleman from Minnesota makes no real contribution to the bill. We call for a study of a number of important election problems, and he wants to strike the reference to the study of the specific problems and simply have a general study.

There is nothing wrong with enumerating some of the problems we have to look at. While it is true he objects to public financing, it does not seem to me we should translate his opposition to public financing into an amendment which by implication would suggest that they should not even study the question at the city level.

I happen to be quite supportive of some form of public financing, either partial or complete, but I am not suggesting that we impose it on them. I do think they should study it just as we should study it in the Congress.

Since all this provision deals with is a study, striking some of the items that ought to be studied seems to me to be useless. Therefore, I feel the amendment ought to be defeated and I hope it will be defeated.

Mr. DU PONT. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I am going to oppose the gentleman's amendment for a somewhat different reason, that is, the study proposed in this bill may be easily the only study of campaign reform legislation we ever get.

I would note that the Committee on House Administration has taken 16 months to progress seven pages into its campaign spending reform bill. If on projects from that, one discovers that it will take 53 more months to complete the bill, and that is October 1978. I am sure the District of Columbia city council can complete their study well before the Committee on House Administration gets anything done.

Therefore, I feel we ought to leave the language as it is.

Mr. FRENZEL. Will the gentleman yield?

Mr. DU PONT. I yield to the gentleman.

Mr. FRENZEL. I thank the gentleman for yielding.

I would say I am not in charge of the Committee on House Administration and I like many other Members, have been trying to move that bill along, and I hope it does move along.

However, I think the gentleman raises an interesting point, but it does not take away, I think, from my initial point that it is silly to give a city home rule and then tell it what it should do under that home rule provision.

Mr. DU PONT. Mr. Speaker, I would say to the gentleman I know very well that he is in no way responsible for the blockage by the House Committee on Administration, and that that responsibility rests elsewhere but, nevertheless, I still feel that I must oppose the amendment offered by the gentleman from Minnesota.

Mr. BROWN of Ohio. Mr. Speaker, I would say to the gentleman that to the contrary, that the amendment offered by the gentleman from Minnesota (Mr. FRENZEL) would not prohibit any study of the question of the public financing of political campaigns, but rather it just does not designate that study. It seems to me that if they get into the study far enough that there may be many other things, including those that are raised by this legislation to that stated study before they study the responsibility of the public for financing political campaigns.

Mr. REES. Mr. Speaker, if the gentleman will yield, I might suggest we have a recommendation to cover the Bolling committee report if it ever comes to the floor of the House.

Mr. DU PONT. Is the gentleman from California suggesting that we will be able to get the Bolling report to the floor?

Mr. REES. Oh, yes, I am sure, I know that they are working very diligently on it.

Mr. DU PONT. I might say that hope springs eternal in the breast of the gentleman from California, but I certainly doubt that it will be done.

Mr. BROWN of Ohio. Mr. Speaker, I might suggest to the gentleman that, so far as the Bolling report is concerned, that the Bolling report is probably in the same category as the report of the Committee on House Administration insofar as the financing of political campaigns is concerned.

Mr. NELSEN. Mr. Speaker, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Minnesota (Mr. FRENZEL).

Mr. Speaker, when we enacted the home rule legislation the proponents of home rule at least professed to believe that a city council would be competent to direct the destiny of the city, and in my opinion the home rule legislation gives to the locally elected District of Columbia Council the right to study anything they want to.

They have the right to make any recommendations they wish to.

In this bill we have several items that protect the public, but the major one in my judgment that protects the public is the one not in the bill, in that there is no public financing of political compaigns. I personally am not in support of public financing, but it would seem to me that in this legislation we do not ask them; we direct them to study such public financing. This may be interpreted as an implicit approval of Congress of public financing.

The same advocates of home rule that believed that they could make these decisions, are telling them now in this bill what they should decide, how they should study, and what they should do.

I do not believe this Congress believes in or endorses public financing, and cer-

tainly that has not been decided in pending Federal legislation as to what direction we are going to move on that issue. So I do not believe that we should be involved in telling the city council, the first one, what they should do or what they should not do.

I am sure, and I believe, that this House will turn down any proposed public financing of political campaigns.

So I support the amendment, because I believe this would be contrary to the very directive for "real home rule" in the home rule legislation that we previously enacted in this body.

Mr. Speaker, I support Mr. FRENZEL's amendment to H.R. 15074 which would strike subsection 605(a)(A), so as to delete this provision from the District of Columbia campaign finance reform bill, which directs the first elected City Council to investigate and study the possibility of partial or full public financing of elections in the District of Columbia.

When we passed the home rule bill last fall and the President signed it into law on December 24, 1973, I assumed that we were doing so fully confident that the locally elected officials; for example, the mayor, the chairman, and other members of the City Council, were to be fully trusted to exercise their discretion in what type of legislation they wished to submit to the Congress under the oversight provision contained in the home rule enactment.

Now we find in this District of Columbia campaign reform bill provisions directing the locally elected City Council to investigate and study a number of different subjects and presumably come up legislation itself. Now, it seems to me that we trust the individuals who make up the local government or we do not. Directions in legislation falling on the heels of a home rule enactment, even before the first locally elected City Council takes office, mandating and directing what the local officials will do would appear to me to be somewhat inappropriate in dealing with something so local and parochial as local campaign reform.

For the reasons, among others, which I state in my additional views in the report accompanying this bill, I do not favor public financing of political campaigns and, therefore, I object to a provision in this bill directing the newly elected City Council in 1975 to investigate and study the public financing of political campaigns. In my view, this can be taken as the implicit approval of Congress of the public financing of political campaigns. I think such a provision is again inappropriate when our own House Administration Committee has not reported out a bill, and we do not know which direction the Federal legislation will take with regard to public financing.

Furthermore, I feel it is inappropriate in this case, inasmuch as I do not believe that public financing for the local elections could have survived the full committee, let alone the floor, and, therefore, the indirect examination and study of this issue by the locally elected Council is one which I favor to see deleted.

I recognize that my own amendment, title V, calling for registration and reporting of lobbyists can certainly be amended by the locally elected Council when they take office in 1975. If I correctly interpret the home rule bill, the locally elected Council will be able to amend any and all portions incorporated in this campaign reform bill; and they would have the authority to conduct the kind of study that is provided for in subsection 605(a)(A)—if they wish. However, I see no reason why we should direct them to do so and, therefore, I object to this provision.

The SPEAKER pro tempore (Mr. ROUSH). The question is on the amendment offered by the gentleman from Minnesota (Mr. FRENZEL).

The amendment was agreed to.

Mr. GROSS. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, earlier I raised the question of Federal funds being used to finance elections in the District of Columbia.

I note on page 45 of the bill, section 13, this proviso:

"SEC. 13. There are hereby authorized to be appropriated, out of any money in the Treasury to the credit of the District of Columbia not otherwise appropriated, such sums as are necessary to carry out the purposes of this Act.".

Others have said that there is no Federal money in this bill for the election of officials in the District of Columbia. I wonder how they can say that with this provision in the bill?

I wonder if the gentleman could answer the question of why section 13 is in the bill if no Federal money is to be used for elections in the District of Columbia?

Mr. REES. I am told by counsel that the purpose of the overall amendment, starting on line 17, is to repeal existing law, but that the authorization language in section 13 is already in the Code; that this is nothing new; and that this is a blanket authorization to be appropriated.

Mr. GROSS. Whether it is in the Code or whether it is in this bill, either way there is intent to use Federal funds if they are not otherwise appropriated. There is the intent to use Federal funds; is that not true?

Mr. REES. This is District of Columbia money that we are talking about.

Mr. GROSS. Made available by the taxpayers of the country and in proportion to the percentage of the Federal funds appropriated each year for the use of the District of Columbia. It seems to me that it is hardly within the realm of reason to say the Federal funds are not going to be used in the District of Columbia.

Mr. REES. Again, I am told that this is District of Columbia revenue money, collected through the District of Columbia tax system, which by law is deposited in the Federal Treasury. All this does is authorize them to use their money that they raise in their own tax system to finance their elections. If any money is coming to the District of Columbia through the Committee on Appropriations, it is going to have to be specifically appropriated.

Mr. GROSS. The gentleman is saying that even though the Federal Government contribution to the District of Columbia goes to the Federal Treasury and may well be commingled with revenues raised through the process of taxation in the District of Columbia, that this is going to be segregated, and that no part of the Federal funds will be used? Is that what the gentleman is saying?

Mr. REES. Yes, but it is my understanding that these are revenues raised in the District of Columbia, and that the money we are talking about in section 13 is to finance the Election Board, not to finance the election but the Election Board, which is an ongoing board.

In the home rule bill we have more or less the same language, which is an authorization by the authorizing District of Columbia Committee, authorizing certain limits as to how much money can be appropriated on a blanket authorization, how much money can be appropriated by the Committee on Appropriation.

Mr. GROSS. Is it the intent of this committee that any moneys used to finance elections in the District of Columbia come exclusively from revenues raised by the District of Columbia, not commingled money with Federal funds that are appropirated for the support of the District but from revenues produced directly by the District of Columbia?

Mr. REES. No. The money is commingled, as the gentleman well knows, in the Treasury. But, again, section 13 does not finance the election; it finances the election commission, which is an ongoing commission, a body which once a year oversee elections in the District of Columbia. It is like any other agency in the District of Columbia.

Mr. GROSS. On page 26 of the report there is a list of expenses, estimated District of Columbia election costs. Does this apply to one individual—it is not clear to me—or to all candidates, in the total sum of $147,765.80?

The SPEAKER pro tempore (Mr. ROUSH). The time of the gentleman has expired.

(By unanimous content, Mr. GROSS was allowed to proceed for 3 additional minutes.)

Mr. REES. If the gentleman will yield further, what is in the report is testimony from the representative of the AFL–CIO of the estimated District of Columbia election costs.

This is what the cost would be for a candidate if a candidate were running for office. It has nothing to do with public financing. This is what a candidate and his committee would have to pay and this is merely an estimate by a witness testifying before the subcommittee.

Mr. GROSS. That is what it would cost for the Mayor or Vice Mayor?

Mr. REES. Yes; they are talking about a mayoralty election.

Mr. GROSS. All right, a mayoralty election, but could this be applied to a member of the Council seeking relection?

Mr. REES. We have limits in the bill, a limit for the Mayor with a total limit of $300,000 for the primary and final.

Mr. GROSS. That is $300,000 for election of a Mayor in the District of Columbia?

Mr. REES. Yes.

Mr. GROSS. The population of which is 740,000?

Mr. REES. Yes.

Mr. GROSS. And some congressional districts have populations of 450,000, I believe. Is the gentleman saying that this bill provides $300,000 for the election of a candidate for Mayor in the District of Columbia—not provide but makes it possible for the candidate to spend $300,000?

Mr. REES. It says they cannot spend more than $300,000 for the total election year which includes the primary and the final election, and frankly I think it is a reasonable cost. Further, if we make it $100,000, the only way a nonincumbent can ever get his name out in the community is to spend money. I do not spend much money in my election because people know my name but if I had an opponent he would have to spend $150,000 to give me a reasonable race.

Mr. GROSS. The gentleman thinks it is reasonable?

Mr. REES. Yes, I do.

Mr. GROSS. And on the next page is some $60,000 for radio and TV.

Mr. REES. As I say, this is one person's estimate of what that person thinks the election would cost. Every candidate for office has a different idea as to how much the election will cost.

Mr. GROSS. It appears the District of Columbia may have a gold-plated Mayor and a gold-plated City Council on the basis of those figures.

Mr. REES. A Councilman cannot spend more than $40,000 in election expenses for Council and that is for the entire year, $20,000 in the primary and $20,000 in the final election.

Mr. SMITH of New York. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I rise in support of this legislation. One of the most important features of H.R. 15074 is title II which requires full public disclosure of campaign contributions and campaign expenditures.

The bill, of course, carefully sets out the requirements for setting up political committees, for their recordkeeping, and for periodic reporting to the public. The Director of Campaign Finance must make easily available to the public all reports filed. Facilities for copying the reports are required. Lists of reports filed, statistics and summaries must be prepared by the Director of Campaign Finance throughout the campaign so that the public will be aware of the financial side of the campaigns.

Full disclosure will do more than any other one thing to give the public confidence that the election campaigns are honest and above board. Suspicion of secret slush funds will be removed and the voter will feel that all things are out in the open to prepare for an honest decision and again in November in the final election.

Present District of Columbia law does not require any reporting until 5 days before the election. That is too late to help the public understand the sources of support for the various candidates. The reporting dates in this bill, which are similar to the Federal election campaign bill we passed in 1971, start 21 days after passage of this legislation and including August 10, a month before the primary, are more reasonable if we really want public disclosure.

Mr. Speaker, I do rise in support of this legislation.

Mr. FAUNTROY. Mr. Speaker, I move to strike the last word.

I rise to support H.R. 15074. I voted for the bill in committee, even though it has extremely important shortcomings. The bill makes a modest step in the right direction, and for that reason deserves support. Others will describe some of the strengths of the bill. I should like to spell out some of its weaknesses.

When I introduced my campaign reform bill earlier this year, it seemed that the committee and Congress were ready for a meaningful restructuring of the way we run campaigns. My bill proposed partial public financing of campaigns, effective campaign spending limitations, and an independent enforcement mechanism. The measure passed by the committee does impose some contribution controls, but in virtually every other respect it falls far short of the mark. Most importantly, it contains no provisions to improve with the way in which we finance our elections. Big money will still prevail, and most extraordinarily special interest groups are given a special status by the bill in being allowed to spend an unlimited aggregate amount in the campaign. I continue to believe that rigorous expenditure limitations and public financing of campaigns are vitally necessary. I regret that the committee did not respond more fully to the problem.

The events of the last several years should have brought home the corrosive effect of big money on the political process. Just 2 years after Watergate, which was financed in large part by corporate funds, a substantial number of the members of the committee voted in favor of eliminating the prohibition in the bill against contribution from corporate funds. Fortunately, the measure failed by a slim margin.

The shortcomings of the bill are many:

First. The campaign expenditure "ceiling" set by the bill is excessively high. In the Mayors' race, $300,000 can be spent. Where is this money to be raised? We can be sure that it is not going to be raised with $25 and $30 contributions. This $300,000 limit does not really set a "limitation"; it sets a goal for special interest fundraisers to grease the wheels of government.

Second. Even with the excessively high expenditure limits on candidates, the committee bill makes possible widespread evasion of even those high limits. It would allow the "unauthorized" expenditure of up to $1,000 on behalf of a candidate without charging that amount against the candidate's ceiling. The loophole makes a mockery of the concept of campaign spending limitations. When a candidate approaches his legal campaign spending limitation, monied special interests may continue to solicit and spend money in his behalf by getting an unlimited number of people to say that their spending for a candidate should not be applied to his limitation, because it was an unauthorized expenditure.

Third. The bill fails to establish an independent means for enforcement of the act. The ultimate responsibility for enforcement rests with appointees of the Mayor. It is difficult to see rigorous enforcement under these circumstances, and the law in the final analysis is only as good as its enforcement potential.

Fourth. The bill effectively removes any controls on aggregate giving by special interest groups. While contributions to a given candidate are limited, monied interests can assure access to elected officials by making contributions to several candidates in every race. Thus, the so-called "safe money" can be spread around to guarantee influence with whomever is elected. This is especially unfortunate in view of the fact that the substantial executive and legislative authority of the District will reside with only 14 people.

There is, therefore, no effective limit on the amount of money that may be raised and spent for a candidate in our elections.

AMENDMENT OFFERED BY MR. FRENZEL

Mr. FRENZEL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRENZEL: Page 30, section 402(a)(1), strike out lines 3 and 4 and insert in lieu thereof the following: "Exceed in any single campaign $75,000 for a candidate for Mayor, $75,000 for a candidate for Chairman of the . . ."

Mr. FRENZEL. Mr. Speaker, my second amendment would lower the spending limit for Mayor from $150,000 to $75,000 and the spending limit for chairman of the City Council from $100,000 to $75,000. The figure I have selected is, of course, absurdly low. Many local groups and individuals regard the $150,000 figure as being far too restrictive to cover the high prices of a citywide campaign. Even with the $150,000 limitation, candidates will not be able to spend enough to wage effective campaigns and present their veiws and ideas to the people. The electorate will than be forced to base its vote on fragmented impressions and incomplete information.

My belief is further bolstered by a recent study by the Citizen's Research Foundation. Voters get most of their information about candidates from advertisements and campaign literature. Television news may actually be an obstacle to communicating issue information. The brevity of its stories causes the average voter to base his decision more on the candidate's charisma and personal appearance than on his views on the issues. If we severely limit the amount a candidate can spend, then the average voter may be deprived of the primary source of information about the candidate and his stands on the issues. Without high spending limits, the people will not be able to make rational, well-thought out decisions at the polls.

The intent of my amendment, as by now I'm sure you suspect, is not really to lower the spending limit. My point is that $75,000 is precisely the limitation that the House Administration Committee would have us spend on our own elections. Congressional districts have ap-

proximately the same number of people and, generally, a larger geographical area than the District of Columbia. If even the $150,000 figure is too low, how are Members and their opponents to wage effective campaigns with a limitation of only $75,000? How will congressional candidates be able to reach the voters if they can spend only this amount? How will voters learn about candidates and their stands on the issues? Since television and other media news may be all but useless, how will they make the important decisions on who should run the country and who should represent them in this body?

It should be obvious to all concerned that the $75,000 figure will not pose as great a burden on incumbents as it will on challengers. Incumbents have many advantages that enable them to attain name recognition and popularity among their constituents. They have the frank and a large staff. They perform many constituent services as part of their job as legislator. They often have their own television or radio programs—a far more effective means of communicating with constituents than regular television news programs. They have office space, a stationary account, free telephone privileges and so on. The challenger has none of these advantages and must start from scratch. He is at a huge disadvantage. Thus, it is not surprising that incumbents won over 96 percent of the time in the 1972 elections.

Supporters of low spending limits claim that challengers have the greatest weapon of all: the incumbents' record. However, this weapon will be of little or no use if challengers are allowed to spend only $75,000. Challengers will not even be able to communicate effectively to the voters even the most rudimental aspects of the incumbents' record. What weapon will the challenger then be left with?

Challengers have a very small constituency in this body. Few people are willing to recognize and voice their problems and concerns. However, before we vote for an absurdly low spending ceiling such as $75,000, maybe we should ask the dozens or so Members of this body who beat incumbents in the 1972 elections why they had to spend $125,000 on the average to win.

I believe that the District of Columbia Committee has come closer to reality than the House Administration Committee. I made this amendment more to criticize the latter committee than the former.

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

Mr. FRENZEL. I yield to the distinguished delegate from the District of Columbia.

Mr. FAUNTROY. I had hoped that the gentleman was serious in offering this amendment, for the reason that I think such an amendment would afford this House the opportunity to vote on the question of meaningful campaign reform.

The Subcommittee on Government Operations of the District of Columbia Committee looked very carefully at this campaign spending limitation question and did come up with a limitation per election which was admittedly higher than the $75,000 which the gentleman suggests, but which was for the primary and general elections, some $100,000 lower than the present formulation of the bill, $300,000.

I would hope that the gentleman would give this House an opportunity to vote today on whether or not it is for serious campaign reform.

Mr. FRENZEL. Mr. Speaker, I thank the gentleman for his contribution. I can assure him I am deadly serious in making my amendment and I am deadly serious in my support for campaign reform.

I am not, however, interested in passing this amendment.

Mr. Speaker, I ask unanimous consent to withdraw the amendment.

Mr. GROSS. Mr. Speaker, reserving the right to object, does not this amendment have the endorsement of the AFL–CIO?

Mr. FRENZEL. I did not discuss it with the AFL–CIO. I doubt whether it has their endorsement.

Mr. GROSS. I think I should like to vote on this amendment, Mr. Speaker, and, therefore, I object.

The SPEAKER. Under the rules of the House, the gentleman can withdraw his amendment and it does not require unanimous consent to do so.

Mr. FRENZEL. Mr. Speaker, I withdraw my amendment.

AMENDMENT OFFERED BY MR. FAUNTROY

Mr. FAUNTROY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FAUNTROY: On page 29, strike out line 24 and all that follows down through and including line 10 on page 30, and insert in lieu thereof the following:

SEC. 402. (a)(1) No principal campaign committee shall expend any funds which when aggregated with funds expended by it, all other committees required to report to it, and by a candidate supported by such committee shall exceed in any single campaign $100,000 for a candidate for Mayor, $75,000 for a candidate for Chairman of the Council, $50,000 for a candidate for member of the Council elected at large, or $20,000 for a candidate for member of the Board of Education elected at large or member of the Council elected from a ward, or $10,000 for a candidate for member of the Board of Education elected from a ward, or in support of any candidate for officer of a political party.

Mr. FAUNTROY. Mr. Speaker, the purpose of this amendment is simply to restore to the bill the provisions contained. Subcommittee approved bill, which sought to balance the concern for meaningful campaign reform in the District of Columbia as we face our first municipal elections in this century, and the effort to assure that every candidate has sufficient funds to make known his views and the issues upon which he would be running.

The subcommittee went through a process of assessing the projected costs of local elections, not only on the basis of previous elections on a citywide basis, but also in consultation with experts who, in our judgment, gave us figures which justified at most, for the at-large race for mayor, a limitation of $100,000 per election, or a limitation of $200,000 overall.

The events of the last several years, I think, should have brought home the corrosive effect of big money on a political process. It is our hope in the District of Columbia that the Congress will provide us a model of campaign spending limitations of which not only we in the city can be proud, but of which I think this Congress can be proud. A vote for this amendment places before this House the opportunity to say to the Nation that it is for meaningful campaign reform and campaign limitations which will allow public officials to be free to do the business of the people and not that of the monied special interests whose activities across this Nation in recent years have certainly threatened the integrity and the viability of our system of government.

Therefore, Mr. Speaker, I urge the Members of the House support and pass this amendment, which would restore to the bill the best judgment of those of us who have worked hardest on this very sensitive question of campaign limitations.

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

Mr. FAUNTROY. Mr. Speaker, I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Speaker, coming from a district which I have represented for six terms and intend to represent again never having spent over $25,000 in any campaign, the figure of $300,000 in a campaign for a city mayor strikes me as rather unusual and rather high.

Be that as it may, what does the gentleman do with unexpended funds under this piece of legislation?

Mr. FAUNTROY. When the gentleman says unexpended funds, does he mean funds which have not been spent?

Mr. SKUBITZ. Unexpended, that is right. Funds that have been raised which have not been spent in the primary election. What does a candidate do with such funds?

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

Mr. FAUNTROY. Mr. Speaker, I yield to the gentleman from California.

Mr. REES. Mr. Speaker, on page 40, line 12, there is a section entitled, "Use of Surplus Campaign Funds."

They can be contributed to a political party or they can be used to retire proper debts of a campaign. In addition, the funds may be contributed to educational or charitable organizations. So, it does provide a way to get rid of surplus funds.

Mr. SKUBITZ. Mr. Speaker, there are things the candidate could do but is not required by law to do. The funds may be used for those purposes.

Suppose a candidate decides that he does not want to contribute them to a political committee or does not want to contribute them to a school or charitable organization? Suppose he decides that he does not want to run 2 years hence or 4 years hence; what does he do with the money?

Mr. REES. He could not use the funds for personal purposes. They stay in the bank account, and the bank account is then reported to the Election Committee.

Mr. SKUBITZ. Where does it say that

the funds cannot be used for personal purposes?

Mr. REES. This is a 47-page bill. This might take me a few minutes.

Mr. SKUBITZ. Mr. Speaker, I thought the gentleman had the information right at his fingertips.

Mr. REES. Yes. If the gentleman was a candidate, he would have to have a campaign chairman and a campaign treasurer, and only the campaign treasurer can expend the money, and that has to be for campaign purposes. Any expenditure of $10 has to be put down on a report and the name and address of the contributor has to be given.

Mr. SKUBITZ. I know all those things. We have gone through them. The gentleman has gone through them, and I have gone through them. I am talking about a surplus. What do you do with the surplus?

The SPEAKER. The time of the gentleman has expired.

(By unanimous consent, Mr. FAUNTROY was allowed to proceed for 3 additional minutes.)

Mr. FAUNTROY. Mr. Speaker, I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, the answer to the question of the gentleman from Kansas is found on page 40, section 603. If the gentleman will look at that, funds can be transferred to another political committee, another political party, or they can be used for charitable or educational purposes, or they can be retained in the account and used for campaign purposes later.

Mr. FAUNTROY. Mr. Speaker, I take it that the gentleman's remarks are directed to the wisdom of the amendment, reducing the spending limitation to $100,000?

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

Mr. FAUNTROY. I will be happy to yield to the gentleman.

Mr. SKUBITZ. Section 603 simply says that the money may be used to pay off expenses, and it may be given to a charitable organization.

I presume that the treasurer and the other officials could decide, "We worked for nothing, so now let us take the surplus and split it up three ways."

Mr. SMITH of New York. Mr. Speaker, will the gentleman yield?

Mr. FAUNTROY. I will be happy to yield to the gentleman from New York.

Mr. SMITH of New York. Mr. Speaker, I should like to say that I pointed out to the gentleman in private conversation before that if that interpretation was made, that the candidate could take any surplus funds, keep them, put them in his own pocket, or split them up, he would still have to make it known to the Internal Revenue Service.

Mr. SKUBITZ. If that is what happens, would he declare the balance of the money as his own and pay the income tax on it? Would it become his property?

Mr. REES. To answer the gentleman, I say yes, but if the candidate splits it up among the party, that still has to be reported to the Election Committee as money expended from the fund.

Mr. FAUNTROY. Mr. Speaker, I will yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, perhaps these unexpended funds are donated to the church and the church endorses the candidate, so you get the political effects of the outgo and the political effects the other way. I do not know.

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

Mr. FAUNTROY. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Speaker, the purpose of this section, I will say to the gentleman from Kansas, was to keep the law as close as possible to where it is now. This is a bare bones bill. It is patterned on what happens in the Federal elections throughout the country. However, there have been laws passed now where one talks about campaign funds and contributes them back to the Treasury or to a national party, and this is the closest the subcommittee could come to determining what the trend was as to what to do with surplus money, because otherwise, I might say to the gentleman, if a person did something else with this money than is authorized, a far different thing might happen.

And then he could be charged a gift tax which could be given over to someone else. So it is an authorization section.

The SPEAKER pro tempore. The time of the gentleman from the District of Columbia (Mr. FAUNTROY) has expired.

(On request of Mr. SKUBITZ, and by unanimous consent, Mr. FAUNTROY was allowed to proceed for 2 additional minutes.)

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

Mr. FAUNTROY. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Speaker, what disturbs me is the number of candidates who are getting into the District races. Is it true that a candidate could collect the funds, if he did not spend them, he could put them into his own private funds by paying income tax on them, and the rest of the procedure is valid? Is that correct?

Mr. ADAMS. Mr. Speaker, if the gentleman from the District of Columbia will yield, I will say to the gentleman that that is precisely correct. That is exactly what, as has been pointed out, everybody else does now, but as the gentleman from New York said, that is not exactly true, and this is what happens:

What happens is that the moment one puts funds in under this procedure where they become one's own personal account and they become income to him, he has to pay income tax on them. And under this law, he must disclose that he has closed his account by doing this. If a candidate determines to do that, we have left the law exactly where it is in the United States at the present time.

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

Mr. FAUNTROY. Mr. Speaker, I would hope that I could yield to the gentleman from Kansas for the purpose of obtaining support for the amendment to lower the campaign limitation to the level indicated in the amendment. I would be happy to yield to the gentleman for his support of that amendment.

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

Mr. REES. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I am strongly opposed to this amendment.

When we are talking about the District of Columbia, we are talking about a community of around 750,000 people; we are talking about a community that is structured in terms of its media. All the major media stations are right here.

In order to run a campaign in a metropolitan community such as this, a person would tend to go heavily into media, and media is very expensive. I think that limiting candidates any further would amount to nothing more than a boon to incumbents.

There has been all this talk about money being spent in campaigns, but we must remember that our names as Members of Congress that are continually before the public in our districts. I can get elected on $20,000 spent for the whole year in the 23d Congressional District of California, which is smack-dab in a metropolitan area in Los Angeles. However, if someone had to run against me for Congress, and if he was to have any kind of a chance in the 23d Congressional District, he would have to spend around $200,000 in the primary, because he would have to go heavily into mailing, and he would have to buy a media market of 10 million people just to get into that little old congressional district of 425,000 people.

If we look at the elections in the District of Columbia today, we will find that candidates such as the mayor are running. Everybody knows Walter Washington's name, but how many people know the names of the other candidates for mayor? There are about five of them.

Of course, for these people who do not have the advantage of holding public office and of sending out franked mail and doing everything else that we do as incumbents, it is almost impossible for them to challenge a successful incumbent in office.

Mr. Speaker, I think if we vote for an amendment of this kind, we would be saying, "OK, incumbents, you have got the whole thing, and to anyone who wants to run for office, goodbye, friend. You are limited to your spending."

If we do this, we can nickel-and-dime any candidate to death who tries to run as a councilman, as a mayor, or for whatever office it may be.

Mr. Speaker, I ask for a no vote on the amendment. It is pro-incumbent, and it is anti anyone who wants to challenge an incumbent.

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

Mr. REES. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. Mr. Speaker, I thank the gentleman. I appreciate his illustration of the situation in the District of Columbia, that it would tend to favor the incumbent.

It seems to me that the incumbents—and I say this in the plural—the incumbents seem to be opting for the higher limitations, and those who are not incumbents are concerned about what seems to be an excessively high ceiling.

Second, the gentleman also knows this

legislation does not extend beyond January of 1975, after which time the issue would have to be considered again.

Mr. REES. No; this legislation would be law until it is changed by the city council, and they will be composed of incumbents until they are sworn in.

Mr. FRENZEL. I think the gentleman has made a most marvelous speech; it is one that I endorse wholeheartedly and one that I mean to use regularly, and I hope the gentleman himself will remember it when we sometimes come to vote for limitations on ourselves. I think the amendment should be defeated.

Mr. NELSEN. Will the gentleman yield?

Mr. REES. I yield to the gentleman.

Mr. NELSEN. Mr. Speaker, I have been in opposition to the proposed amendment and primarily because I feel the committee did a very careful job on this whole bill and spent many weeks and weeks.

The statement I made before the committee was that I think the important thing was reporting where funds came from and how they are spent. At this point I could not tamper to that extent with the bill as proposed by the committee.

Mr. SNYDER. Will the gentleman yield?

Mr. REES. I yield to the gentleman.

Mr. SNYDER. The gentleman addressed himself to the question of how much money it would take for someone to run against him in his district where he is so well known. Would the gentleman want to address himself to who would have the capability of raising these high limits to run against an incumbent?

Mr. REES. I find that a reasonably well organized campaign that has good basic support can raise $300,000 for a mayoral campaign or $40,000 for a city council campaign. I find as a Member of Congress I must raise about $80,000 at least every 2 years.

Mr. SNYDER. Do you not find as an incumbent that you have a little easier time to raise your $80,000 to $85,000 than a challenger?

Mr. REES. In general incumbents have a lot easier time raising money than nonincumbents.

Mr. SNYDER. I think that, too. I think by putting in the lower limits you might be helping those who are challengers who could not raise as much as an incumbent could raise.

Mr. REES. A challenger must have name recognition in order to conduct a successful campaign. In the California election last week the person who ran first in the campaign was the one who had the greatest recognition as an incumbent State officeholder. Second in the number of votes was the one who had the second greatest recognition as mayor of San Francisco, and the gentleman who had the third highest number of votes had the third highest recognition as speaker of the assembly. Recognition and winning were tied in directly. The fifth candidate, as a matter of fact, was a nonofficeholder, one who spent about $1 million of his own funds, and he was a very capable person, but the people said they had never heard of him. That is what happens when a so-called nonincumbent has to run.

Mr. GROSS. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, about a year ago I poined with others in opposing and defeating a resolution which would have provided money for the District of Columbia Committee to travel the highways and by ways of foreign countries seeking I do not know what. As a result of that defeat I may have helped save the delegate from the District of Columbia from the temptations of the fleshpots of foreign countries.

On this occasion I want to do him another favor by saying that I think his amendment is a good one and I intend to support it.

Mr. DELLUMS. Mr. Speaker, at the least, the District of Columbia Committee should be congratulated for the speed with which it has been able to get this critical bill before the House.

Yet, I am troubled by many of the provisions contained in the version of the bill approved by the committee. Specifically, I am appalled at what appears to be the prevailing notion that the political offices contested in this city's first elections under home rule are more or less for sale to the highest bidders.

I do not consider sacrosanct the concept that the right to give unlimited campaign contributions is basic to our democratic system. To me, claims that the $10 donor is treated the same as the $1,000 donor are hypocritical. The large contributor invariably obtains access to the officeholder—and, in many cases, these large contributions are the cement of a quid pro quo relationship. In contrast, the small contributor receives a form letter reply.

Whenever the double standard prevails, the majority of citizens are not represented; rather—through this political auction, the wealthy, elite, and rich special interests are well catered. Studies of past elections have shown clearly that candidates able to raise the most money not only stand the best chance of winning, but in a vast majority of cases do win.

Is that the system we want to impose on the citizens of the District of Columbia? I, for one, hope not.

Nevertheless, given the spending ceilings called for in this bill, that indeed is what we are writing into law. Those ceilings are much too high, and should be brought back to some reasonable level. My own preference woud be a total ceiling for Mayor—for both primary and general election—of from $100,000 to $125,000—and still, that seems high to me. And I would scale down the ceilings for the other positions accordingly.

I am also troubled by the dual contributions systems, by which organizations are given the right to double their contributions over what individual citizens can give. I see no justification at all for such distinction—except that it is a boon to special interest groups.

Finally, I would have preferred the original subcommittee proposal that the functions established in this bill be administered by a separate bureaucratic entity instead of by the board of elections. The record of the board has been spotty at best, and to burden them with additional duties is questionable.

Mr. Speaker, I realize that the District's elections are almost upon us. It is critical that some form of campaign finance controls be enacted. But I fear that the controls in this bill may cause serious problems in the future.

The SPEAKER. The question is on the amendment offered by the Delegate from the District of Columbia (Mr. FAUNTROY).

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 273, nays 56, not voting 104, as follows:

[Roll No. 284]

YEAS—273

Adams	Downing	Latta
Alexander	Duncan	Leggett
Anderson, Calif.	du Pont	Lent
	Edwards, Ala.	Litton
Archer	Edwards, Calif.	Long, La.
Ashbrook	Eilberg	Long, Md.
Ashley	Erlenborn	Lott
Bafalis	Esch	Lujan
Baker	Evins, Tenn.	Luken
Barrett	Findley	McClory
Bauman	Fisher	McCloskey
Beard	Flynt	McCollister
Bennett	Foley	McCormack
Bevill	Ford	McDade
Biester	Forsythe	McFall
Boggs	Fountain	McKay
Bolling	Frey	Macdonald
Bowen	Fulton	Madden
Brasco	Fuqua	Madigan
Bray	Gaydos	Mahon
Breaux	Gettys	Mallary
Brooks	Giaimo	Martin, Nebr.
Broomfield	Ginn	Mathias, Calif.
Brotzman	Goldwater	Mathis, Ga.
Brown, Mich.	Goodling	Mayne
Buchanan	Gray	Melcher
Burgener	Green, Pa.	Metcalfe
Burke, Calif.	Gross	Mezvinsky
Burke, Fla.	Grover	Milford
Burke, Mass.	Guyer	Miller
Burleson, Tex.	Haley	Mills
Burlison, Mo.	Hamilton	Minish
Burton	Hanrahan	Minshall, Ohio
Byron	Hansen, Wash.	Mitchell, Md.
Carney, Ohio	Harsha	Mitchell, N.Y.
Casey, Tex.	Hawkins	Mizell
Cederberg	Hays	Moakley
Chamberlain	Hechler, W. Va.	Mollohan
Chappell	Heckler, Mass.	Montgomery
Clancy	Helstoski	Moorhead, Calif.
Clark	Henderson	
Clausen, Don H.	Hicks	Moorhead, Pa.
	Hillis	Mosher
Collins, Ill.	Hinshaw	Murphy, Ill.
Collins, Tex.	Hogan	Murtha
Conable	Holt	Nedzi
Conlan	Holtzman	Nichols
Conte	Horton	Obey
Conyers	Hudnut	O'Hara
Corman	Hungate	Passman
Coughlin	Hutchinson	Perkins
Cronin	Ichord	Pettis
Culver	Jarman	Peyser
Daniel, Robert W., Jr.	Johnson, Calif.	Pike
	Johnson, Pa.	Poage
Daniels, Dominick V.	Jones, Ala.	Preyer
	Jones, N.C.	Price, Ill.
Davis, Wis.	Jones, Okla.	Price, Tex.
de la Garza	Jordan	Pritchard
Delaney	Karth	Railsback
Dellenback	Kastenmeier	Randall
Dellums	Kazen	Rangel
Dennis	King	Rarick
Dent	Koch	Reuss
Devine	Kuykendall	Riegle
Dingell	Kyros	Rinaldo

Roberts	Staggers	Vander Jagt
Robinson, Va.	J. William	Vander Veen
Rodino	Stanton,	Vanik
Rogers	Stanton,	Veysey
Roncalio, Wyo.	James V.	Vigorito
Rooney, Pa.	Stark	Waggonner
Rose	Steed	Wampler
Rosenthal	Steelman	White
Roush	Steiger, Ariz.	Whitehurst
Rousselot	Stephens	Widnall
Runnels	Stokes	Williams
Ruth	Stubblefield	Wilson, Bob
Ryan	Studds	Wilson,
Sandman	Sullivan	Charles H.,
Sarasin	Symington	Calif.
Sarbanes	Talcott	Wilson,
Satterfield	Taylor, Mo.	Charles, Tex.
Scherle	Taylor, N.C.	Winn
Schneebeli	Teague	Wolff
Schroeder	Thompson, N.J.	Wright
Seiberling	Thomson, Wis.	Wylie
Shipley	Thone	Wyman
Shoup	Thornton	Yatron
Shriver	Tiernan	Young, Fla.
Sikes	Towell, Nev.	Young, Ga.
Skubitz	Traxler	Young, Ill.
Slack	Udall	Zion
Smith, Iowa	Ullman	
Snyder	Van Deerlin	

NAYS—56

Anderson, Ill.	Gibbons	Powell, Ohio
Bergland	Gilman	Rees
Blackburn	Hanna	Rostenkowski
Breckinridge	Hansen, Idaho	Roybal
Brown, Calif.	Heinz	Ruppe
Brown, Ohio	Holifield	Shuster
Broyhill, Va.	Hosmer	Sisk
Camp	Johnson, Colo.	Smith, N.Y.
Carter	Kemp	Stratton
Clawson, Del	Martin, N.C.	Symms
Cohen	Mazzoli	Treen
Daniel, Dan	Morgan	Waldie
Danielson	Myers	Whalen
Evans, Colo.	Natcher	Wiggins
Fascell	Nelsen	Yates
Flood	O'Brien	Young, S.C.
Fraser	O'Neill	Young, Tex.
Frenzel	Parris	Zablocki
Froehlich	Pickle	

NOT VOTING—104

Abdnor	Drinan	Meeds
Abzug	Dulski	Michel
Addabbo	Eckhardt	Mink
Andrews, N.C.	Eshleman	Moss
Andrews,	Fish	Murphy, N.Y.
N. Dak.	Flowers	Nix
Annunzio	Frelinghuysen	Owens
Arends	Gonzalez	Patman
Armstrong	Grasso	Patten
Aspin	Green, Oreg.	Pepper
Badillo	Griffiths	Podell
Bell	Gubser	Quie
Biaggi	Gude	Quillen
Bingham	Gunter	Regula
Blatnik	Hammer-	Reid
Boland	schmidt	Rhodes
Brademas	Hanley	Robison, N.Y.
Brinkley	Harrington	Roe
Broyhill, N.C.	Hastings	Roncallo, N.Y.
Butler	Hébert	Rooney, N.Y.
Carey, N.Y.	Howard	Roy
Chisholm	Huber	St Germain
Clay	Hunt	Sebelius
Cleveland	Jones, Tenn.	Spence
Cochran	Ketchum	Steele
Collier	Kluczynski	Steiger, Wis.
Cotter	Lagomarsino	Stuckey
Crane	Landgrebe	Walsh
Davis, Ga.	Landrum	Ware
Davis, S.C.	Lehman	Whitten
Denholm	McEwen	Wyatt
Derwinski	McKinney	Wydler
Dickinson	McSpadden	Young, Alaska
Diggs	Mann	Zwach
Donohue	Maraziti	
Dorn	Matsunaga	

So the amendment was agreed to.

The Clerk announced the following pairs:

Mr. Annunzio with Mr. Rhodes.
Mr. Brademas with Mr. Arends.
Mr. Harrington with Mr. Gubser.
Mr. Biaggi with Mr. Quie.
Mr. Diggs with Mr. Eshleman.
Mr. Drinan with Mr. Hunt.
Mr. Gunter with Mr. McEwen.
Mr. Patten with Mr. Wydler.
Mr. Addabbo with Mr. Steiger of Wisconsin.
Mr. Carey of New York with Mr. Zwach.
Mr. Davis of Georgia with Mr. Michel.
Mr. Dorn with Mr. Quillen.
Mr. Flowers with Cleveland.
Mrs. Griffiths with Mr. Dickinson.
Mr. Howard with Mr. Collier.
Mr. Lehman with Mr. McKinney.
Mr. Matsunaga with Mr. Andrews of North Dakota.
Mrs. Mink with Mr. Butler.
Mr. Murphy of New York with Mr. Hastings.
Mr. Owens with Mr. Frelinghuysen.
Mr. Reid with Mr. Roncallo of New York.
Mr. Rooney of New York with Mr. Spence.
Mr. St Germain with Mr. Wyatt.
Mr. Whitten with Mr. Crane.
Ms. Abzug with Mr. Derwinski.
Mr. Badillo with Mr. Broyhill of North Carolina.
Mr. Brinkley with Mr. Abdnor.
Mrs. Chisholm with Mr. Fish.
Mr. Cotter with Mr. Gude.
Mr. Denholm with Mr. Bell.
Mr. Davis of South Carolina with Mr. Armstrong.
Mr. Dulski with Mr. Landgrebe.
Mrs. Grasso with Mr. Ketchum.
Mr. Hébert with Mr. Hammerschmidt.
Mr. Kluczynski with Mr. Huber.
Mr. Landrum with Mr. Sebelius.
Mr. Andrews of North Carolina with Mr. Ware.
Mr. Clay with Mr. Robison of New York.
Mr. Aspin with Mr. Steele.
Mr. Boland with Mr. Maraziti.
Mr. Blatnik with Mr. Cochran.
Mr. Bingham with Mr. Walsh.
Mr. Donohue with Mr. Regula.
Mr. Eckhardt with Mr. Young of Alaska.
Mr. Gonzalez with Mr. Pepper.
Mrs. Green of Oregon with Mr. Moss.
Mr. Hanley with Mr. Roe.
Mr. Jones of Tennessee with Mr. Mann.
Mr. Meeds with Mr. Lagomarsino.
Mr. McSpadden with Mr. Stuckey.
Mr. Nix with Mr. Podell.
Mr. Patman with Mr. Roy.

The result of the vote was announced as above recorded.

Mr. DIGGS. Mr. Speaker, the purpose of the reported bill—H.R. 15074—as set forth in House Report 93–1080, is to require full and complete disclosure of contributions and expenditures made by and on behalf of candidates engaged in local political campaigns in the District. The legislation would also establish reasonable and realistic limitations on the amounts that may be contributed and expended in connection with a candidacy for elective office. In the latter regard, the bill would establish, for the first time, limits on unauthorized expenditures made to advance or oppose a candidate for such elective office.

The citizens of the District, on May 7, 1974, approved the new charter established in the District of Columbia Self-Determination and Governmental Reorganization Act—Public Law 93–198—by an overwhelming vote of 85,530 to 18,037—40 percent of the registered voters voting.

The powers and responsibilities granted by the proposed charter to locally elected public officials will affect numerous aspects of the lives of the citizens of the District of Columbia. These elected officials will shape vast areas of public policy; for example, systems of transportation, housing, education, delivery of public services, delivery of social services, maintenance of penal systems, consumer protection, the environment, taxation, budgeting and spending, land use, zoning, and urban renewal.

The committee gave considerable thought as to whether it should first, legislate some kind of comprehensive and long-range election reform, which would require substantial redrafting of existing law, or second, draft the necessary provisions to meet the needs of the upcoming 1974 local elections and defer long-range plans and revisions to the newly elected local government taking office in January 1975.

The large majority of the witnesses and the preponderance of the testimony, including the General Accounting Office of the United States, favored the second approach adopted in the reported bill.

For these reasons, the committee rejected proposals to—

First, enlarge the membership of the Board of Elections;

Second, create a new and independent election commission;

Third, turn the monitoring of the campaign finance and disclosure provisions over to the General Accounting Office of the United States;

Fourth, create a new and entirely independent Division on Campaign Finance within the Board of Elections.

The committee found merit in all of these proposals. However, in the interests of expediting action on this necessary legislation and in order to benefit and protect the candidates—over 120 of whom have announced their candidacies to date—the committee adopted what it believes to be the only reasonable approach to the elections taking place in September and November of this year. This approach is also strongly supported by the General Accounting Office of the U.S. Government as the best possible way of achieving the objectives of the committee in expediting consideration of this legislation.

NEED FOR LEGISLATION

The elections next September and November for Mayor and City Council will be watched closely as the vital beginning of local home rule for the Nation's Capital. Action by this Congress is needed to insure that these elections are free from secret financing and free from the heavy hand of overly-large contributions, slush funds, and bundles of cash. If these practices can be prevented, it will mean a great boost in public confidence in the newly elected officials. If we fail to act, home rule in the District may be launched in a sea of distrust and recrimination.

It is imperative, therefore, that the voters of Washington, D.C., in these coming elections, be afforded the fullest practicable opportunity to know the candidates for whom they are asked to vote, and where such candidates stand on the vitally important issues confronting our city today. To assure this result, ample funds must be provided to the competing candidates to furnish them with the wherewithal requisite to an open and full public discussion of the pertinent issues, and the voters with a free choice among competing candidates. (See appendix.)

Hence, in the judgment of the committee, any new election legislation adopted should not be so restrictive dollarwise,

nor so restraining campaignwise, as to impede the holding of a vigorous and unimpaired election procedure, in the best of the American tradition; and due care, in any proposed election legislation, should be exercised to see to it that the regulatory controls imposed on the electoral process are not more restrictive in nature and scope than is actually required to assure the achievement of a fair and proper election.

HISTORY

Hearings on earlier proposed legislation (H.R. 13539 and H.R. 12038) were held by the Subcommittee on Government Operations on April 3 and 4, 1974, which reported a clean bill, H.R. 14754, embodying amendments to the foregoing bills. The full committee held further hearings on May 20 and 21, 1974.

Testimony in support of various aspects of campaign financing legislation was presented by representatives on behalf of the District of Columbia government executive and legislative branches. Numerous public witnesses, many of them declared candidates for this fall's elections in the District, urged the enactment of such legislation in some form, from few limitations and restrictions on contributions and expenditures to very rigid prohibitions on fund raising, spending, and disclosure.

The reported bill (H.R. 15074) is a composite of the varying views and represents the unanimous judgment of the committee members who heard the evidence and voted to report the bill.

VOTE

The bill, H.R. 15074, as amended, was ordered reported to the House on May 30, 1974, by a committee vote of 15 ayes, 0 nays.

CONCLUSION

By this legislation, the committee has endeavored to rectify the major inadequacies of the existing D.C. election law and thus assure its adequate workability insofar as the first local elections in 100 years for Mayor and Council are concerned.

The committee believes the provisions of H.R. 15074 will assure fair play and as full disclosure of contributions and expenditures in the election procedures as is possible in such legislation. For the reasons indicated in the "Purpose Section," the committee has adopted proposals to assure fair and clean elections in this first elections. The new Council may make such changes to achieve long-range reform in our electoral process.

COST

Following is an estimate of costs of the proposed legislation, as calculated by the board of elections for the District.

The first estimate ($92,268) assumes the addition of two other board members to the present board, which the committee did not approve. However, the committee added a director of campaign finance, as a full-time employee, so his salary would almost approximate that of the two part-time board members not included in H.R. 15074 but shown below.

The second estimate ($203,715) was predicated upon the committee's establishment of a new commission, which the committee disapproved.

Of course, the major expenditures presently faced by the District government are occasioned by the elections themselves for the positions provided in the Home Rule Act, which itself included an authorization of $750,000 therefor. It is understood that the board of elections is presently hiring additional personnel, pursuant thereto, to assist in the conduct of these 1974 elections.

SUMMARY OF MAJOR PROVISIONS OF THE BILL

TITLE I—SHORT TITLE, DEFINITIONS

This title contains the short title of the bill, the District of Columbia Campaign Finance Reform Act, and definitions.

The bill, by its definitions, is intended to apply campaign finance regulations to the offices of Mayor and members of the D.C. Council as established by the District of Columbia Self-Government and Governmental Reorganization Act. The provisions of this bill do not apply to the office of Delegate to the House of Representatives, since that office is a Federal one governed by Federal, rather than local, statute.

The provisions of this act remain in force and effect unless later amended by the Congress, or by the D.C. Council under powers granted to the local government by the Self-Government Act. The City Council, however, by the specific terms of section 605 of this act, is required to conduct hearings and investigations on the operation and effect of this act and to issue a public report on its finding and recommendations.

TITLE II—FINANCIAL DISCLOSURES

Title II requires candidates and committees to keep certain financial information, to report to the board of elections and to the public specified information regarding contributions and expenditures; to designate one principal campaign committee and one campaign depository; to file registration or organization statements with the board; and to limit expenditures from petty cash funds to a specified amount per person per transaction.

Title II also requires persons making contributions or expenditures, other than to a political committee or candidate, in an aggregate amount of $50 or more, to file financial reports. It specifies that all campaign literature be identified by the words "paid for by", followed by the name and address of the payer. Finally, it exempts from specified provisions of the title candidates who anticipate spending or who spend less than $250 in any one election.

The majority of financial reporting and disclosure requirements contained in this title have been taken or modified from the Federal Election Campaign Act of 1971 (Public Law 92-225, approved February 7, 1972; 86 Stat. 3), or prior existing District of Columbia law. Newer ideas or concepts, not incorporated into prior statutes, were adopted from pending national legislative proposals, bills before the committee, or recommendations made by agencies with enforcement experience, such as the General Accounting Office.

The overwhelming majority of witnesses before the committee supported or recommended strict financial disclosure requirements, campaign organization monitoring and effective recordkeeping and other aids to full auditing.

The requirement that candidates designate a single, principal campaign committee (section 202) is one strongly recommended by the General Accounting Office and supported by every witness who commented on the proposal. By centralizing bookkeping, accounting, and financial management under one campaign entity, the administering-enforcing agency can better perform its responsibility. In the words of one witness, the "audit trail" will be clearer if the majority of contributions and expenditures are funneled through one principal committee. In addition, candidates should be able to more effectively manage their own campaigns through this mechanism.

Another proposal which received unanimous approval by all witnesses who discussed the issue was that calling for a campaign depository. By the terms of section 203, each political committee and each candidate must designate one national bank in the District of Columbia as the campaign depository of that political committee or candidate. Checking accounts must be maintained at such depository, and all expenditures must be by check drawn from that account. Again, the audit trail is easier to follow and enforcement of the law made simpler and less costly.

TITLE III—DIRECTOR OF CAMPAIGN FINANCE

To administer the program of reporting and enforcement of limitations, the bill creates the Office of Director of Campaign Finance. This is a suggestion from the Office of Federal Elections within the General Accounting Office. They administer the present Federal law and urge that a single Director be given the responsibility for the day-to-day filing and enforcement.

Rulemaking power stays with the board of elections, as under present law.

The Director will provide the forms, develop a filing system, make reports available for public inspection and copying, compile a current list of all statements on file, make audits and field investigations. The Director will issue subpenas upon the approval of the Board.

The Board may appoint a General Counsel who may initiate civil actions, including petitioning the courts for injunctive relief to enforce the law.

These broad new powers to act quickly to enforce the reporting and expenditure requirements—by petitioning the court immediately for injunctive relief if necessary—are a vital part of this bill.

TITLE IV—FINANCE LIMITATIONS

CONTRIBUTIONS TO A CANDIDATE

The bill provides in section 401 that an individual may contribute up to $1,000 to a candidate for mayor during the entire campaign, which includes the primary and general election.

Lower dollar limits are set for contributions to other candidates.

Organizations and groups—in contrast to individuals—may make contributions totaling $2,000 for the mayor's campaign and lesser amounts for other candidates. These limits are twice the amounts set for contributions by individuals.

Individuals are also limited to a maximum of $2,000 in contributions for all the campaigns for office. Organizations and groups do not have an aggregate ceiling, but are limited by the ceiling set for each candidate. Thus if a group donated the maximum to a candidate in each of the 14 election contests, it would contribute $10,700.

INDEPENDENT EXPENDITURE NOT AUTHORIZED BY CANDIDATE

An individual or group which wishes to make direct expenditures (rather than contributions through a committee) and does not consult the candidate or his representatives, may spend no more than $1,000 in a year to support or oppose a candidate. This provision is necessary to prevent unlimited spending outside a candidate's campaign. Independent expenditures cannot be prohibited altogether because the first amendment permits free expression of a person's views. However, this section of the bill (401(d)) sets a reasonable limit of $1,000 on that expression.

No abuse of this section is likely because a candidate is responsible for keeping expenditures "by or on behalf of the candidate" and his agents within the ceilings on expenditures set in the bill. Only genuinely independent expenditures in no way authorized or suggested or requested by the candidate, his committees or agents, are permitted under the $1,000 limitation of section 401(d).

CASH CONTRIBUTIONS NO LARGER THAN $50

Contributions "in legal tender" are limited to $50 or less.

NO CONTRIBUTION IN THE NAME OF ANOTHER PERSON

To make certain that identification of contributors is not avoided, the bill prohibits a person from making a contribution in the name of another.

CORPORATIONS AND LABOR ORGANIZATIONS PROHIBITED FROM CONTRIBUTING DIRECTLY

The same type of limitation, as exits in Federal elections, is set up in the bill for District of Columbia elections.

Corporations and labor organizations may establish segregated funds for voluntary contributions. They may also conduct nonpartisan registration and get-out-the-vote campaigns aimed at their own stockholders and members.

Several States have this prohibition of treasury funds of labor unions being used in local and State elections, and all States, except 19, prohibit corporate contributions.

States which do not corporate campaign contributions:

Alaska, Arkansas, California, Colorado, Delaware, Florida, Georgia, Idaho, Illinois, Maine, Nevada, New Mexico, Rhode Island, South Carolina, Utah, Vermont, Virginia, Washington, and Wyoming.

States which do not prohibit labor union campaign contributions:

Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, and Kentucky.

Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, and North Dakota.

Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Wisconsin, West Virginia, and Wyoming.

EARMARK FUNDS AND CONTRIBUTIONS THROUGH A CONDUIT ARE IDENTIFIED

A provision of the bill prevents a loss of identification of the source or intended recipient of contributions. The actual contributor and the candidate for whom the contribution is intended must be identified.

LIMITATIONS ON EXPENDITURES

Ceilings are placed on the amounts that can be spent in a primary campaign and the same amount is the expenditure limit for a general campaign.

In the mayors' race, a candidate's committe and all other committees supporting him and reporting to him, may spend no more than $150,000 in the primary and $150,000 in the general election. Lesser limits are set for other offices.

TITLE V

LOBBYING

This title deals with the subject of the regulation of lobbying, which is deemed needed in the District of Columbia in view of the delegation of legislative authority provided in the District of Columbia Self-Goverment and Governmental Reorganization Act, Public Law 93–198 (see D.C. Code Supp. I, 1974), to the Council of the District of Columbia (hereinafter referred to as the Council) established as of January 2, 1975.

The effective date of this title is January 2, 1971, the date the members of the elected Council will take office.

Section 501(c) of title V "tracks" or follows the Federal enactment, except that it also accommodates the delegation of legislative authority as contained in the D.C. Self-Government Act. In addition, section 502 sets the standard of $200 or more (rather than $500 or more as set in the Federal legislation) for maintaining a detailed account of the names and addresses of persons making contributions and including such information in a report to the Director of Campaign Finance of the District of Columbia Board of Elections. Inasmuch as many State statutes treat lobbying activity legislation as a part of campaign finance legislation, it was considered that the lobby activity should be regulated and controlled by the D.C. Board of Elections and that the Director of Campaign Finance serving the Board should receive reports and generally administer the program of regulating lobbying activities. It may be that the Board will, and should, require that copies of filings and reports also be filed with the secretary of the Council.

TITLE VI

TAX INCENTIVE FOR CAMPAIGN CONTRIBUTIONS

In the D.C. individual tax law, there is no allowance for itemized deduction or tax credit for political contributions. The Federal law permits both. H.R. 14754 (section 602) provides a $12.50 credit per person on the individual income tax.

Mr. REES. Mr. Speaker, if there are no more amendments at the desk, I move the previous question on the bill and the amendments.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. ROUSSELOT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 314, nays 17, not voting 102, as follows:

[Roll No. 285]

YEAS—314

Adams	Evans, Colo.	McFall
Alexander	Evins, Tenn.	McKay
Anderson, Calif.	Fascell	Macdonald
	Findley	Madden
Anderson, Ill.	Fisher	Madigan
Archer	Flood	Mahon
Ashley	Foley	Mallary
Bafalis	Ford	Martin, Nebr.
Baker	Forsythe	Martin, N.C.
Barrett	Fountain	Mathias, Calif.
Beard	Fraser	Mathis, Ga.
Bennett	Frenzel	Mayne
Bergland	Frey	Mazzoli
Bevill	Froehlich	Melcher
Biester	Fulton	Metcalfe
Boggs	Fuqua	Mezvinsky
Bolling	Gaydos	Milford
Bowen	Gettys	Miller
Brasco	Giaimo	Mills
Bray	Gibbons	Minish
Breaux	Gilman	Mitchell, Md.
Breckinridge	Ginn	Mitchell, N.Y.
Brooks	Goldwater	Mizell
Broomfield	Goodling	Moakley
Brotzman	Gray	Mollohan
Brown, Calif.	Green, Pa.	Montgomery
Brown, Mich.	Grover	Moorhead, Calif.
Brown, Ohio	Guyer	
Broyhill, Va.	Haley	Moorhead, Pa.
Buchanan	Hamilton	Morgan
Burgener	Hanna	Mosher
Burke, Calif.	Hanrahan	Murphy, Ill.
Burke, Fla.	Hansen, Idaho	Murtha
Burke, Mass.	Hansen, Wash.	Myers
Burleson, Tex.	Harsha	Natcher
Burlison, Mo.	Hawkins	Nedzi
Burton	Hays	Nelsen
Byron	Hechler, W. Va.	Nichols
Carney, Ohio	Heckler, Mass.	Obey
Carter	Heinz	O'Brien
Casey, Tex.	Helstoski	O'Hara
Cederberg	Henderson	O'Neill
Chamberlain	Hicks	Owens
Chappell	Hillis	Parris
Clancy	Hinshaw	Passman
Clark	Hogan	Patman
Clausen, Don H.	Holifield	Pepper
	Holt	Perkins
Clawson, Del.	Holtzman	Pettis
Cohen	Horton	Peyser
Collins, Ill.	Hudnut	Pickle
Conable	Hungate	Pike
Conlan	Hutchinson	Poage
Conte	Ichord	Powell, Ohio
Conyers	Jarman	Preyer
Corman	Johnson, Calif.	Price, Ill.
Coughlin	Johnson, Colo.	Price, Tex.
Cronin	Johnson, Pa.	Railsback
Culver	Jones, Ala.	Randall
Daniel, Dan	Jones, N.C.	Rangel
Daniel, Robert W., Jr.	Jones, Okla.	Rees
	Jordan	Reid
Daniels, Dominick V.	Karth	Reuss
	Kastenmeier	Riegle
Danielson	Kazen	Rinaldo
Davis, Wis.	Kemp	Roberts
de la Garza	Koch	Robinson, Va.
Delaney	Kuykendall	Rodino
Dellenback	Kyros	Rogers
Dellums	Latta	Roncalio, Wyo.
Dennis	Leggett	Rooney, Pa.
Dent	Lent	Rose
Devine	Litton	Rosenthal
Dingell	Long, La.	Rostenkowski
Downing	Long, Md.	Roush
Drinan	Lott	Roybal
Duncan	Lujan	Runnels
du Pont	Luken	Ruth
Edwards, Ala.	McClory	Ryan
Edwards, Calif.	McCloskey	Sandman
Eilberg	McCollister	Sarasin
Erlenborn	McCormack	Sarbanes
Esch	McDade	Schneebeli

Schroeder	Studds	Whalen
Seiberling	Sullivan	White
Shipley	Symington	Whitehurst
Shoup	Talcott	Widnall
Shriver	Taylor, Mo.	Wiggins
Shuster	Taylor, N.C.	Williams
Sikes	Teague	Wilson, Bob
Sisk	Thompson, N.J.	Wilson,
Skubitz	Thomson, Wis.	Charles H.,
Slack	Thone	Calif.
Smith, Iowa	Thornton	Wilson,
Smith, N.Y.	Tiernan	Charles, Tex.
Snyder	Towell, Nev.	Winn
Staggers	Traxler	Wolff
Stanton,	Treen	Wright
J. William	Udall	Wylie
Stanton,	Ullman	Wyman
James V.	Van Deerlin	Yates
Stark	Vander Jagt	Yatron
Steed	Vander Veen	Young, Ga.
Steelman	Vanik	Young, Ill.
Stephens	Veysey	Young, S.C.
Stokes	Vigorito	Young, Tex.
Stratton	Waldie	Zablocki
Stubblefield	Wampler	Zion

NAYS—17

Ashbrook	Gross	Scherle
Bauman	Hosmer	Steiger, Ariz.
Blackburn	King	Symms
Camp	Rarick	Waggonner
Collins, Tex.	Rousselot	Young, Fla.
Flynt	Satterfield	

NOT VOTING—102

Abdnor	Dorn	Matsunaga
Abzug	Dulski	Meeds
Addabbo	Eckhardt	Michel
Andrews, N.C.	Eshleman	Mink
Andrews,	Fish	Minshall, Ohio
N. Dak.	Flowers	Moss
Annunzio	Frelinghuysen	Murphy, N.Y.
Arends	Gonzalez	Nix
Armstrong	Grasso	Patten
Aspin	Green, Oreg.	Podell
Badillo	Griffiths	Pritchard
Bell	Gubser	Quie
Biaggi	Gude	Quillen
Bingham	Gunter	Regula
Blatnik	Hammer-	Rhodes
Boland	schmidt	Robison, N.Y.
Brademas	Hanley	Roe
Brinkley	Harrington	Roncallo, N.Y.
Broyhill, N.C.	Hastings	Rooney, N.Y.
Butler	Hébert	Roy
Carey, N.Y.	Howard	Ruppe
Chisholm	Huber	St Germain
Clay	Hunt	Sebelius
Cleveland	Jones, Tenn.	Spence
Cochran	Ketchum	Steele
Collier	Kluczynski	Steiger, Wis.
Cotter	Lagomarsino	Stuckey
Crane	Landgrebe	Walsh
Davis, Ga.	Landrum	Ware
Davis, S.C.	Lehman	Whitten
Denholm	McEwen	Wyatt
Derwinski	McKinney	Wydler
Dickinson	McSpadden	Young, Alaska
Diggs	Mann	Zwach
Donohue	Maraziti	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Rhodes.
Mr. Annunzio with Mr. Arends.
Mr. Brademas with Mr. Michel.
Mr. Dulski with Mr. Andrews of North Dakota.
Mr. Diggs with Mr. Quie.
Mr. Addabbo with Mr. Frelinghuysen.
Mrs. Chisholm with Mr. Gubser.
Mrs. Grasso with Mr. Bell.
Mr. Gunter with Mr. Ruppe.
Mr. Howard with Mr. Quillen.
Mr. Harrington with Mr. Minshall of Ohio.
Mr. Landrum with Mr. Wydler.
Mr. Matsunaga with Mr. Zwach.
Mrs. Mink with Mr. McEwen.
Mr. Nix with Mr. Dickinson.
Mr. Patten with Mr. Crane.
Mr. Rooney of New York with Mr. Cleveland.
Mr. St Germain with Mr. Broyhill of North Carolina.
Mr. Whitten with Mr. Fish.
Mr. Aspin with Mr. Hunt.
Mr. Dorn with Mr. Robison of New York.
Mr. Cotter with Mr. Spence.
Mr. Clay with Mr. Wyatt.
Mr. Donahue with Mr. Hastings.
Mr. Eckhardt with Mr. McKinney.
Mr. Flowers with Mr. Landgrebe.
Mrs. Griffiths with Mr. Collier.
Mr. Jones of Tennessee with Mr. Derwinski.
Mr. Kluczynski with Mr. Abdnor.
Mr. Mann with Mr. Armstrong.
Mr. Meeds with Mr. Butler.
Mr. Podell with Mr. Cochran.
Mr. Roe with Mr. Eshleman.
Mr. Moss with Mr. Gude.
Mr. Stuckey with Mr. Hammerschmidt.
Mr. Hanley with Mr. Huber.
Mr. Boland with Mr. Ketchum.
Mr. Biaggi with Mr. Lagomarsino.
Mr. Brinkley with Mr. Maraziti.
Mrs. Green with Mr. Pritchard.
Mr. McSpadden with Mr. Steiger of Wisconsin.
Mr. Davis of Georgia with Mr. Ware.
Mr. Badillo with Mr. Steele.
Mr. Gonzalez with Mr. Walsh.
Mr. Andrews of North Carolina with Mr. Sebelius.
Mr. Carey of New York with Mr. Regula.
Mr. Blatnik with Mr. Roncallo of New York.
Mr. Davis of South Carolina with Mr. Young of Alaska.
Ms. Abzug with Mr. Denholm.
Mr. Bingham with Mr. Roy.
Mr. Lehman with Mr. Murphy of New York.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CHANGE IN LEGISLATIVE PROGRAM

(Mr. O'NEILL asked and was given permission to address the House for 1 minute.)

Mr. O'NEILL. Mr. Speaker, I have taken this time, first, to notify the Members that the gentleman with whom I came to Congress 22 years ago, the gentleman from Massachusetts, EDWARD P. BOLAND, today at 12:25 a.m. became the proud father of a beautiful 8-pound 2-ounce baby girl. I am delighted to report that both mother and child are doing fine. The little beauty is a strong, healthy baby, and the father reports that she has black hair. I know that all the Members join me in extending to EDDIE and his lovely wife, Mary, our heartiest congratulations on the birth of their first child, and we all wish both parents and baby much success and happiness together.

Mr. Speaker, I also take this time to announce a change in the legislative program for the latter part of the week.

On tomorrow, we are adding, for consideration, the conference report on H.R. 14368, the Energy Supply and Environmental Coordination Act. That will be the first item for consideration on the calendar tomorrow.

We are postponing consideration of H.R. 14462, the Oil and Gas Energy Tax Act, at the request of the Committee on Ways and Means. In place of consideration of that bill, we are adding, for Wednesday and the balance of the week, the following bills:

House Joint Resolution 876, admission of a Laotian citizen to West Point; open rule, 1 hour of debate;

Senate Joint Resolution 202, Vice President's Residence, open rule, 1 hour of debate; and

H.R. 13839. International Economic Policy Act Authorization, open rule, 1 hour of debate.

AMERICAN CATTLEMEN FACE BANKRUPTCY

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

Mr. PATMAN. Mr. Speaker, a combination of administration policies and world events threatens to destroy our U.S. cattle industry as prices for beef on the hoof have dropped to about half of what they were a few months ago while production costs have risen a minimum of 50 percent and for some items 100 percent or more. No industry can withstand such a severe cost-price squeeze and the cattle industry faces disaster unless prompt action is taken.

WORLD MEAT PRODUCTION RISES—CONSUMPTION DROPS

Throughout the world, livestock producers responded to high meat prices of last year by increasing their herds, but the increased meat prices resulted in decreased consumption here and abroad. This tended to create a world oversupply of meat and a sharp drop in the market value of livestock. This is a problem that U.S. producers share with producers in other nations, but there is one major difference. Other nations have moved to protect their livestock producers but here in the United States the Federal Government has not only failed to assist its livestock producers—we have adopted import policies that have made the United States a dumping ground for beef products from throughout the world. If administration officials were consciously trying to destroy our domestic cattle industry, they could not have devised a more effective formula for economic ruin.

ADMINISTRATION SHOULD FEEL RESPONSIBILITY FOR BEEF CRISIS

Mr. Speaker, it would seem that the administration would be working hard to help U.S. cattlemen since the present beef crisis stems largely from administration policies. First, the administration engaged in a hastily conceived and poorly executed program to export wheat and other U.S. grains. This led not only to the sale of grain products at a fraction of their true worth but also pushed up the cost of feed grains adding heavily to the cost of producing finished beef. When beef prices did rise to compensate for higher grain costs, the administration then singled out meat products for price ceilings at a time when production costs were still soaring upward. This put cattlemen in an impossible situation and led many of them, hoping for an equitable adjustment, to hold beef off the market which added to the oversupply problem. Finally, the administration moved to exercise its authority under the Meat Import Act of 1964 to remove all import controls on foreign beef, flooding America with beef produced in countries where land, taxes, labor, and other production costs are only a fraction of U.S. costs and where both hidden and open subsidies create a situation in which American ranchers,

without their knowledge or consent, are actually being used as expendable skirmishers in an international beef war, without any help from their own Government.

CONSUMERS HAVE A STAKE IN A HEALTHY U.S. CATTLE INDUSTRY

The effect of the administration's policies has been to reduce beef prices and while consumers may feel that all is well as the price of meat in the supermarket is going down, a longer view of the situation will reveal that we all stand to lose if American beef production drops substantially. Everyone should be familiar with the cycles which occur in agricultural production. When prices are up, production increases until the market is saturated and then prices come down. But a big drop in prices cuts production and then we find ourselves in a shortage situation which leads to prices higher than before. Looking ahead, therefore, we can see that the present oversupply of meat will not last and in a matter of months livestock supplies will decline. When that occurs, we do not want to be in a position where we have to depend on foreign producers for meat; if we do, we may well experience serious shortages—shortages that will be difficult to fill without a strong domestic beef industry.

ACTION NEEDED NOW TO REVIVE AMERICAN BEEF INDUSTRY

Mr. Speaker, there are at least three steps which should be taken now to protect our domestic beef industry. First, the President should exercise his authority under the Meat Import Act of 1964 to reestablish proper controls on beef imports. This could be accomplished by a stroke of the President's pen and would provide immediate relief to U.S. cattlemen. Second, the administration should move to make cattlemen eligible for assistance under the emergency loan program administered by the Farmers Home Administration. Clearly, beef producers have been hit by a disaster as real as any drought or flood—an economic disaster. If immediate action is not forthcoming from the administration, the Congress should act to establish an emergency loan program, especially for cattlemen, similar to that proposed in H.R. 15079.

There is substantial precedent for such action and we should not delay in making loan funds available at reasonable rates of interest to soften the financial blow that cattlemen have suffered in recent months. Finally, we should move to expand Government purchases of beef for military meals and for the national school lunch program. This would be a real bargain for the Government and would help to eliminate the oversupply problem.

Mr. Speaker, I hope the Congress fully appreciates the severity of the present beef crisis and that my colleagues will join in working to protect U.S. cattle producers. I wrote the President on May 22 urging reimposition of proper meat import controls and have recently asked the Secretary of Agriculture and the Secretary of Defense to expand U.S. beef purchases. Concerned Members should make their views known to administration officials on these and related issues. The problems U.S. cattlemen face are not of their own making and they deserve immediate assistance. For the convenience of my colleagues from metropolitan areas, I am asking that there be printed at this point in the RECORD three of the hundreds of letters I have received from cattlemen explaining firsthand what they are up against. These Americans are looking to us for leadership. I hope we will not let them down.

KEY RANCH,
Trinidad, Tex., June 6, 1974.

Congressman WRIGHT PATMAN,
House Office Building,
Washington, D.C.

DEAR WRIGHT: I am soliciting your help in putting a stop to foreign beef being shipped and dumped into the United States.

We cattlemen in the United States are losing from $75.00 to $175.00 per head on each steer and heifer that we feed out. I was caught with 2,000 head of cattle in the feed lot on January 1st, 1974. My loss is around $200,000.00 to date, and I have another 450 head that will be ready for sale this month.

There is no way that U.S. cattlemen can compete with foreign beef.

Will you please give the cattlemen a break before we are all bankrupt?

Best personal regards,

JNO. W. KEY, Sr.,
Owner.

AVERY, TEX., *June 5, 1974.*

Mr. WRIGHT PATMAN,
House of Representatives,
Washington, D.C.

DEAR MR. PATMAN: As you know the outlook for the cattlemen of this country has reached disaster proportions. I feel its time that our government should consider giving some type of aid or attention to the problem since the plight of the cattlemen was set in motion by the Russian grain deal and by Mr. Nixon's freeze on beef prices but not on grains for feed.

Last year, before the freeze, cattlemen were receiving an average of 50c to 60c per pound for calves weighing from 375 to 550 pounds. This year those same calves are now averaging from 27c to 32c per pound.

Let me quote some prices of last year for the production of these calves compared to this year's prices.

Gas, 1973, 25.9 to 31.9 per gal., 1974, 48.9 to 53.9 per gal.

Hay hauling, 1973, 12c per bale, 1974, 15 to 20c per bale.

Hay baling, 1973, 25c per bale, 1974, 45c per bale.

Fertilizer, 1973, $65.00 to $79.00 per ton, 1974, $128.00 to $160.00 per ton.

Baler twine, 1973, $8.95 per bundle, 1974, $30.00 per bundle.

All farm equipment up 30 to 50%.

As you know the cattle market has never been under any kind of government control. I am thankful for this; however, with the market facing such a bad economic situation I feel that there are some things that could be done to relieve the situation.

1. Stop the importation of all beef immediately.

2. Subsidize the many feed lots that have gone broke because of the situation brought about by the federal government. Does not the government subsidize the railroads, airlines, etc., of this country when the need arises?

If you have any suggestions or support for the cause of the cattlemen, we need to hear your voice where it counts now.

Sincerely,

JOHN OCE WILLIAMS.

DE KALB, BOWIE COUNTY, TEX.,
June 6, 1974.

Hon. WRIGHT PATMAN,
U.S. Representative, House Office Building,
Washington, D.C.

DEAR MR. PATMAN: I feel sure that you do not need to be reminded of the depressed prices of cattle at this time; however I do feel that I should write to let you know that as a owner of a small herd of cattle in East Texas I would like to see the government take action to help the cattle industry.

I believe that one thing which can help most quickly is to get beef import quotas reinstated now. The U.S. is now the only major beefeating nation in the world with its borders wide open to beef imports. All other countries have restricted beef imports in order to protect their own livestock industries. Unless beef import quotas are reimposed our nation will be flooded with more beef. This will destroy the cattle industry of our country.

As I understand the Meat Import Act, the President has the authority to reimpose meat import quotas; therefore I urge that you help see that the President reimposes quotas. Let's put "Watergate" aside and get on with the business of our nation.

Yours very truly,

DON E. HODGES,

P.S. I own over a 100 head of cows that I would lose over a $100 a head on todays market. We must have help if the cattle industry of East Texas is to survive.

CATTLE INDUSTRY THREATENED

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

Mr. RONCALIO of Wyoming. Mr. Speaker, I would like to add my support to the statement just given by the eminent chairman of the committee, the gentleman from Texas (Mr. PATMAN).

I hope that these actions can be taken for the good of the cattle industry.

TOWARD FULL DISCLOSURE ON CONGRESSIONAL TRAVEL

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

Mr. YOUNG of Florida. Mr. Speaker, as a strong advocate of "Government in the sunshine," I believe that all of our activities here in the House should be open to public scrutiny, and nothing more so than congressional travel. There have been abuses of the privilege to travel for official business in the past, and I have introduced legislation which would prohibit any travel at taxpayer expense by Members of Congress who have retired, or left office by way of defeat or resignation.

Since 1961, Federal law has required publication in the CONGRESSIONAL RECORD of reports on both tax dollars and the dollar equivalents of foreign currency spent oversea by each taveling Member of Congress. In recent years, these sums have totaled in the area of $1 million annually, and therefore it has been especially important that the public be able to see where these sums of money were being spent, and by whom.

Last year, however, the Congress approved a State Department authoriza-

tion bill which repealed the requirement for annual reports and disclosure in the CONGRESSIONAL RECORD. I voted against this bill (H.R. 7645) when it first came before the House last June and again when the conference report was approved last October, because the provision repealing public disclosure undid two decades of efforts aimed at reforming congressional travel procedures. Moreover, another provision granted Members of Congress a 50-percent increase in their daily travel allowance—from $50 to $75 per day. I felt this increase to be wholly unnecessary at a time when the dollar was in serious trouble abroad and there was considerable emphasis on the need to reduce spending overseas.

The only information now available to the public—with much effort—on congressional travel is a State Department report on the dollar equivalent of foreign currency spent by each Member and committee employee. However, this report contains only the dollar value of the currency issued, the month of the transaction, and the purpose of the transaction. Details on the purpose of the travel, length of travel, or even confirmation that the money was spent is missing.

In the absence of a specific reporting requirement, only 16 House committees and 12 Senate committees made final detailed disclosures in the CONGRESSIONAL RECORD for 1973. This appalling lack of public accountability cannot be allowed to continue, and I am therefore today introducing legislation which will restore the old provisions of law for a full accounting of foreign travel and public disclosure of these records.

Mr. Speaker, one of the chief requirements which an informed electorate places on its representatives and its government is full disclosure and accountability, and this has never been more paramount than today. Last year the Congress took an unfortunate step away from this principle, and the consequences must inevitably be a further decline in our reputation. I therefore urge my colleagues to support my bill to restore full disclosure on congressional travel, and I request the House Administration Committee to take early action on it, as well as on my bill to prohibit lameduck junketing.

The text of my bill is as follows:

A bill To amend section 502(b) of the Mutual Security Act of 1954 to reinstitute specific accounting requirements for foreign currency expenditures in connection with congressional travel outside the United States, and for the publication thereof

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 502(b) of the Mutual Security Act of 1954 (22 U.S.C. 1754(b)), relating to the use of foreign currency, is amended by striking out the last two sentences and inserting in lieu thereof the following: "Each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended and the amounts of dollar expenditures made from appropriated funds in connection with travel outside the United States, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, and of each member or employee of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate Committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration or the Committee on Appropriations of the Senate."

STEADY DECLINE IN MAIL SERVICE

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

Mr. WRIGHT. Mr. Speaker, many of us have observed with increasing frustration the steady decline in mail service to the American people accompanied by a steady increase in postage rates ever since Congress abdicated its authority over the Post Office Department and turned this vital service over to a semiprivate corporation.

We have watched the rates for first-class mail rise by 66 percent, which is easily double the rate of inflation over the period involved, and we have observed a concomitant slowing of service to the people.

Now the Washington Post in a series of investigative reports tells us that the policy of slowing down the handling of first-class mail was a deliberate one undertaken surreptitiously by the Postal Corporation in an abundance of secrecy to keep Congress from learning of this deliberate design.

The Post also quotes the U.S. Postal Rate Commission to the effect that first-class mail users are being overcharged by approximately $1 billion a year, or about 2 cents per letter, above the amount that it actually costs to handle first-class mail.

And still Congress is required to raise huge sums from the taxpayers to meet the annual operating deficit of the Postal Service.

In addition, of course, the Postal Corporation has deliberately depersonalized the service, wantonly destroying the identity of American communities from the postmark, and in other ways has demonstrated its thorough contempt for the wishes of the American people.

One of the biggest mistakes Congress has made in recent years was surrendering its authority over the Postal Service and turning this vital public function over to a semisecret private group. Several of us have bills pending to abolish the Postal Corporation and return this public function to public control, where it belongs. I invite all Members who have had enough of this cavalier disdain for the public's wishes to join in sponsoring this legislation and actively supporting its enactment.

Under leave to extend my remarks, I include at this point in the RECORD the first of two articles in the series which began yesterday in the Washington Post. The second article appears later in this issue in the body of the RECORD:

The first article follows:

FIRST-CLASS LETTER WRITERS PAY JUNK MAIL USERS' DEFICIT

(By Ronald Kessler)

The new U.S. Postal Service has deliberately slowed delivery of first class mail and has overcharged first class mail users by an apparent $1 billion a year while undercharging commercial mail users, a Washington Post investigation has found.

Delivery of first class mail—the class used by most Americans for letters—has been slowed by a Postal Service policy of putting aside mail arriving from out of town during the night for sorting during the day.

The policy, which delays mail by a full day, was put into effect largely to avoid paying extra salary for night work. But the total cost of extra night salary is about 1 per cent of the postal budget, and the new policy has saved only a fraction of this cost.

While the Postal Service saves night salary by allowing sacks of first class mail pile up in post offices throughout the country, it continues to pay the extra salary for sorting non-priority mail carrying less postage than first class letters. This includes slow-moving fourth class parcel post and commercially oriented, junk mail and second class newspapers and magazines.

A transcript of a high-level meeting of postal officials in 1969, when the new policy for first class mail was begun, shows a decision was made to no longer strive for overnight mail delivery and to keep this a secret from Congress and the public.

The transcript shows that Frank J. Nunlist, then an assistant postmaster general, told regional postal officials:

"Now if we announce that we are going to do this (lower overnight standards) there are 700,000 guys (postal workers) that are going to run to their congressmen and say, 'You can't have a postal corporation; these guys are not going to serve the American people.'

"So," Nunlist continued, "we have got to be a little tight about this, and you can't even say to your employees in the post office, 'Don't promise prompt service.' We have to play this game pretty carefully."

While the Postal Service has slowed first class delivery, the agency also has overcharged those classes generally used by special commercial interests, six postal cost studies, including two by the Postal Service, show.

One study by the U.S. Postal Rate Commission staff that represents the public, shows an over-charge to first class mail users in fiscal 1972 of about $1 billion, or 2 cents per letter. (The figure does not include the overall postal deficit for which no particular class of mail pays).

The study shows undercharges to third class, so-called junk mail, second class newspapers and magazines, and fourth class parcel post.

The Postal Service is required by law to avoid favoring or discriminating against any mail user and to charge rates that cover all costs reasonably assigned to each class of mail.

The Postal Service denies it overcharges, and it cites as evidence a seventh study it has performed, which shows that third class junk mail pays for itself. This study has been rejected as failing to show true postal costs by both the chief administrative law judge of the separate U.S. Postal Rate Commission,

which helps set postal rates, and by the General Accounting Office, the audit arm of Congress.

Some postal officials who have publicly defended the official Postal Service cost study say privately it was designed to cover-up losses run up by cheaper classes of mail generally used by commercial interests. The reason, they say, is that users of more expensive first class mail, who include both individuals and businesses, do not have the political clout of the special interests.

The Washington Post investigation has also found that:

Since the new policies of the Postal Service were established in 1969, first class mail has been slowed 14 per cent to 23 per cent, according to the agency's own mail sampling system. During about the same time, the price for first class service has risen 68 per cent, or about double the rate of inflation.

A $1 billion parcel sorting network being built by the Postal Service to try to stop loss of business to its private industry competitor, United Parcel Service (UPS), promises to offer slower service than UPS. The Postal Service has acknowledged internally that a chief reason for the success of UPS is a package damage rate a fifth that of the Postal Service. But sorting equipment in the new parcel network will, in the course of processing parcels, drop them a foot, compared with what UPS says is no drop during its processing.

A mechanized letter sorting system said by the Postal Service to produce savings of billions of dollars has been found by the GAO to be more costly than the existing, old-fashioned system. The Postal Service's internal auditors have reported confidentially that the new system sorts letters at a rate slower than the system used by Benjamin Franklin, the first postmaster general, who placed letters, one by one, in pigeon holes.

The Postal Service has spent more than $140 million on contract cost overruns since the assertedly cost conscious policies of the new agency were established in 1969. About half the contracts for $5,000 or more awarded by the Postal Service in 1973 were let without competitive bidding involving formal advertising. Although competitive bidding is not required by law, it is the method considered cheapest and fairest by the GAO and the Postal Service itself.

These and other findings resulted from a four-month Washington Post investigation of the Postal Service. The investigation included visits to five of the six largest post offices in the country; interviews with hundreds of present and former postal officials, technical experts, mail users, and postal oversight officials; and examination of hundreds of internal Postal Service memos, reports, studies, and letters, as well as congressional and rate hearings, government audit reports, and private consultants' reports.

What emerges is a portrait of how one of the largest government agencies works—or doesn't work—for the tax and postage-paying citizens it is supposed to serve.

Asked for a comment on The Post's findings, Postmaster General Elmer T. Klassen said he would defer to comments made by his deputies on specific matters because he is not familiar with all the details of postal operations.

E. V. Dorsey, senior assistant postmaster general for operations, acknowledged that first class mail arriving from distant points at night is not sorted until daytime. He disputed, however, that this delayed mail.

"We have priorities," he said. "We have other things to do." He said the policy saves the 10 per cent extra night pay and some equipment costs.

Arthur Eden, director of rates and classification, denied first class mail users are overcharged. He said rates are set in accordance with law, and cited a Columbia University professor who agrees with the agency's method of determining costs of various classes of mail.

Asked to cite improvements since the Postal Service was created, Klassen said in a letter it has "improved the speed and reliability of service." He said productivity has increased, field managers have been made accountable for service and costs, and postmasters are no longer selected because of their political connections.

"In short," Klassen said in the letter, "we've come a long way. We have made some mistakes, but they are far outnumbered by the things we have done right. Through the diligence of a great number of dedicated men and women, we are well on the road to making the Postal Service an organization of which every American can be proud."

To most Americans, the Postal Service is the only branch of federal government that touches them directly each day. The mailman walking his route on a tree-lined residential street, as depicted by Norman Rockwell on covers of the old Saturday Evening Post, has become a symbol of America.

To the nation's businesses, the Postal Service is essential. Without it, the economy would quickly become paralyzed. Recognizing this, the Founding Fathers specifically provided in the Constitution for operation of a national postal service.

The present Postal Service is a big business. Its $9.8 billion budget would rank it among the nation's 10 largest industrial firms. Its 700,000 employees make it second only to the Defense Department as the federal government's largest employer.

Although the Postal Service is a big business, it has never had the same incentives to achieve efficiency that a business has. If its service was slow and customers complained, there was no reason to think they would turn to a competitor. Congress historically had prohibited private companies from competing with the Postal Service for first class mail delivery.

If the postal agency wasted money, its employees did not fear losing their jobs in a bankruptcy proceeding. Congress would always bail the agency out with more subsidies.

Public dissatisfaction with this method of doing business reached a head in 1966, when the Chicago post office became so glutted with mail that it closed down.

Lawrence F. O'Brien, then postmaster general, proposed that a presidential commission study reform of the old Post Office Department. In 1968, the panel, headed by former American Telephone & Telegraph Co. chairman Frederick R. Kappel, recommended reorganization of the department as an independent branch of government.

The idea, the commission's report said, was that the agency could use modern business methods to move the mail if it were insulated from politics and given independent control over its funds. Such methods would save at least 20 per cent of the agency's costs, the commission estimated.

The agency that evolved from this recommendation is a branch of government with certain special privileges. Unlike other government departments, it does have control of its own funds and may raise additional money by selling bonds to the public. It is prohibited from making appointments based on political considerations.

Finally, it is required to become financially self-sufficient—free of subsidy from Congress—in 1984.

The agency does not report to the President. Instead, it is run by a board of governors whose members are appointed by the President with the consent of the Senate, much as the Federal Trade Commission is run.

Although Congress enacted the Kappel Commission proposals into law in 1970, and the new agency chose to change its name in 1971, most of the new policies followed today by the Postal Service did not require legislation and were implemented in 1969 by Winston M. Blount, President Nixon's appointee as postmaster general.

But five years later, a key finding of the Kappel Commission remains true:

"The commission has found a pattern of public concern over the quality of mail service. Delayed letters, erroneous deliveries, damaged parcels, and lost magazines and newspapers are everyday experiences."

Rep. Thaddeus J. Dulski, chairman of the House Post Office Committee, wrote to Postmaster General Klassen last December, "No one expected the transition from the Post Office Department to the U.S. Postal Service to be easy, but on the other hand, neither did anyone expect it to be catastrophic."

Dulski and others have charged that rather than improving mail service, the new agency has spent millions of dollars on advertising and public relations efforts to make the public think it is getting better service.

This approach was illustrated by an internal Postal Service memorandum written last year by James L. Schorr, director of advertising.

Schorr, whose department spent $2.5 million on advertising last year, argued in the memo that advertising being tested in St. Louis should be extended nationally.

The reason, Schorr wrote, was that although the advertising promoted such special postal products as money orders and stamp collecting supplies, it had the effect in St. Louis of improving the public's overall view of the Postal Service.

"This is particularly significant," he wrote, "in that the actual level of (mail) service in St. Louis fell off worse during Christmastime than in the rest of the country . . ."

Indeed, Schorr wrote, favorable opinions of the Postal Service were found to be *higher* in St. Louis than in cities with better service that had not been exposed to the advertising.

Like a number of other postal officials, Schorr declined to be interviewed by this reporter.

Instead, Schorr said questions would be answered by the agency's public relations department. But one can learn little about the Postal Service and why the mail is so slow by going through official channels.

Klassen, in testimony before the Senate postal committee last year, said service was actually "somewhat better than on July 1, 1971, when the Postal Service came into being."

What Klassen did not tell the committee was that nearly all the mail processing policies followed by the new agency were started in 1969, and the 1971 date he used for comparison represented little more than a change in the name of the department.

He did not say that when compared with the last year of the old Post Office policies, service had deteriorated.

"The method of presenting statistics is highly selective," said a former postal official who helped write some of Klassen's speeches and congressional testimony.

"We're always desperate to find something good to say about service," said a current postal official who has gathered information for Klassen's statements in agency annual reports.

The difficulty is not surprising. The agency's internal mail sampling system confirms what thousands of complaints to the agency and Congress have charged; that rather than improving service, the new Postal Service has made it worse.

Nor does the sampling system, known as Origin-Destination Information System (ODIS), necessarily portray the full extent of the deterioration.

The system records postmarks before letters

are given to carriers for delivery to homes and businesses.

This means it does not measure delays that occur before letters are postmarked—when they are picked up from collection boxes, trucked to post offices, and initially sorted. It also means the system does not measure delays after letters are received by letter carriers.

In one test, the GAO found the ODIS figures would show a 10 per cent longer delivery span if it measured time from deposit of letters to delivery.

The postmarks used in the ODIS system are recorded by clerks who work for local postmasters. Since the postmasters' performance is being measured by the system, the arrangement does not necessarily provide incentives for doing an accurate job.

"The standard procedure is to disregard late mail," says Melvin Wilson, a Los Angeles postal clerk who recorded ODIS mail until 1970.

If late mail were included in daily reports, Wilson said, "They'd call you down and say, 'Do they (the figures) look right to you?' That means change it."

Carolynne M. Seeman, the statistician in charge of ODIS, acknowledged that cheating occurred. "We've seen information erased (from reports) to make the service look better," she said.

She said she does not have the staff to question the accuracy of the reports, and she said she does not believe cheating is a "major problem."

Despite the opportunities for cheating, the ODIS figures show a 23 per cent increase in average first class mail delivery time from the last three quarters of fiscal 1969—the last year of the old Post Office—to the same quarters in fiscal 1973. (The first quarter was not tabulated.)

The figures show service improved slightly in fiscal 1974 but remained 14 per cent slower than under the old Post Office.

The agency handled 89.7 billion pieces of mail in fiscal 1973, compared with 82 billion pieces in fiscal 1969.

What the figures mean to the average user of the mails is that there is no assurance that a letter will be delivered overnight anywhere in the country.

The changes of overnight delivery of out-of-town mail in the most recent fiscal quarter were only two in five. For local mail, the chances were about nine in 10.

There is, of course, no way of knowing whether a particular letter will be one of those delivered overnight, and the chances of getting overnight delivery are slimmer when letters are addressed to cities in distant states.

ODIS figures show that in the postal fiscal quarter ended March 29, first class letters mailed from Washington, D.C., and from Manhattan, N.Y., received overnight delivery to specific cities in these proportions:

NOTE.—Column "A" from Washington; column "B" from Manhattan.)

[In percent]

	A	B
Akron	9	4
Boston	19	14
Brooklyn, N.Y.	17	60
Chicago	9	6
Cincinnati	17	2
Detroit	17	6
Los Angeles	10	2
Miami	5	1
Richmond	74	7
San Francisco	15	2
Manhattan, N.Y.	44	73
Washington, D.C.	90	21

Despite this performance, the Postal Service periodically tells Congress and the public that it is meeting, or nearly meeting, its overnight delivery standards. What the Postal Service defines as overnight delivery is often quite different from what one would expect.

Overnight delivery of air mail is promised only if it meets certain tests. It must be deposited in special, white-topped collection boxes; it must be zip coded; it must be mailed before 4 p.m.; and it must be addressed to certain cities generally not farther away than 600 miles.

Since the identity of these cities is known only to the Postal Service and is constantly changing, a mail user has little chance of knowing whether his letter will be delivered the next day.

Indeed, says Miss Seeman of the ODIS system, only about 2 per cent of total air mail volume meets the overnight standard of the Postal Service.

For first class mail, the Postal Service has established a standard for local delivery that represents an erosion of service when compared with the standard of the old Post Office Department.

The old standard promised overnight delivery within a state. The new one promises it only within local delivery areas, only if letters are mailed before 5 p.m., and only for 95 per cent of the mail.

A substantial portion of business mail is deposited after 5 p.m., postal officials said, and some question whether a 95 per cent standard is good enough for the mailer who wants to know his letter will get there the next day.

For out-of-town mail, the Postal Service standard allows as many as three days for delivery. In part because of this generous time span, the agency was able to claim that a historic subpoena requesting President Nixon's appearance in a Los Angeles courtroom arrived only a day late—although it took six days to make the trip from Los Angeles to the D.C. Superior Court.

The Postal Service did not count two of the days because they were holidays.

Despite the leniency of the standards, the ODIS figures show they often are not met. This has not deterred the Postal Service from claiming they are.

The basis for the claims is often a different measuring system that uses specially prepared envelopes sent through the mails by postal employees. These envelopes—called test letters—generally portray service in a more favorable light than the ODIS system.

The GAO has reported that air mail test letters bore markings that made them readily identifiable as test letters to the clerks who sorted the mail. The clerks singled them out and gave them speedy treatment, including dispatching them in specially marked pouches.

On the basis of these purported tests, Klassen claimed in the fiscal 1971 report the agency was "close to the attainment of its performance standards for air mail . . ." Postal officials made similar claims in 1972 Senate hearings.

The unreliability of the tests is no secret. Marie D. Eldridge, former statistical director of the Postal Service, said internal auditors periodically reported that clerks ran across workroom floors carrying the special letters.

Nevertheless, the Postal Service spent $4 million in a little over a year to send air mail test letters, GAO reported. Although these tests have been stopped, local post offices continue to send test letters to measure the service they provide local residents.

The D.C. post office sends about 600 of the letters a week. They are small, prestamped envelopes that bear the notation, "MAS," which stands for Methods and Standards, the department that sends them out.

Robert H. Brown Sr., a clerk in the D.C. post office, said supervisors instruct employes to look for the letters and speed them on their way. "It is a farce," he said.

A supervisor whose suburban Washington home is a recipient of the letters said they have never taken more than a day to be delivered.

L. A. Hasbrouck, who sends the letters from the D.C. post office, said, "I don't deny that the mailings could be identified as test letters."

Asked why taxpayer money is being spent to send them, Hasbrouck did not reply directly. Instead, he said the "MAS" notation is gradually being removed from plates used to print addresses on the letters.

If the test letters appear to be a dubious expenditure, the $200 million spent by Americans last year on air mail represent, in the view of Rep. Lester L. Wolff (D-N.Y.), a "fraud."

When air mail was first flown in 1918, paying the extra postage for an air mail stamp was the only way to get air service. Today, nearly all mail sent outside local delivery areas goes by air.

The Postal Service claims the extra 3 cents for an air mail stamp buys the fastest possible service to any point. Special, white-topped air mail collection boxes bear stickers promising overnight service even in local delivery areas.

But the ODIS figures show the extra air mail postage generally buys slower service. Air mail was delivered overnight 21 per cent of the time in the most recent postal fiscal quarter, or about a third as often as first class.

Even local mail that carries air mail postage—as suggested by air mail collection boxes—gets there far slower than first class, the ODIS figures show.

The figures also show that air mail has a slight advantage over first class if it goes more than about 400 miles, but the Postal Service promises speedy air mail service over any distance.

The answer to the mystery of slow air mail service, according to postal experts, is that the special, costlier treatment given air mail has the effect of slowing it.

"You divert air mail to a separate center, and in the meantime the first class is running like hell through the system," says M. Lile Stover, who was director of distribution and delivery until 1969.

In addition, Stover and others said air mail addressed to nearby cities with no air service is sent back to the first class section for delivery.

Indeed, said Mrs. Eldridge, the former statistical director, "Air mail often goes back and forth several times."

Terming air mail a "fraud on the American consumer," Rep. Wolff of New York last year asked the Federal Trade Commission to investigate the Postal Service for possible violation of deceptive advertising laws.

The FTC declined on the grounds it cannot investigate another government agency.

"A government agency should be more responsible than companies in the private sector," Wolff said. "It seems to me incredible that a government agency is allowed to get away with defrauding the American public."

Those who pay 60 cents extra for special delivery service also might not get what they pay for.

Clerks in the special delivery section of the D.C. post office said special delivery for downtown businesses is delivered with regular mail, and special delivery for residences is specially delivered only if the regular carrier has already left.

In New York, only 35 per cent of special delivery mail received special service on a typical Tuesday, a House postal subcommittee was told in 1970. Most of the special deliveries were of packages.

"If a private company charged extra for special delivery and didn't specially deliver, it would be referred to the Attorney General for investigation," said Rep. Edward I. Koch (D-N.Y.). "As far as I'm concerned, it's fraud."

INFLATION

The SPEAKER. Under a previous order of the House, the gentleman from

Arkansas (Mr. MILLS) is recognized for 1 hour.

Mr. MILLS. Mr. Speaker, let me advise first that I will not take that time in my statement. I wanted to talk today about what I think is a very, very critical matter, and that opinion I believe is shared by most of our constituents.

We have reached a critical stage in our general economic policy insofar as the Nation is concerned. For months now, we have been drifting virtually leaderless in this area.

The result has been the United States has experienced what is probably the worse peacetime inflation in its history. During 1973, the Consumer Price Index rose by 9 percent and the Wholesale Price Index by 18 percent. In the first 4 months of this year, conditions have grown much worse. Inflation has accelerated with consumer prices rising at an annual rate of 12 percent and wholesale prices rising at the still much higher rate of 21 percent. The size of a consumer price increase has resulted in the economists coining a new expression—"double-digit inflation" to indicate the severity of our condition. The double-digit inflation refers to the fact that our consumer prices are rising at an annual rate in excess of 10 percent.

The 21 percent rate of increase in wholesale prices suggests still worse conditions in the period ahead when these prices are reflected in prices paid by the consumer.

The President's Council of Economic Advisers has suggested that before long things will get better and we will be down to an inflation rate of 7 percent by the end of the year.

It is, of course, true that the inflation during the first 3 months of this year was primarily in food and energy prices. Prices in these areas may level off or perhaps come down some in the period ahead—in any event let us hope so. However, the April price statistics—the most recent ones we have—indicate that inflation is spreading to other sectors. In April, increases of 4 percent or more—which translate into 48 percent on an annual rate basis—were recorded in the chemical, rubber, lumber, paper and metal industries. What makes these April increases worse is the fact that they occurred at a time when some vestiges of price control were still in effect.

Moreover, we know that in the past year and a half, wages have lagged behind prices with the result that large catch-up wage demands would seem inevitable.

We have never really successfully controlled inflation since early in 1965. The long economic expansion that occurred in the early 1960's was remarkably free of inflation.

In 1965, the economy was producing at virtually its maximum possible level and unemployment had fallen close to the so-called 4 percent frictional level.

The House will recall that at that time instead of practicing the monetary and fiscal restraint that we should have, there was instead a large increase in expenditures associated with the buildup in the Vietnam War which we were unaware of until much too late. This caused us to run a budget deficit in fiscal 1966 of $4 billion when we should have had a surplus. We followed the policy of guns and butter rather than a policy of restraint. At the same time, the Federal Reserve let the money supply rise by 9 percent in 1965. As a direct result, the rate of inflation began to rise too—from slightly over 1 percent in early 1961 to 1965 to 3 percent in 1966.

I do not intend to try and outline all of the ups and downs in our economy since 1965. We certainly made efforts from time to time to control inflation. On several occasions, the Federal Reserve responded to the inflation by cutting back sharply on the money supply with the result that credit crunches followed. Their principal effect seemed to be in cutting back the housing market. And each time to forestall this and other aspects of the credit restraint, we fell back to a relatively easier monetary policy.

On occasion, we had also followed the policy of fiscal restraint. In 1968, the Federal Government was running a whopping $25 billion deficit. We tried to meet this by imposing expenditure restraints and a tax surcharge.

I think our policy of fiscal restraint had some salutary effects but another kind of inflation arose to take its place, what economists call cost-push inflation.

Workers, who had signed contracts in the 1960's which did not take inflation into account, demanded large "catch-up" wage increases. People who had seen inflation at a 4- or 5-percent rate for several years began to consider these rates as normal and to take rates of increase of this size into account in their contracts and pricing decisions. Similarly, interest charges were set on the assumption that there must be a recovery through interest for the value lost in the loan through inflation.

Even though the economy was sluggish in the early 1970's, people looking back on the prosperous decade of the 1960's tended to take inflation into account in establishing their price and wage demands as a general rule.

This persistent inflation, even during the sluggish period of the early 1970's, combined with the insistence of the Congress, forced the hand of the Administration into imposing wage and price controls in August 1971. During the period of the initial wage price freeze and phase II, these controls were successful in reducing the rate of inflation. In fact, the rate of inflation declined from over 6 percent in early 1971 to 3.5 percent in 1972. Certainly the price controls were a major factor in this decline in the rate of inflation.

Unfortunately, as successful as the phase II operation was, our economic policy lenders in the administration were conceptually opposed to price controls. While most of us prefer to let the market determine prices in normal times, this certainly was not normal times. In any event, phase III which was begun in January of 1973 began the scuttling of our price control system which was more or less completed by June of 1973. Our second price freeze and the so-called phase IV, which were never a really satisfactory price control procedure, was in effect approximately the last half of 1973.

Certainly the elimination of effective price controls in January of 1973 has been a major factor in the resurgence of inflation in the last 18 months.

The nature of our inflation today, however, has changed somewhat from what it has been in the past. Certainly one continuing cause of inflation has been the devaluation of the dollar. The dollar declined by 10 percent in 1971, stayed relatively level in 1972, and has fallen about 5 percent since that time. The devaluation is both the cause and effort of inflation. Devaluation raises the price of imports which directly affects consumer prices. Prices of domestically produced goods which are in competition with the imports also tend to rise as a result. Devaluation by reducing the price of U.S. exports abroad has also raised world demand for U.S. goods which also raises their prices domestically unless there is a fall-off in domestic demand. Since the principal area where there has been an increase in world demands for U.S. goods was in our food products, this certainly has been a major factor in our rising prices in this area.

At the same time, the high rate of inflation in the United States was a major contributing factor to the fall in the dollar. For example, the dollar was stable in 1972 when our inflationary problem seemed to be under control but it fell sharply again in early 1973 when we lost ground to inflation.

When the U.S. inflation rate is high, the dollar sooner or later must fall to maintain equilibrium in the foreign exchange market. Indeed, the recent change from a fixed exchange rate system to a system of floating rates has important implications for our inflation problem. The floating system by automatically adjusting foreign exchange rates tends to prevent us from exporting our inflation, but on the other hand, also means that we are now not as likely to import inflation from others. The implication of this is that now if we can solve our own inflationary problems, the failure of our neighbors to solve theirs really will not hurt us. However, if we fail to deal with our own problem, we will get little, if any, help from them.

The inflation we face today contains still another new element. The problem of scarcity both in the United States and throughout the rest of the world has become a critical determinant of inflation. Unfortunately, this has occurred at the very time when on a worldwide basis we seem to be faced with a rising demand for more and more goods of all types.

Some economists have referred to this last aspect as an "explosion of expectations." These expectations which seem to be worldwide include expectations of a more rapid rise in the real standard of living than our resource-scarce world can reasonably supply

In this country, these expectations are compounded by a belief, supported by many years of expansionary policy by the Federal Government, that there will not be a depression or serious recession, or any other interruption, of what has come to be regarded as the normal an-

nual increases in income and living standards.

The immediate cause of the most recent inflationary surge seems to have been principally a matter of excess demand plus shortages in food, fuel, and other raw materials. While to some extent some of these factors may ease somewhat in the period ahead, unless action is taken now inflation will continue as workers, employers, loaners of funds and others attempt to realize their expectations of an improved standard of living—or at least not a decrease in their standard of living in the face of rising prices—by demanding larger wage or price increases or higher interest rates for the use of their money.

Expectations are also playing a critical role in this inflation by encouraging people to spend now rather than later because they believe prices will be significantly higher in the not too distant future.

The incredibly high interest rates that we are now experiencing are a clear indication of this inflationary expectation. The "inflation premium" that lenders are charging indicates that they expect inflation to continue at an unacceptably high rate.

With the prime rate in the neighborhood of 11.5 percent and other rates not far behind, the housing industry has taken a substantial nosedive. If prospects of future inflation are not dampened, the housing industry may be in for still more serious declines. The high interest rates that lenders must charge, of course, discourage both buyers and builders. But of still more significance is the fact that savings institutions, which supply most of the mortgage funds, are limited by law as to the interest rate they can pay their depositors. As inflation continues, and people expect it to continue, depositors tend to move their money out of savings institutions into other financial institutions which pay significantly higher rates of interest. This so-called disintermediation is currently serious for the housing industry but could become devastating if inflation continues and interest rates continue to rise.

We cannot allow this double digit inflation rate of 12 percent or more to continue. It, of course, presents terribly difficult problems for the poor, for the elderly, and for those on fixed incomes. No tax program that we could devise would be as regressive and cruel in application as is inflation itself.

As important as this is, still more important is the effect that unbridled inflation will have on us in the future. We all know that serious deflation is the counteraction which results from continued and ever-increasing inflationary periods. Deflation can have still more serious consequences for all of us. It can mean still higher unemployment and a major loss of real output for our economy. This is something that we must do everything possible to avoid.

Our difficulty, of course, is that we have been in a period of drift—a period of no leadership. We all recognize the reasons for this absence of leadership on the part of the administration, but that does not excuse us here in the Congress from responsibility for the consequences. Congress must act in this void of leadership or assume the blame. I challenge both the Democratic and Republican leaders in the Congress to assume the responsibility which truly rests with all of us to do something about this terrible rate of inflation. While I shall not attempt to outline any full program, nevertheless, in my opinion, there are several actions that we must take if we are to stem what I fear is this rising tide of inflation.

We must follow a consistent policy—and here I emphasize the notion of consistency—of restraint both in the areas of our fiscal and our monetary policy.

I well recognize the popularity of the various tax measures which are being offered in recent weeks to reduce our revenues by some $6 to $8 billion.

I recognize the well-meaning effort to relieve those in the lower income bracket, who are clearly the ones who have suffered the most from the cruel inroads which inflation makes on our standard of living.

What I fear is that a decrease in taxes of this size will do more to aggravate the present inflationary pressures than it will to reduce inflation's burden on the low-income taxpayer who is supposed to benefit from the tax reduction. The difficulty, of course, is that the additional spending which will be generated on the part of taxpayers, as consumers, will have some impact on the rate of price increases. More important, however, it will product profound inflationary effects indirectly through its impact on the availability and demand for money.

I certainly do not say that we should not have a reduction in the tax burdens of those in the lower income groups, but to the extent—and probably more than to the extent—of any such tax reduction, it is my opinion that it should be offset by carefully well thought out increases in other areas of our tax system. This is one of the reasons why the Ways and Means Committee is presently engaged in a broad-scale reexamination of our tax system with the intent, on our part, to develop a series of carefully thought out tax reform measures. We anticipate that these will more than offset any reductions that may be provided. In this manner, we hope that it will be possible to provide for some easing of the burdens of those in the lower income groups arising from inflationary pressures but prevent this from having an adverse effect on our fiscal policy as a whole.

In addition, however, we must also show more restraint in our expenditure policy. We must, for the welfare of our economy itself, restrain spending at this time.

In the past we have exercised expenditure restraint by imposing congressionally ordered limits on spending. I am, of course, referring here primarily to the Revenue and Expenditure Control Act of 1968. I doubt whether expenditure limitations of this type, however, are the way to approach the problem today. We need, instead, an overall coordinated effort at the congressional level to establish spending limitations. I am glad to see that the conferees on the Congressional Budgetary Control Act have recently completed their action on this bill. I believe that enactment of this congressional budgetary control is an essential means of helping us, on a planned basis, to determine the appropriate expenditure limits for the future. I hope, however, that we will not rest on our oars in this respect, but instead, until it is possible to implement this act, do all that we can as individual members of the House, to restrain the level of Federal spending.

Monetary policy also needs to be restrictive in the period ahead. Fortunately, I believe Arthur Burns, Chairman of the Federal Reserve Board, fully recognizes this and can be expected to follow a policy of monetary restraint in the period ahead. There are, of course, disadvantages in such a policy because of its effect on interest rates, and particularly on housing. But for the period immediately ahead, I see no other alternative but to follow a restrictive policy in this area.

It is this notion that is becoming imbedded in our thinking process which somehow or other must be reversed—I am referring to this expectation of ever-increasing income levels and ever-rising prices. Such notions can only be overcome if we, for an extended period of time, follow a general policy of fiscal and monetary restraint.

I do not believe, however, that we can overcome this expectation of inflation by fiscal and monetary policy alone. I believe that the Congress needs to reenact a wage and price control program patterned after the Phase II program, with no termination date. I can well understand why Congress refused to extend the wage and price controls when the President indicated intent to use such controls only in the area of medical and health prices.

But the fact that the President has made a mistake and is unwilling to use price controls as broadly as they need to be, is no reason why the Congress itself should make an equally bad mistake.

I recognize, also, that labor has opposed wage and price controls because of the disparity between the price increases permitted and the wage increases permitted. We can, however, develop means of compensating for these problems in the most crucial areas.

My preference, of course, would be to let the marketplace control our price structure and, in normal times, I would not be advocating any other course of action. To overcome this feeling of the inevitability of a continuation of inflation, however, requires positive action. Proper fiscal and monetary policies may, over a long period of time, result in a gradual banking of the fires of inflation. But with the present inflationary psychology, we must find better remedies in the near term. Otherwise, there is the danger that inflation, in the meanwhile, will grow to such proportions that it will take drastic deflationary measures to stop it, with the resultant chaos in the economy.

Some private economists would have

us start on a new fad—indexing the entire economy to secure adjustments for everyone when prices rise. This, in my mind, is advocating a policy of defeat since, instead of controlling inflation, it tries to come up with a way for us all to ride the roller coaster together. I do not think we can do that.

I recognize that wage and price controls are anathema to many on ideological grounds. I believe, however, that given our present situation, any real economic analysis will suggest that under present conditions, at least, we need such controls. Let us examine some of these arguments.

It is frequently argued that wage and price controls are artificial and that as an economic tool to control inflation they are inferior to appropriate fiscal and monetary measures. The fallacy in this line of argument, as I see it, is that I am not suggesting it as an alternative to responsible fiscal and monetary actions, but as a supplement to such actions. The plain fact is that in the present emergency situation, monetary and fiscal measures, while essential, are not sufficient in and of themselves to do the job. They need help if we are to rid ourselves of this expectation of rising prices.

It is also suggested that the inflation problem is caused by shortages and by special situations. As a matter of fact, as I have outlined in my statement, I believe there is much truth in this, but this does not mean that wage and price controls, properly handled, will not help us overcome the shortage problems. I do not propose a gigantic system of rolling back prices. I fear we must accept the damage that has already been done to prices in the past. Our job is to prevent future damage, and in this respect, wage and price control can help us straighten it.

Finally, the claim is made that price controls have been tried recently and have not worked. I do not see how anyone who looks at this proposition with an open mind and really analyzes the situation can agree with this conclusion. The administration has applied these controls so reluctantly and has changed its mind so often, that its policies in this connection have been little more than a phased disaster. No sooner were there signs that phase II was working, then the administration withdrew the controls. Wage and price controls just have not been given a proper chance to operate.

The wage and price controls, in my opinion, should not be the type over which the administration has the right to say whether they are to continue in effect or not. At the same time, there must be flexibility to adjust for rising costs of materials entering into the prices of the products being controlled, there must also be flexibility to be sure that essential products are not driven out of the marketplace. At the same time, we must also see to it that our wage-earners are treated fairly in how the wage and price controls are operated.

While the objective I seek should be a temporary one, to last only as long as the emergency conditions continue, I believe that no date for the termination of the program should be specified. Specified termination dates inevitably reduce the effectiveness of a controlled program by encouraging economic distortions in the form of accelerated purchase and deferment of sales as the termination date approaches.

The task that I have outlined for you of controlling inflation through appropriate fiscal and monetary restraints, coupled with an effective program of wage and price controls, is no easy matter. Nor can we look to the executive departments downtown to help us out in this regard. This must be a responsibility which we here in the Congress—both Democrat and Republicans alike—shoulder. I will try and do my part in the formation of such a policy of controlling inflation through the development of a tax program which is consistent with these objectives. I challenge the leaders in the Congress, in the other fields to similarly shoulder their responsibility and help us gain control over this terrible inflationary problem. If we do not, our country will suffer terribly.

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

Mr. MILLS. I will be glad to yield to the gentleman.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman's yielding. I appreciate the comments of the chairman of the Ways and Means Committee that the trouble begins right here with this Congress because the House refuses to restrain expenditures. The gentleman is correct on that important point.

Unfortunately, we have not done it. We just talk about it.

Aside from that, I was interested in the comment of the chairman of the Ways and Means Committee that wage and price controls could be effectively handled under the three criteria the gentleman has mentioned. Then, again, the gentleman says, by the same token, that those powers should not be given to the administration or the executive branch because they have proven they do not know how to use them.

Mr. MILLS. No, I did not say that.

Mr. ROUSSELOT. Who would basically handle that management problem?

Mr. MILLS. It would of course have to be handled downtown.

Mr. ROUSSELOT. Yes, but the gentleman already said that the administration could not do it, or have proven that they could not do it very well.

Mr. MILLS. No. It has to be administered downtown. What I was trying to refer to was the passage of general authority by the Congress allowing the President to do this. If the President would say, "If I were given authority by Congress, I would reinstate phase 2," I would be for it in the morning.

Mr. ROUSSELOT. Mr. Speaker, the problem, as I see it, is that this Congress is presently complaining, especially the Democratic leadership, that we have: First, given too much power to the executive branch; second, that we constantly delegate away power; third, that we should exercise responsibility. On these points I agree. How are we going to give him all that kind of power again under your recommendation for wage and price controls?

Mr. MILLS. Mr. Speaker, what I am talking about is that Congress should set up the program with appropriate criteria. The program will have to be administered downtown. We of course cannot administer it.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will allow me a comment, these laws generally emanate from the Committee on Banking and Currency, and on the basis of our previous record on this subject, I do not have quite as much confidence as the gentleman has on this subject.

Mr. MILLS. Mr. Speaker, I will say this, and I suppose I am bragging when I say it: I have spent more than half of my lifetime in this Congress, and I have known of no group of men—Democrats, Republicans, elder statesmen, and freshmen—for whom I have had any greater respect, or perhaps for whom I have had even as much respect, as I have had for my colleagues with whom I have served over these years. I do not believe, when it understands the situation, I have ever failed to see Congress stand up to its responsibility and act in an affirmative way in order to handle a crisis.

May I recall for the benefit of the Members a little history? I will never forget a meeting which I had with President Kennedy before Congress reconvened in 1962. I think it was on the first or second day of January 1962.

The President told me that he wanted to do some things which related to matters that came to our committee, but that he had been told by his own advisers not to ask for a continuation of the Reciprocal Trade Agreements program, because the Congress in an election year would not pass such a program.

I said:

Mr. President, they do not know as much about the Congress as you and I do. You served in both the House and the Senate. You send to the Congress your program involving a continuation of the Reciprocal Trade Agreements program. Let the Committee on Ways and Means consider it. Maybe you could change its dress or just put a little rouge on its face, but I know one thing: the House of Representatives will pass it.

Mr. Speaker, in that election year, 1962, the House of Representatives passed a program allowing the President to lower all of our duties by as much as 50 percent—and that was in an election year—by the largest vote this House ever gave to the continuation of the Reciprocal Trade Agreements program.

I have that confidence in the membership of this House when the Members are aware of a crisis and are called upon to act.

Mr. GROSS. Mr. Speaker, if the gentleman will yield, that is one of the worst things we ever did.

Mr. MILLS. In the opinion of the gentleman from Iowa, perhaps it was. I was not passing judgment on it; I was merely pointing out what the House did.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, I am still a little amazed, not only on the basis of our own experience with wage and price controls, but also on the basis of the experience of many European countries,

especially when we consider on the whole world record what an absolute failure controls have been. I am speaking of the inability of a central power to try to manage an intricate system of wage and price controls in a free market system or in what is supposed to be a free market system.

Mr. MILLS. Mr. Speaker, I would not argue with my friend, the gentleman from California, whatsoever about staying with the free market system under normal circumstances. However, my friend, the gentleman from California, knows that when we have inflation taking place at an annual rate of 12 percent, we are not operating under normal conditions.

Mr. ROUSSELOT. Mr. Speaker, I will gladly agree with the gentleman in that respect, but I think the major cause of that situation occurs when the nation undertakes programs and spends more dollars than it has in its treasury. The gentleman will recall that he and I discussed that matter a couple of weeks ago during the debate on the debt ceiling increase.

Mr. MILLS. Mr. Speaker, I agree with the gentleman.

However, I will try to point out that if we use the ordinary methods of fiscal control and market control, we accomplish our objectives only way down the road.

In the meanwhile, what are we going to do with those who are on fixed income and those who are in low-income brackets, those who are suffering the most from this 12-percent inflation rate?

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, I suggest we cut the unnecessary spending. That is the best medicine we can give them.

Mr. MILLS. I agree that should be done, but that will not stop our inflation this year and the next year.

Mr. ROUSSELOT. Mr. Speaker, the gentleman and I have an honest disagreement. The inflation problem now ravishing our country is the prime result of congressional and administrative overexpenditure. Inflation is a long range as well as a short-term problem. We should have learned by now that wage and price controls will not solve that problem.

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

Mr. MILLS. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I would like to compliment the gentleman from Arkansas, the chairman of the Committee on Ways and Means, for his very provocative remarks which he has just made in the House. Coming from such a source, I do not see how the gentleman's remarks can fail to trigger a national debate on this particular issue.

I am not one of those Members who feels that wage and price controls have resulted in a happy economic experience for this country and that it would be a particularly constructive thing to reimpose them at this point. However, I have a couple of very specific concerns which I would like to voice to the distinguished chairman, and there are questions implicit in these concerns.

First of all, I wonder if the gentleman from Arkansas does not believe that a call for wage and price controls at this point will cause a major rush to establish higher bases for both wages and prices during the pendency of such legislation?

Mr. MILLS. The gentleman knows on our committee when we plug a loophole we dot it as of today, and we date it as of the day we take the action. I think we could do the same thing here.

Mr. CONABLE. Then the gentleman is suggesting that we move on such a crash basis that we accept this moment as the time——

Mr. MILLS. Not this moment but when the committee considers it, if it does, and I hope it does. My friend from New York knows my feeling about all of this. I as much as anyone in this chamber would like to see the market place operate and operate freely. You know that ordinarily I would oppose wage and price controls, but I do not see anything that can happen in the next 12 months or perhaps even in the next 24 months that gives us any degree of complacency in regard to this inflationary expectation that presently exists, which is to a large extent fixing the high rate of interest, which is to a large extent determining the much higher prices people are paying for whatever they buy week by week.

Mr. CONABLE. May I ask my friend from Arkansas if he would also impose embargoes on exports at this point?

Mr. MILLS. I would not.

Mr. CONABLE. Does he not have some concern, if we put a limitation on prices, for instance, that such limitation will continue to contribute in a major way both through a failure of investment and through exported basic goods to shortages and the same kind of chronic shortages which is one of the major exacerbations of our inflation today?

Mr. MILLS It is entirely possible that would become necessary, but I am saying I would not do it as a part of this program. It might have to follow in 60 or 90 days or even in 30 days.

Mr. CONABLE. I would like to express my very grave concern about this kind of a proposal at this time. It seems to me it is bound to be a further unsettling factor in the very unstable price situation which we now have, and I hope the Members of this body will consider it very carefully before we embark once again on what has proved to be a comparatively disastrous economic experiment.

Mr. MILLS. My good friend knows that I have to take issue with that last statement. What I am talking about is phase II, which did work and which worked reasonably well because the rate of inflation was only about 3.5 percent when it was in effect. That is compared with 12 percent as of today.

Mr. CONABLE. I think the chairman will agree that the state of the economy was quite different then.

Mr. MILLS. Oh, I pointed that out, and my friend heard me point that out. There are different factors in existence today.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. BROWN of Ohio. I am impressed, as I am sure we all are, by the very interesting remarks that the gentleman from Arkansas, the distinguished chairman of the Committee on Ways and Means, is making in his proposal. I am also impressed with the run around the block that he gave, however briefly, of some of the other alternatives.

I would like to ask first if this business of controlling wages and prices and adjusting the wages and prices to allow for profit margins and so forth that would stimulate expansion in shortage areas is not just about as complex and impossible and difficult as the question of indexing inflationary increases. The gentleman himself said that indexing inflationary increases was not an appealing prospect to him, and it is not to me. However, neither is wage and price control, because what you do is freeze in the inequities in the situation. We have had examples of that for years. In the steel industry, for instance, now one of our problems in the United States is that we cannot get enough steel and we cannot get it because we have had prices and profits of steel in this country held down. We are going to have to have some kind of stimulation for investment, or else we will have to depend on foreign steel.

Mr. MILLS. I agree with the gentleman, and that is one of those aspects that the Committee on Ways and Means is looking into with respect to the tax bill.

Mr. BROWN of Ohio. But if we reimpose a freeze——

Mr. MILLS. I am talking about phase II, which is much more manageable and will take care of some of the inequities that were not provided for or taken care of in phase I.

I am not suggesting a return to the price levels in effect at the time of phase II.

Mr. BROWN of Ohio. Mr. Speaker, let me ask the gentleman from Arkansas whether the gentleman might not be willing to consider the prospects of tax cuts that would stimulate industrial expansion so that we could have an opportunity to meet some of these shortages that we now face, and thereby reduce the prices of some of the raw materials and commodities such as steel.

Mr. MILLS. It does not always work out that way that if we increase production we automatically reduce prices.

Mr. BROWN of Ohio. But if we increase production we would at least hold down prices.

Mr. MILLS. Let me call the attention of the Members to some of the things that might be worth considering. I have talked to various elements of the business sector and, for example, one of the large steel companies intends to spend, over a period of some 6 to 10 years, about $800 million a year in the expansion of its facilities, and other corporations are also intending to do the same thing.

But, one of the major problems that they face is where would they go to get the money guarantees?

Mr. BROWN of Ohio. May I make a suggestion in that regard?

Mr. MILLS. I would suggest that the gentleman make it to these people who want to invest their money.

Mr. BROWN of Ohio. I think that most of these announcements of increased expansion came after the lifting of wage and price controls.

Mr. MILLS. Most of these were planned last year.

Mr. BROWN of Ohio. They may have been planned last year, but nobody made any commitments until after we got rid of the wage and price controls, and that they were made finally only after operating on a free and open market.

Mr. MILLS. In phase IV they could do whatever they wanted to do.

Mr. BROWN of Ohio. I think we still had a limitation on that in the steel price situation during that period of time.

Mr. MILLS. That was being phased out.

Mr. BROWN of Ohio. If the gentleman will yield for one more comment—and that is that it seems to me that if we could provide for some kind of a tax credit that would stimulate industrial expansion, that that is the solution that is necessary for some of these industries where such expansion might mean a great deal.

At the same time, do something about fiscal responsibility and holding down spending, that this would be most appropriate, because it would help reduce our taxes that would be needed and, at the same time if, as I say, we could increase our production and maintain a lower price level by having additional commodities being produced.

Mr. MILLS. I might point out to the gentleman from Ohio that I have made several speeches and the gentleman probably has not actually been aware of them because I did not make them on the floor of the House, and I did not send out any advance notices of them, either, but I have made many speeches about the possibility of using our tax laws to bring about an increase in the production of about 25 to 35 industries where we are in short supply. We are studying that in our committee, and the people in the Treasury are studying it, and the people in the Federal Reserve Board are studying it, to see whether we can get back what we need through that type of a procedure.

Mr. BROWN of Ohio. I certainly agree with that statement.

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

Mr. MILLS. I yield to the gentleman from New York.

Mr. KEMP. Mr. Speaker, I appreciate the distinguished gentleman and very able chairman of the Ways and Means Committee yielding.

Let me say first that I applaud the gentleman from Arkansas on the statement he has made here today, and for focusing the Nation's attention on the role of Congress in fighting inflation, because its my view that it is here that the war against inflation will be won or lost.

I also wish to rise in support of the statement made by the gentleman from Arkansas that fiscal and monetary restraint are very much needed, and I further agree that reliance on the mechanism of a free market is needed to cope with shortages. Finally, I agree that at this time, a tax cut without a commensurate cut in spending would be devastating in terms of halting inflation as it would require additional borrowing to finance the even greater deficits than we have today.

I do want to respectfully disagree however with the statement made by the gentleman from Arkansas over his suggestion of returning to wage and price controls and about phase 2 being a success. As I understand it, in looking back on the years of 1969, 1970, and 1971, that we had the type of fiscal and monetary restraints so needed in those years and that is what brought down the rate of inflation, not the controls per se.

My view is that I think the chairman gives too much credit to the wage and price controls, and not enough credit to the classical tools of fiscal and monetary discipline as approaches to fighting inflation.

Mr. MILLS. The gentleman from New York should realize that at that time the rate of inflation was 3.5 percent, whereas it is now 12 percent. We can argue about which had the most effect, but the three things worked together, and they worked together to a greater advantage for the American people than we are working the two things together now.

Mr. KEMP. If the gentleman will yield still further, I have another idea to express.

The gentleman from Arkansas made mention of the fact that demand has sometimes lowered rather than increased prices.

Mr. MILLS. There is no doubt about it.

Mr. KEMP. We have had the experience recently through phase I, phase II, phase III, and phase IV, of artificial prices increasing demand and thus causing shortages. The gentleman from New York was on record as voting against the Economic Stabilization Act because I believed at that time as I do now that every time we set prices shortages occur which in the long run drive up prices even further.

When the President put on those price freezes and price controls on the different products being manufactured and produced in this country, that in itself artificially created a price below that which the market would set. This in turn stimulated demand without correspondingly giving rise to production which was needed to increase the supply. So on one level we were increasing demand, and on the other level we were not increasing production and supply, thus the Government, Congress, and the administration must be held accountable for many of the dislocations and shortages that took place.

It seems to me that the gentleman's suggestion for reinstituting controls at this point is going to further exacerbate the problem that we have with shortages in this country today and I for one want no part of it.

Mr. MILLS. The gentleman is missing my point. I would use price controls in combination with restrictive monetary and fiscal policies. They did work in the past for a limited period of time and they can work together in the future. We must do something about the expectations of inflation and do it now.

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

Mr. MILLS. I yield to the gentleman from Texas.

Mr. STEELMAN. I thank the gentleman for yielding.

I was listening to the distinguished chairman's statement, and I want to say at the outset that I have the highest respect, not only for the gentleman's ability but also for his sincerity. The gentleman made several thoughtful comments, and this is an extremely complex area. I thought the heart of the whole statement had to do with the conditions the gentleman places upon the sort of controls program he outlines, and that is a properly administered controls system.

The simple fact is, I would say respectfully to the chairman, that controls cannot be properly administered. That is the point. One can make a fine academic argument, and it looks good on paper.

I was very active in the early part of the year in trying to move the Congress toward the view that we should chuck the controls system and encourage the administration to take that view. In doing so, I did a little bit of research about controls.

Controls were tried by the French; they were tried in 13th century England; they were tried four times by the early colonists; they were tried several times during this century. They have never worked.

The gentleman cited phase II as something that worked. Phase II was simply a lid on the pressure-cooker. It was a lot, in my judgment, like giving a pain killer for a cancer cure. It is not a cure.

Mr. MILLS. I am not disagreeing with a thing that my friend, the gentleman from Texas, is saying. I do not suggest that price controls should be permanent, but just remember that most of the countries which failed to do something about inflation went down the drain.

Mr. STEELMAN. I want to say to the gentleman in every case the various heads of state and heads of government made exactly the comments the gentleman made today. They preferred to go forward on the basis of supply and demand and the free marketplace. In their frustration they said: We have got to try controls. In every case controls were scrapped after failure, after the kind of shortages we have seen in this country.

If we are going to go controls, we are going to have further shortages, meaning higher prices and further inflation. I think the most honest thing we can do as Members of Congress is to tell our constituents back home that the fiscal policy that this Congress and the administration made in 1965, 1966, and 1967 which the gentleman referred to as better fiscal policy is the reason, and that we cannot do anything in the next 12 months to deal with this situation. We are going to have to take the longer term approach on fiscal and monetary restraint with regard to trying to increase supplies.

Mr. MILLS. That is something that I said started in 1965. It went along in the latter part of the sixties at a very much less rate of increase. It mushroomed in

the seventies because of what we did in 1965 and 1966. We have continued to do what we should not have done. That is the whole point.

If I have not done anything today except try to stimulate my colleagues into thinking of something that can be done, even if they do not like wage and price controls in the short term, I will have accomplished something, if I can rouse their concern about taking positive action. I think the very best fiscal and monetary policy can only have an affect in the long run. Let us save this country from this inflation expectation before we begin a depression.

Mr. STEELMAN. Will the gentleman yield for just one final comment?

Mr. MILLS. I yield to the gentleman from Texas.

Mr. STEELMAN I thank the gentleman. The simple point is, it seems to me, we cannot do anything in the next 12 months that is going to reduce this, because of 5- or 6-percent annual rate. What we had better do is take the constructive, long-term approach, the 5-year view, which I think is the most honest approach. Then we can deal with inflation over the long haul.

Mr. MILLS. What worries me is if we consider it on a 5-year basis, by the time we get there, we are going to be trying to figure out how to get out of a depression.

Mr. BURLESON of Texas. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Texas.

Mr. BURLESON of Texas. Mr. Speaker, I appreciate my chairman yielding.

I am sure there is not a Member of this body who does not share the concern with the gentleman over the problem of inflation which is eating away, as the gentleman mentioned, the buying power of the American people. Especially is it true regarding those on fixed income and our older people where it hits the hardest. In fact it is eating away at our very system.

The gentleman mentioned tax reform efforts now being conducted by our Ways and Means Committee—and I would like to put that "tax reform" in quotation marks. I get the feel, some of it by osmosis and some of it otherwise, that a great many of our associates here have the idea that the way to cure some of the problems is to get more taxes into the Treasury. I am not sure what it will cure but it will not cure inflation. Some of our experts, many of whom we highly respect, feel we are short of capital in this country. Obviously we are not in a classic inflation, as my chairman has indicated. There are numerous factors contributing to this situation.

The classic type of inflation, as I have understood it historically, is the case of too much money chasing too few goods. We have this in some places, but we are lacking more productive capacity in this country and until there are dependable sources of capital to produce more goods, the classic type of inflation will grow.

Seemingly there is thinking that if we take away further incentives for expansion we somehow meet the present appalling conditions of accommodating consumers. The excess profits tax bill on oil and gas now pending in this House is an example.

It is self-defeating because we are taking out of the domestic economy something like $11 billion-plus, which would otherwise, in very large measure, go into the search of new production and lower prices. I just do not believe we can beat the law of supply and demand in this country nor can we do it in this Congress. No one yet has repealed this law but it seems some think they can.

Mr. MILLS. We cannot repeal it, and I mentioned shortages of supply as one of the problems, but we normally make more supplies available by encouraging those who are producing things in short supply to produce more and we can do that through the device of reducing taxation.

Mr. BURLESON of Texas. But I am not sure we are heading in that direction when we take away incentives, and I am not just speaking alone for the oil and gas industry at all, but this is the direction I fear we are headed. Capital investment is needed in all industry and the higher they risk, the more incentive needed.

Mr. MILLS. I think all of our constituents want us to do something and do it now. I think if we try to depend upon increased supply we are looking at too long a period. The period of time we must consider is right now. I think these things are certainly true, they are the economic tools I would use if I had a longer time to use them, if they wish to do something, but I am concerned that we are now approaching the time when inflation has brought us to the point of some kind of deflation or recession. We cannot have the housing industry in the nose dive it is in and we cannot have the automobile industry saying they can produce only so many cars, so many less than last year, and on down the road, and have everything different and less being produced without having troubles ahead.

Mr. BURLESON of Texas. Let me think further with my chairman just on this. If we gave stability to the economy in this country, which it does not now have because they do not know what we are going to do in the next 6 months or year, I believe there would be a quick upturn in business activity which would not contribute to inflation. Rather, it seems with more production, more goods and a stability on which the business community could depend, these other pieces would fall in place in due time without artificial remedies.

If they knew we were not going to pull away some of these tax incentives, whether the investment credit or the tax on capital gains or whatever it may be, if we could get some stability that would give, I think, an immediate rise to production and it would not feed the inflationary process.

Mr. MILLS. I thank the gentleman for his comments. I would not argue against that if we had the time.

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

Mr. MILLS. I yield to the gentleman from Washington.

Mr. ADAMS. I would commend the gentleman that he has established the three main factors here. We have to have fiscal monetary responsibility and we have to have some kind of control in the free market area.

Our problem is, and I agree with the gentleman from California, we do have to set an example in the Federal Government by controlling our spending. We are trying to understand why that level rises each time, even though we cut appropriations each year; but we also have to understand there is no free market economy in the major sections of the American economy. The amount we set in those areas is going to be set by basically monopoly conditions and that is what the gentleman talks about when he says we have to have some kind of basic control, such as in phase II.

I agree with the gentleman. We discussed this in the mid 60's, the argument that we have to have a war to keep up the economy.

The record of the gentleman has been consistent.

We are appearing now trying to establish a policy and the committee chairman has stated the key word on that, that each one must have a policy to produce a definiteness in the economy. I agree with the gentleman.

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

Mr. MILLS. I yield to the gentleman from Florida.

Mr. CHAPPELL. I, too, Mr. Chairman, feel that the No. 1 problem in America is inflation.

I would ask the chairman of the Committee on Ways and Means if the committee has given any consideration in this matter of balancing supply and demand, to what effect there would be on legislation which would require down payments on more of the goods in short demand for a period of time; that is to say, a cutting back of the credit which we might have in the hands of the consumer today.

Mr. MILLS. One of the arguments against that is that we strike at the very poorest of our people. There is authority on the part of the Federal Reserve to extend or limit the time for obligations on automobiles and many other things. The Federal Reserve can cut back on the time limit in which those payments have to be made.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from New York.

Mr. KEMP. I appreciate the gentleman yielding and also the benevolence of the Chair as to the time remaining.

It seems to me what we need a freeze on today is on Government spending. No. 1, we should freeze Government spending, and No. 2, require restraint on the part of the Federal Reserve.

Mr. MILLS. I agree with the gentleman that we need a freeze on Government spending.

Mr. KEMP. I am glad to hear the gentleman agrees. I think when the gentleman talks about the gap in this country between promise and the performance, and the ideal and the real, we would be further stretching the gap to tell people that controls are the answer. It seems to me by putting back the controls on

our economy we are telling the American people that the answer to inflation is something other than fiscal and monetary responsibility here in Washington. The answer is not controls. The gentleman has exercised great leadership in his long career and in his comments on the floor today—I am grateful for this exchange and look forward to working with him to help stop this ruinous tax on our people.

Mr. MILLS. Let me say that if what I have suggested is not the answer, I hope somebody comes up with something so that we do not have a 12-percent inflation per year as we do now.

Mr. KEMP. As the gentleman has said, the answer is a sound fiscal policy and restraint.

INSURANCE FOR CATTLEMEN

The SPEAKER. Under a previous order of the House, the gentleman from Idaho (Mr. HANSEN) is recognized for 5 minutes.

Mr. HANSEN of Idaho. Mr. Speaker, the American cattle industry has always taken justifiable pride in its ability to compete successfully in the free market. For many years, this Nation has led the world in overall beef production and quality. Of course, the American consumer was one of the beneficiaries of this thriving U.S. industry—an industry based upon expertise, prudence, innovation, as well as a healthy share of hard work and sheer luck. Americans lead the world in per capital beef consumption. Obviously, the reason for this high consumption level lies in reliable supply, reasonable prices, and high quality—all of which the American cattle industry has been able to provide.

It is now apparent that a set of unfortunate circumstances, over which the American cattle industry had little or no control, is causing severe financial hardship in this once thriving industry. Feedlot operators are now losing in excess of $125 a head on fed cattle. Ranchers, farmers, and even banks in cattle country are now beginning to be affected by this economic downturn. Some experienced cattlemen have already lost everything they ever invested in their ranches and stock. One of the most perplexing aspects of this problem is the persistent farm-retail price disparity—which sees at one end the cattle producer losing money at an ever increasing rate, and at the other end, the American consumer getting little or no relief from decreasing cattle prices. I recently submitted testimony on this complex problem to the House Agriculture Committee, along with a number of my colleagues. Additionally, I asked the Federal Trade Commission to investigate this price disparity. Thus far, there has been no relief—either for the cattle producer or for the beleaguered consumer. And because this problem has not been corrected, a $20 billion American industry stands at the edge of financial disaster. The American cattle industry cannot continue to sustain losses that are currently running at over a quarter of a billion dollars per month. These losses initially impacted most heavily on feedlot operators. However, now cattle producers and even their banks are feeling the severe impact of this serious situation.

Normal credit channels are drying up for cattlemen who are fighting for their economic survival. If these cattlemen cannot secure the needed capital to stay in business, the American consumer will ultimately pay the price for our inaction. Can we afford to let the American cattle-industry go under? The answer is a resounding "No." Capital must be generated, feedlots must be restocked and cattlemen must be given a fighting chance. If this does not happen, the American cattle industry will simply not be able to continue to supply beef to America's dinner tables in either quality, quantity, or reliable supply.

The inevitable result of a lack of action at this time will be reduced beef production as cattle numbers decline and producers are forced out of business. Obviously, this situation will lead to beef shortages and higher prices for the consumer, and a likelihood for the buildup of pressure for Government imposed ceiling prices. This sort of Government intervention last year had disastrous results and contributed to our present difficulties by badly distorting normal marketing patterns.

The Nation's consumers have a large stake in maintaining a health, stable domestic livestock industry.

There are, of course, other steps we can take to retain the viability of our domestic beef industry. I have introduced legislation to amend the Federal Meat Inspection Act to prevent the importation of diseased, contaminated, or otherwise unwholesome meat and meat products. The cost of this program would be underwritten by charges levied on imported meat by the Secretary of Agriculture. Additionally, I have introduced legislation to prohibit the importation of meat slaughtered under inhumane conditions. I believe that foreign beef producers who export their products to our country should abide by the same laws to which our domestic producers are subject.

Additionally, this Congress could take steps to limit imports of beef, particularly in view of the action taken by some other countries to exclude our products from their markets.

The American cattle industry is not asking for a handout, but it could definitely use a helping hand in the form of an insured loan fund to enable qualified cattlemen to secure funds at Government guaranteed or insured levels. The legislation I am introducing today provides for such a fund, to be administered by the Farmers Home Administration. The fund ceiling would be $3 billion. Under this proposed program, qualified beef producers who are now, and were previously in the cattle business, could apply for emergency 5-years loans at an interest rate of 5½ percent. My colleague (Mr. PRICE of Texas) has introduced similar legislation. I believe this $3 billion fund is the minimum amount necessary to help this $20 billion industry. These funds will be a good investment in a responsible industry that has already and repeatedly demonstrated its ability in the American market system.

For the further information of my colleagues, the text of my bill, H.R. 15295 is as follows:

H.R. 15295

A bill to amend the Consolidated Farm and Rural Development Act to establish a loan insurance program for cattlemen

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by striking out "Subtitle D" in the center heading immediately preceding section 331 and inserting in lieu thereof "Subtitle E", and by inserting immediately after subtitle C the following new subtitle:

"SUBTITLE D—LOAN INSURANCE FOR CATTLEMEN

"SEC. 331. (a) The Secretary shall insure loans made by a lender other than the United States, or made by the Secretary and sold to such lender, to a borrower in the United States who—

"(1) is a citizen of the United States;

"(2) is or has been engaged in beef cattle producing operations to an extent and in a manner determined by the Secretary as necessary to assure reasonable prospects of success in cattle producing endeavors financed by loans insured under this subtitle;

"(3) is unable to obtain sufficient credit to finance his actual needs in the beef cattle producing business at reasonable rates and terms, as determined by the Secretary after considering prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans similar purposes and periods of time; and

"(4) has, if he has received previously a loan insured under this subtitle, performed successfully the terms of such loan.

"(b) Loans insured under this subtitle must be expended for the purpose of financing the normal operations of buying, raising, and selling beef cattle by the borrower whose loan is being insured.

"SEC. 332. (a) Subject to the approval of the county committee, appointed under section 352, the amount of any loan insured under this subtitle shall be determined by the lender.

"(b) The period of repayment of any loan insured under this subtitle shall not exceed five years.

"SEC. 333. (a) The Secretary shall from time to time establish the interest rate which may be paid by borrowers on loans insured under this subtitle, but such rate shall not exceed 5.5 per centum per annum.

"(b) Whenever the Secretary determines it necessary that a lender be paid a higher interest rate on a loan than is to be paid by the borrower on such loan in order for the Secretary to be able to enter into a contract of insurance with a lender with respect to such loan, the Secretary may contract to pay the difference between the interest rate to be paid by the borrower and the interest rate to which the lender is to be entitled under such contract.

"SEC. 334. (a) The Secretary shall determine whatever security he deems necessary for the obligations entered into by him in connection with loans insured under this subtitle.

"(b) The Secretary may enter into any security instrument in connection with loans insured under this subtitle; whenever practicable he shall provide that such instrument constitutes a lien running to the United States even though the notes are held by lenders other than the United States.

"SEC. 335. In any case in which the borrower receives the loan insured under this subtitle in installment payments, the Secretary shall specify in any contract made in connection with such loan that such borrower shall receive no such payments after

failure by the borrower to perform successfully the terms of such loan.

"SEC. 336. The Secretary is authorized—

"(1) to make agreements with respect to the servicing of loans insured under this subtitle and to purchase any such loan on conditions and terms as he may prescribe; and

"(2) to retain out of payments by the borrower a charge at a rate specified in the insurance agreement applicable to the loan.

"SEC. 337. Any contract of insurance executed by the Secretary under this subtitle shall be an obligation supported by the full faith and credit of the United States and incontestible except for fraud or misrepresentation of which the holder has actual knowledge.

"SEC. 338. (a) The borrower of any loan insured under this subtitle shall pay such fees and other charges as the Secretary may require.

"(b) Such borrower shall prepay to the Secretary as escrow agent such taxes and insurance as the Secretary may require and on such terms and conditions as he may prescribe.

"SEC. 339. (a) There is hereby created the Cattleman's Insurance Fund (hereinafter in this subtitle referred to as the 'fund') which shall be used by the Secretary as a revolving fund for the discharge of obligations of the Secretary under this subtitle.

"(b) The Secretary is authorized to transfer, no later than twelve months after the date of enactment of this subtitle, assets from the Agricultural Credit Insurance Fund, described in section 309, to the fund if he determines that such transfer is necessary to establish the insurance program created by this subtitle.

"(c) Moneys in the fund not needed for current operations shall be deposited in the Treasury of the United States to the credit of the fund or invested in direct obligations of the United States or obligations guaranteed by the United States. The Secretary may purchase with money in the fund any notes issued by the Secretary, for the purposes of obtaining money for the fund, to the Secretary of the Treasury.

"(d) The Secretary shall make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds necessary for discharging obligations under this subtitle, and he may make and issue such notes for the purpose of establishing the insurance program created by this subtitle. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yield of outstanding marketable obligations of the United States having maturities comparable to the average maturities of loans insured under this subtitle. The Secretary of the Treasury shall purchase any notes of the Secretary issued hereunder, and, for that purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary hereunder. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

"(e) Notes and security acquired by the Secretary in connection with loans insured under this substitle shall become a part of the fund. Notes may be held in the fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof at the balance due thereon, or on such other basis as the Secretary may determine from time to time. All net proceeds from such collections, including sales of notes or property, shall be deposited in and become a part of the fund.

"(f) The Secretary shall deposit in the fund any charges collected for loan insurance services provided by the Secretary under this subtitle as well as charges assessed for losses and costs of administration in connection with insuring loans under this subtitle.

"(g) The Secretary shall utilize the fund—

"(1) to make loans which can be insured under this subtitle whenever he has reasonable assurance that they can be sold without undue delay, and he may sell and insure such loans;

"(2) to pay amounts to which the holder of insured notes is entitled on loans insured accruing between the date of any payments by the borrower and the date of transmittal of any such payments to the holder; in the discretion of the Secretary, payments other than final payments need not be remitted to the holder until due or until the next agreed remittance date;

"(3) to pay to the holder of insured notes any defaulted installment, or upon assignment of the note to the Secretary at the Secretary's request, the entire balance due on the loan;

"(4) to purchase notes in accordance with contracts of insurance entered into by the Secretary;

"(5) to purchase notes in accordance with the Secretary's obligations under contracts of insurance entered into by him;

"(6) to pay taxes, insurance, prior liens, and expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections or necessary to obtain credit reports on applicants or borrowers, plus expenses for necessary services, including commercial appraisals and loan servicing and consulting fees, and other expenses and advances authorized in section 355(a) of this Act in connection with loans insured under this subtitle; such items may be paid in connection with guaranteed loans after or in connection with acquisition by the Secretary of such loans, or of the security of such loans after default, to an extent determined by the Secretary to be necessary to protect the interest of the United States;

"(7) to pay the difference between interest payments by borrowers and interest to which insured lenders are entitled under contracts of insurance entered into by the Secretary under section 333(b);

"(8) to pay the Secretary's cost of administration of the program authorized under this subtitle, including costs of the Secretary incidental to insuring loans under this subtitle; and

"(9) to perform any other act authorized by this subtitle.

"SEC. 340. The aggregate amount of the obligations insured under this subtitle and outstanding at any one time shall not exceed $3,000,000,000.

"SEC. 341. For purposes of this subtitle—

"(1) the term 'cattle producing operations' means a beef cow-calf rancher, an individual who raises beef cattle in his normal ranching operations, a feedlot operator who feeds beef cattle for hiselm and others, a partnership that feeds beef cattle or an operator who feeds beef cattle for himself; and

"(2) the term 'beef cattle' means cattle raised to to be sold and slaughtered for beef producing purposes.".

(b) Sections 331 through 344 of the Consolidated Farm and Rural Development Act, and all references thereto, are redesignated as sections 351 through 364, respectively.

CAMPAIGN FUNDS REFORM

The SPEAKER pro tempore (Mr. THORNTON). Under a previous order of the House, the gentleman from Delaware, Mr. DU PONT is recognized for 30 minutes.

Mr. DU PONT. Mr. Speaker, 6 months ago on the floor of the House of Representatives, I suggested to my colleagues that if the leadership of the House was not going to allow us to consider campaign spending reform, if the Democrat leadership was going to tread water on the question, then we, as individual Members of the Congress, must impose our own reforms in raising our campaign funds.

I believed then, as I believe today, that no single reform is more important to the future of the political process than campaign spending reform. Nowhere are the abuses more obvious, nowhere is the influence of special interest groups more sordidly documented.

Since it seemed unlikely that the leopard would change his spots this close to the day of the hunt, I became the first Member of Congress to set a self-imposed $100 limitation on all contributions to my campaign—a limit that applied to everyone—myself and members of my family as well. I pledged not to accept one dime from special interest groups—only from individuals.

Six months ago in my floor speech I promised my congressional colleagues that when I had raised my campaign funds within these limits, I would be back—hopefully as a source of embarrassment to those Members of Congress who continue to raise their money from the political holy trinity of big business, big labor, and special interest groups.

Today I am back to say with great relief and a certain degree of pride that we have been successful. "Pete's 3000" was formed to find at least 3,000 persons willing to give $5 and $10 even to help make campaign spending reform a reality. We not only achieved this goal—we have exceeded it.

When the reporting period closed on May 31, we had raised $76,708.55 from 4,793 contributions. The average contribution was $16. After expenses we have netted $62,812.74 for use in the fall campaign.

The task was not easy; it took months of effort by scores of volunteers. Sometimes our direct mail solitication resulted in empty envelopes with "I do not want to pay to elect anyone. If you want to run, be my guest. Use your own money," scribbled across the inside.

But for every barb there seemed to be three times as many letters that encouraged us:

As a good party Democrat I ache at the thought of contributing to the opposition party—even a small sum. However—Pete's 3000—deserves strong grassroots support; and I am 46-years old. This is the 2nd contribution I have ever made to a political campaign. Does this say how I feel about the way American politics are financed? Good show.

The people of Delaware agreed and I am deeply grateful to them for standing up when it was time to be counted. One woman wrote me:

I find it impossible to mail this contribution without admitting that it gives a native of Wilmington . . . a peculiar feeling to give to a du Pont . . . (but) it (is) imperative upon me and those of my kind who talk often and loudly about the necessity for good government to put up or shut up.

In setting about to raise my campaign money in this manner, I was not, and am not, suggesting that I have found the solution to campaign spending reform. My purpose was to highlight the desperate need for reform and to show that even with the strictist of limitations a reasonable amount of money can be raised.

"Pete's 3000" is my response to a Democrat leadership in the House that has the best opportunity for campaign spending reform in years but which appears determined that meaningful, effective reform never see the light of day. Already it's 16 months since the Clean Elections Act was referred to the House Administration Committee and they have somehow managed to cover seven pages out of 30.

America is crying for campaign spending reform—for an end to the corruption of the political process.

"Pete's 3000" proves it is possible. The bills are in Congress to make it possible. It is now up to the Democrat leadership in the Congress to allow it to happen.

PERSONAL ANNOUNCEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, I was absent for several rollcall votes last week due to my primary election in California. Therefore I would like to go on record briefly in support of the legislation that is of such vital importance:

On rollcall No. 260, I would like to be recorded as strongly supporting the legislation. This is of tremendous importance to hundreds of thousands of workers, and passage of this bill marks an important step for organized labor.

On rollcall No. 261, a concurrent resolution concerning the missing in action in Southeast Asia, I would like to add my support to this most serious concern. Had I been able to be present I would certainly have voiced my support for the resolution by voting "yea", and I express my appreciation to the gentleman from Wisconsin (Mr. ZABLOCKI) for reporting it out of his subcommittee.

On rollcall No. 262, the Renegotiation Amendments of 1974, I would have voted "yea".

On rollcall No. 266, I would have voted "yea".

On rollcall No. 267, Coast Guard Authorization, I would have voted "yea". While I have consistently voted against expenditures for our armed services which I feel are unnecessary, the Coast Guard performs a vital and valuable service that must be fully funded. I strongly support this legislation and hope that the Coast Guard will continue to enjoy the successes it has in the past.

Finally, on rollcall No. 268, Land and Water Conservation Act Amendments, I want to be on record strongly in favor of increasing the fund in any way possible. I support this bill and hope that we will take actions in the future to strengthen the fund so that in turn more money can be channeled into preserving our unspoiled lands.

I was unfortunately unable to be present last week for rollcall No. 279, Public Works-AEC appropriations bill for fiscal year 1975. Had I been present I would have voted "aye". This bill contains funds for programs and projects that are vitally needed, including a Corps of Engineers project for the Port of Oakland in my own district. As with the project for widening the outer harbor in Oakland, these are urgently needed improvements and I am pleased that funding was so widely approved by this body.

McFALL RESPONDS TO PRESIDENT'S ECONOMIC MESSAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. O'NEILL) is recognized for 10 minutes.

Mr. O'NEILL. Mr. Speaker, on Saturday last our colleague, JOHN MCFALL, the majority whip, made a nationwide radio address on behalf of the Democratic majority in Congress in response to President Nixon's message on the economy.

In his address, Congressman MCFALL outlined some of the actions we must take to combat inflation without forcing an unfair share of the burden on the lower- and middle-income groups. He also asked the administration to "join with the Congress in looking for positive approaches to economic recovery."

I insert the entire text of Mr. MCFALL's address into the RECORD:

STATEMENT OF CONGRESSMAN JOHN J. MCFALL

I am speaking to you today on behalf of your Congress about our nation's economy and the inflation that attacks us all so ruthlessly.

In his recent radio message, President Nixon told us that the worst is behind us in terms of inflation. But on the very next day, the Chairman of the Federal Reserve Board, Dr. Burns, said that inflation at the present rate could threaten the very foundations of our society.

Such inconsistency within the Administration gives the average American good reason to be confused.

However, inconsistent and inept economic policies are not new for this Administration. Five years of progressively deteriorating economic management have fueled the inflationary forces which now rage throughout our economy.

It was this Administration that adopted a policy of scarcity that drove food prices up—and then scrambled for a program to increase food production. It was this Administration that delayed in facing up to impending fuel shortages and left us at the mercy of the Arab boycott. It was this Administration that destroyed the effectiveness of wage-price controls—starting too late, turning them on again and off again in a very unsettling fashion and generally managing the entire program so that big business could take advantage of it at the expense of the working people.

Let us take stock briefly of the situation today and what we can expect in the future.

Food and fuel prices today appear to be leveling off. But altogether, prices of these critical commodities remain at very high levels. Furthermore, inflationary factors are now appearing in other sectors of the economy, such as manufacturing. Thus we are faced with the prospect of another severe round of inflation late this year—a fact overlooked by Mr. Nixon in his recent speech.

Credit costs remain very high. The prime rate is up near twelve percent, the highest rate since the Civil War, and that means the average citizen pays more—in some cities, fourteen percent for a loan to buy a used car. People are now using credit to keep up with inflation. In April, consumer debt jumped $1.5 billion. Even more disturbing is the fact that in the same month people fell behind more than $180 million on their installment payments. In fact, mortgage and installment loan delinquencies are at their highest levels in twenty years.

Food harvests look good, if the weather holds up. Farmers have responded magnificently, and our best projections now are that they will produce more than 350 million tons of grains and soybeans this year—an increase of fourteen percent from 1973.

However, the problem of shortages in all kinds of materials will become more serious. It will be up to the American people to see that scarce resources are used wisely and not wastefully.

Indisputably, those already well off have done very well under the Administration's policies. Wealth at the rate of $10 billion annually is now being transferred from the lowest three-fifths of our income groups to the richest one-fifth.

Fewer than one percent of the people own half of all the corporate stock in America, and corporate profits went up thirty-six percent from 1971 to 1973. Meanwhile, the family trying to make ends meet on $12,600 a year had to pay an additional $1,200 in 1973 just to maintain its living standards of 1972. That family had to spend $402 more for food, $165 more for housing and $57 for clothing.

Inflation today is running at a fantastic twelve percent, and real income has declined by six percent in the past year. Just the other day, the man who reads the gas meter complained about how this Administration's policies always hit the little guy in the neck. He said he needs a big hourly increase to make up for it. Quite clearly, it is the middle and lower income people who have borne the brunt of inflation. The working man and woman can certainly be expected to seek a more equitable share of the national income.

What is needed in this process is communication and cooperation on behalf of the well being of the nation. Among other things, there should be a public presence in the critical economic interplay that we can expect in the future.

It may be that labor or management—perhaps both—are wary of government interference. I think it is possible to take a multilateral approach to economic matters without direct government involvement.

In his radio message, President Nixon spoke of the desirability of a small, flexible organization within the Executive Office to monitor the economy. The President already has the authority and staff to handle that function. But he could do more, and he could do it in a way that would not require legislation or any formal government process at all.

The President should invite labor and management to form, on their own, a Wage-Price Voluntary Committee. This committee would be in a position to advise the Congress and the President on policies to

contain inflation. Members of the public should also be invited to participate. This would bring together a high level of concerned citizen opinion and it would appeal to public opinion.

In this way all parties would be talking together and working together to solve a big problem that no one can handle alone—working together to beat inflation.

Management of the old wage-price control system was slanted toward big business. By contrast this new program would be designed to treat all parties fairly and even-handedly.

Let us take a look at some of the other things that we can do about our economic problems.

The House next week will consider a special windfall profits tax aimed at exorbitant oil profits. The tax would range up to eighty-five percent. The bill would also encourage oil production by exempting from tax that portion which an oil company plows back into exploration and new drilling. The oil depletion allowance would be phased out. The bill would bring in an additional $13 billion in tax revenues during the next five years.

Additional tax reform bills will follow close behind. They include proposals to increase taxes on foreign income, to eliminate tax shelters used by the wealthy and to close other loopholes. The revenues thus gained would be directed to more equity for single persons, working spouses and lower and middle income people.

Federal spending plays an important part in our economic and in our social well being. Congress to this day has maintained a continuing and unceasing effort to channel that spending toward the furtherance of both those objectives. Repeatedly, this Administration has sent us budgets whose priorities are distorted, whose proportions are out of balance in terms of human needs. It has been up to Congress to redress the balance.

Congress has done that, and it has done it without over-spending. In fiscal 1974, Congress significantly reshaped the federal budget, and in doing so Congress still hit President Nixon's spending target almost exactly on the nose. We came within a fraction of the $274 billion spending total he recommended.

Over the past five years, the Congress has trimmed more than $19 billion from President Nixon's appropriations requests. We have taken this and applied it to programs for the people, shifting priorities from military spending to such programs as social security, veterans assistance, education, health and consumer aid.

Now Congress is near final passage of a bill to facilitate this work. The budget reform act is scheduled to come to the House for a final vote the week after next. This is a far-reaching bill which provides a formal mechanism for review of budget priorities and spending. It provides an impoundment control procedure by which the Congress can prevent the President from withholding appropriated funds and arbitrarily choking off those programs with which he disagrees.

This will mean better control of decisions that vitally affect our economy. For example, we need more production if we are to reduce unemployment and increase supplies of finishing goods. But this year President Nixon impounded $3 billion in sewer construction funds, and sewer construction is essential to new production. Industry and housing in many places have been stymied by sewer moratoriums. If the government fails to help, it feeds the fires of inflation by permitting the cost of housing to increase.

We can't just talk about a better environment and reduced inflation. The government must invest in it.

Congress by July 15 will consider an expansion of the economic development act. Programs would continue to be targeted for areas of six percent unemployment or higher. These programs have provided almost half a million jobs since 1965, fostering industrial expansion and plant capacity growth. Some $552 million in economic development funds would be authorized in each of the next two years. The program supports such projects as water lines to industrial parks or a new road to a potential plant site. The economic development act has been continued by Congress despite Administration opposition.

Still other legislative measures deal with the critical problem of supply. Two days ago, the House passed an important and far-reaching deepwater ports bill. In the coming weeks we shall be considering a strip mining control bill. The House has already passed a bill to create an Energy Research and Development Administration around the nucleus of the Atomic Energy Commission, and the Senate is now working on it. A $2 billion energy appropriations bill will be passed this month.

Congress has already enacted into law the Alaska pipeline bill, the mandatory fuel allocation program, the Federal Energy Administration.

The people are ready to respond and to cooperate with wise leadership to conserve resources and promote the kind of economic stability that all Americans desire. I hope the President will ask them.

Further, the Administration should join with the Congress in looking for positive approaches to economic recovery.

The uncompromising tight money policy of the Federal Reserve ought to be reviewed and re-evaluated. Besides imposing a major penalty on every borrower, exorbitant interest rates dry up funds for the housing industry and for construction jobs. We should not let ourselves be trapped into one-dimensional economics. We must beware that in seeking to throttle inflation we do not also choke off economic recovery.

In the Congress, the Joint Economic Committee has maintained a continuing effort to find economic solutions. In the House, the Democratic Policy Committee under the chairmanship of Speaker Carl Albert, is seeking to bring in opinions and recommendations from economists outside of the Congress. The leadership of the Congress in both parties has been working with the Administration in a joint effort to create a government agency that would focus on supply problems.

The Congress pledges its continuing efforts to upgrade the economy. We will work with the President on behalf of all the people toward the economic well-being of this nation.

NATIONAL EMPLOYMENT PRIORITIES ACT

The SPEAKER pro tempore. Under a previous order of the Senate, the gentleman from Michigan (Mr. FORD), is recognized for 10 minutes.

Mr. FORD. Mr. Speaker, on March 18, I introduced the National Employment Priorities Act—NEPA. Since then I have been contacted by several of my colleagues who wish to join me in cosponsoring this legislation, so today I am reintroducing it with 19 additional cosponsors, bringing the total number of cosponsors to 42. The legislation has been referred to the Education and Labor Committee, and to the General Subcommittee on Labor which is chaired by my good friend and colleague, the distinguished gentleman from Pennsylvania (Mr. DENT). Similar legislation has been introduced in the other body by the senior Senator from Minnesota (Mr. MONDALE) and cosponsored by Senators HART, SCHWEIKER, and KENNEDY.

The National Employment Priorities Act is designed to provide assistance to workers, businesses, and communities that are adversely affected by the arbitrary and unnecessary closings or relocations of industrial plants and other business enterprises.

The legislation is based on the premise that such closings and transfers may cause irreparable harm—both economic and social—to workers, communities, and the Nation.

My own State of Michigan has been particularly hard hit by this "runaway plant" phenomena. During the past two decades, hundreds, if not thousands, of plants have shut their doors and moved away from Michigan leaving behind hundreds of thousands of unemployed workers.

Using data provided to them by the Michigan Department of Commerce, the United Auto Workers estimates that over 3,000 plants have either closed down or moved out of Michigan since 1967, and that almost 200,000 workers—representing approximately 5 percent of Michigan's total work force—have been affected.

My own congressional district suffered the effects of the runaway plant in 1972 when the Garwood plant in Wayne moved and left 600 unemployed workers behind. Detroit experienced similar problems when plants operated by Federal Mogul, the Huck Co., and Detroit Macoid—just to name a few—closed their doors.

Mr. Speaker, the reason these firms are moving away is not economic necessity but economic greed. For instance, the Federal Mogul Co. in Detroit signed a contract in 1971 with the United Auto Workers and 6 months later announced it would be moving to Alabama. A spokesman for the company was quoted as saying they were moving "not because we are not making money in Detroit, but because we can make more money in Alabama."

Last year, the John Bean Co. in Lansing announced that it would be moving to Arkansas. The effect of this move would mean instant unemployment for 230 production workers and 87 salaried workers. The reason? Cheaper wages. By moving to Arkansas, it was estimated that the company could get away with paying their new workers poverty wages—from $1.75 to $2.25 an hour. This would mean that their new employees would be receiving average annual salaries of $3,640 to $4,680 per year.

Michigan is not the only State facing this problem. Many other States are suffering similarly. In Virginia, one-fifth of the town of Tazewell—population 5,000—lost their jobs when a company producing television components moved to Portugal. We have had reports of a tractor plant in Minnesota moving to Iowa leaving behind 2,000 workers, and

the Maendler-Bauer paint brush company moving from Minnesota to Louisiana. Still another example is the Mead Co., which last year moved from Alabama to Texas and left 1,300 to 1,400 jobless workers behind.

The Subcommittee on Agricultural Labor, which I chair, recently observed the catastrophic problems which the State of Hawaii is experiencing because of a runaway pineapple industry. Hawaii is now faced with the shutdown of almost its entire pineapple industry because the corporate giants, such as Dole and Del Monte, have decided that it would be more profitable to grow and process pineapples elsewhere, such as Taiwan and the Philippines. The number of workers expected to lose their jobs because of corporate greed in the pineapple industry has been estimated to be as high as 15,000—and thousands more are expected to be affected by these moves indirectly.

Mr. Speaker, again, these are mere illustrations of the kinds of problems which can be found in nearly every State in the country. The National Employment Priorities Act is designed both to prevent these problems and to aid the victims when the problems cannot be solved.

Briefly, the bill would establish a National Employment Relocation Administration—UERA—to investigate and report on the economic justification for a plant closing or the transfer of an agricultural or business enterprise upon request of 10 percent of the employees or a collective bargaining representative. Based upon the recommendation of the NERA, the bill would authorize adjustment assistance to employees affected by relocations; assistance through grants and loans to communities that suffer substantial unemployment as the result of plant closings or relocations, or technical and financial assistance to business and agricultural concerns in order to prevent their closing or relocation. It would also authorize the denial of certain Federal tax benefits to businesses which relocate contrary to the will of the NERA.

The legislation we are proposing is intended to be a starting point—a proposal for discussion and further consideration.

Those of us who are supporting it are not completely wedded to any specific approach, but we are committed to the goal of providing some form of assistance to workers and communities forced to suffer because of the arbitrary closings and transfers of business and agricultural enterprises.

Mr. Speaker, Federal legislation affecting relocation of industry is not a new or revolutionary phenomena. In fact, many of the major culprits—the multinational corporation—are well aware of the fact that several modern industrial countries already have laws which regulate plant relocation.

For instance, Sweden has a labor market board which must be informed when a company desires to move. Should the company be given permission to move, substantial payments must be made to any employee who is losing work as a result of the movement and the company is required to move any employees who desire to do so to the new location and pay them a travel allowance. The employees who are left behind and are jobless as a result of the plant relocation are to be paid from 2 to 6 months full pay. Furthermore, Sweden provides comprehensive training and retraining programs for employees left behind and, during the retraining period, the employee is paid enough to cover all expenses including care of his or her family and other obligations. I might also add that many American companies have located in Sweden and have accepted the application of these Swedish laws.

If a company wishes to move in England, it must receive a certificate from the Industrial Development Division of the British Government. Before issuing such a certificate, the division takes into consideration factors such as the rate of unemployment, housing facilities, school facilities, and other considerations. England also has a law which requires a company to pay substantial amounts to displaced employees who are left jobless as a result of any move. Once again, American companies operating in England have accepted the application of these laws. Similar laws exist in Germany and France also.

Mr. Speaker, the Congress has recently acted very responsibly in passing legislation to provide pension protection for workers who have been left behind as a result of companies moving or going out of business. Our next goal should be to provide job protection for workers and economic protection for communities.

We can do so by enacting legislation such as the National Employment Priorities Act.

At this point, I would like to briefly summarize the provisions of this proposal.

SUMMARY

The National Employment Priorities Act of 1974 would amend the Fair Labor Standards Act of 1938 by adding a new chapter containing the following provisions:

TITLE I—GENERAL PROVISIONS

Title I contains the general provisions including a declaration of policy and purpose and the definitions.

TITLE II—ESTABLISHMENT OF THE NATIONAL EMPLOYMENT RELOCATION ADMINISTRATION

Title II authorizes the establishment of the National Employment Relocation Administration within the Department of Labor. The Administration would be headed by an Administrator appointed by the President with the advice and consent of the Senate. Title II also provides for the establishment of a National Employment Relocation Advisory Council consisting of 18 members, which would include the Secretaries of Labor and Commerce, the Administrator of the Environmental Protection Agency, four members representing the general public, three members representing organized labor, and three members representing management or the business community. The Council would advise and assist the Secretary and Administrator with respect to the activities of the NERA.

TITLE III—NOTICE, INVESTIGATIONS, HEARINGS, AND REPORTS, IN CLOSING AN ESTABLISHMENT OR TRANSFERRING OPERATIONS

Title III contains provisions requiring notice by a business or agricultural concern of not less than 2 years of its intent to close down or transfer its operations. This title also provides that, within 30 days after receipt of notice of intent to close an establishment, or whenever the Secretary of Labor determines that it would serve the purposes of the act, the Secretary shall conduct a thorough investigation which would include public hearings.

Title III provides further that at the conclusion of the investigation the Secretary is directed to prepare and publish a report containing the findings with respect to, first, the economic necessity or justification for the proposed closing or transfer; second, the potential economic and social loss to affected employees; third, the potential economic, social, and environmental loss to the affected community; and fourth, recommendations of actions to be taken.

TITLE IV—ASSISTANCE TO EMPLOYEES WHO SUFFER AN ELIGIBLE EMPLOYMENT LOSS

Title IV provides for assistance to employees who suffer employment loss due to the relocation or closing of a business or agricultural establishment. The adjustment assistance under part A of this title would include, but would not be limited to, income and maintenance payments; maintenance of pension and health benefits; job placement and retraining benefits; relocation allowances; early retirement benefits; emergency mortgage and rent payments; and food stamps and surplus commodities for persons suffering an employment loss who have incomes below the poverty level.

Part B of title IV provides a program for job placement and retraining benefits for affected employees.

TITLE V—ASSISTANCE TO AFFECTED COMMUNITIES AND TO BUSINESSES LOCATED IN SUCH COMMUNITIES

Title V provides for assistance to affected communities and to businesses located in such communities. Eligible units of local government would be designated by the Secretary upon the determination made by the Secretary that the closing or transfer of operations of one or more business or agricultural concerns has contributed substantially to an unemployment rate within the jurisdiction which exceeds 8 percent.

Part B of title V provides that a unit of general local government meeting the unemployment requirements would be eligible for direct grants not to exceed 85 percent of the revenue loss which results from a closing or transfer.

Part C of title V provides for assistance to business and agricultural concerns in dislocated communities. Assistance under part C would be available to businesses which the Secretary determines, first, would have a capacity to expand and offer additional employment opportunities to persons residing within the jurisdiction or in the same labor market in which the general local government is located; second, have the potential to continue to provide such em-

ployment opportunities over a substantial period of time; and, third, that the assistance available is not readily available from other sources. The assistance would be in the form of direct or guaranteed loans.

TITLE VI—ASSISTANCE TO BUSINESSES THREATENED WITH DISLOCATION

Title VI provides for assistance to establishments planning to close or transfer operations. Agricultural and business concerns would be eligible for assistance under this title if the Secretary finds that such a closing or transfer of operations would result in a substantial employment loss and is justifiable on economic grounds; that assistance is necessary in order to obviate the necessity for the proposed closing or transfer of operations and enable the establishment to operate on an improved economic basis within a reasonable period of time; and that the establishment will make all reasonable efforts to use its own resources, but that such resources are inadequate.

TITLE VII—WITHDRAWAL OF CERTAIN BENEFITS ON ACCOUNT OF UNJUSTIFIED RELOCATIONS, AND MISCELLANEOUS PROVISIONS

Title VII provides for the withdrawal of certain Federal tax benefits because of unjustified relocations.

Under this title, whenever the Secretary determines after an investigation that the closing or transfer of operations of an agricultural or business concern was not justified; or that if such closing or transfer of operations was justified, the transfer or closing could have been avoided if the business concern had accepted assistance under this act; or that the employment loss resulting to the employees of the business concern could have been avoided except for its failure to file a notice of intent to close or transfer, as required under title III; or because of some other unreasonable delay, bad faith, or misrepresentation; or that the transfer of operations is to a new location outside the United States while other economically justifiable alternatives exist, then such agricultural or business concern shall be ineligible for several benefits, authorized by the Internal Revenue Code, for a period not to exceed 10 years. Such benefits which could be denied include the investment credit, the accelerated depreciation range and the foreign tax credit, deferral of tax on income earned outside the United States, and deductions for ordinary and necessary expenses to the extent such expenses are related to the transfer of operations.

CREATING A CONGRESSIONAL PRICE-SUPPLY OMBUDSMAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

Mr. REUSS. Mr. Speaker, I introduce today for appropriate reference, H.R. 15299, to create a congressional price-supply ombudsman.

With consumer prices leaping at an annual rate close to 13 percent, with commodity shortages springing up in one sector after another—first food, then oil, most recently bauxite—with many corporate profits at record highs, with the administration pursuing baffling and contradictory supply policies, the need for a congressional watchdog on inflation to keep tab on the actions of governmental agencies and the private sector which affect price and supply is self-evident.

Under H.R. 15299, the ombudsman would have the power to hire expert staff, hold hearings, subpena witnesses and documents, find out what is going on and recommend changes to increase supply or restrain prices.

The ombudsman would stand up to Secretary of Agriculture Butz when the Secretary hurts the consumer, as when he recently urged turkey farmers to grow fewer turkeys and charge more for them, or when he contributed to the beef price increase by refusing to let beef cattle graze on farmlands idled at taxpayers' expense.

He would blow the whistle on Secretary of the Treasury Simon, who through the DISC program is giving tax bonanzas to increase exports of scarce scrap, lumber, and fertilizer.

He would take issue with the Export-Import Bank over those current low-interest, subsidized loans to Japan to buy up scarce American cotton we need at home, or to Iran to buy oil-drilling equipment that we need to drill for oil right here in the United States.

As to the private sector, the ombudsman would have the power to focus the spotlight of public opinion on unconscionable price increases and profit margins.

The administration has abdicated its responsibility to fight inflation; it is up to the Congress to fill the gap.

The full text of H.R. 15299 follows:

H.R. 15299

A bill to create a congressional price ombudsman

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

SECTION 1. ESTABLISHMENT OF PRICE-SUPPLY OMBUDSMAN.—There is established in the legislative branch the Price-Supply Ombudsman. He shall be appointed for a term of two years by a majority of a committee composed of the Speaker of the House of Representatives, the President of the Senate, the Chairman of the House Banking and Currency Committee, and the Chairman of the Senate Banking, Housing and Urban Affairs Committee.

SEC. 2. RATE OF COMPENSATION.—The Price-Supply Ombudsman shall be compensated at the rate of basic pay for level III of the Executive Schedule in section 5314 of title 5, United States Code.

SEC. 3. STAFF.—The Price-Supply Ombudsman may appoint such employees at such salaries as are necessary to carry out the provisions of this section. The Price-Supply Ombudsman may also utilize staff of the Joint Economic Committee, and may request appropriate committees of Congress for additional staff assistance.

SEC. 4. DUTIES.—The Price-Supply Ombudsman shall be responsible for reviewing programs and activities of both the governmental and the private sector which may have adverse effects on supply or cause increases in prices, and for making recommendations for changes to increase supply and restraint prices.

SEC. 5. POWERS.—The Price-Supply Obbudsman shall have authority, for any purpose related to his official duties, to issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents; to administer oaths; and to conduct hearings. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served on any person under this subsection, the Price-Supply Ombudsman may apply to the district court for any district in which such person is found for appropriate relief to compel such person to obey such subpena.

BALTIC STATES FREEDOM DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, in June of 1940 the Russians overran Lithuania, Latvia, and Estonia, and conducted a mass deportation to Siberia which caused the death of thousands of innocent people. All over the world on June 15 the peoples of the Baltic States will be commemorating the 34th anniversary of this tragic event.

The unfortunate plight of the Baltic States Republic has long been a matter of profound concern to me. It was for this reason that I introduced House Concurrent Resolution 431 on February 14, 1974, urging the U.S. delegation to the European Security Conference not to recognize the forcible conquest of these nations by the Soviet Union. The text of that resolution follows:

Whereas the three Baltic nations of Estonia, Latvia, and Lithuania have been illegally occupied by the Soviet Union since World War II; and

Whereas the Soviet Union will attempt to obtain the recognition by the European Security Conference of its annexation of these nations; and

Whereas the United States delegation to the European Security Conference should not agree to the recognition of the forcible conquest of these nations by the Soviet Union: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the United States delegation to the European Security Conference should not agree to the recognition by the European Security Conference of the Soviet Union's annexation of Estonia, Latvia, and Lithuania and it should remain the policy of the United States not to recognize in any way the annexation of the Baltic nations by the Soviet Union.

We in the free world enjoy all the benefits of political and economic liberty—yet how can we fully enjoy our liberties while millions of our fellow men are brutally deprived of the most fundamental human rights? Because we ourselves are free, we have a compelling obligation to our brothers trapped behind the Iron Curtain. It seems to me that this obligation lies particularly heavily on our own country, for as a leader in the free world, the United States must help to keep the light of liberty burning brightly in order to remind those who look to the West for inspiration that they are not forgotten.

Thirty-four years have passed since the Baltic States were overrun by the Communists and thousands of these innocent people were inhumanly exiled,

deported, and murdered. The sad fate and memory of these victims are very much alive today, and on the observance of Baltic States Freedom Day we pay due tribute to their blessed memory, while praying for the freedom of the Baltic peoples from Communist totalitarian tyranny.

On the 34th anniversary of Baltic States Freedom Day, it is particularly fitting that we remember the courageous Estonians, Latvians, and Lithuanians. I urge, therefore, that my colleagues join in support of my resolution in order that our belief in the fundamental rights and inherent dignity of mankind may be reaffirmed to all nations.

WATCHING OVER GOVERNMENT SPENDING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. HAMILTON) is recognized for 5 minutes.

Mr. HAMILTON. Mr. Speaker, to the average taxpayer, the Federal Government's ability to spend tax dollars must appear limitless. The Federal budget grows year after year and is now over the $300 billion mark. Congressmen and taxpayers seem to adapt themselves to the Government's use of their money too easily, because of continued assurances that the money is being used for essential, worthwhile purposes.

You can imagine the taxpayers' reaction, then, to a recent article by James Dale Davidson of the National Taxpayer's Union. The article appeared in the Indianapolis Star on March 31, 1974, and left a number of my constituents indignant, and rightly so. Mr. Davidson exposed the following examples of the Government's use of Federal funds for projects of questionable value: $159,000 to teach mothers how to play with their babies; $121,000 to find out why people say "ain't"; $70,000 to study the smell of perspiration given off by the Australian aborigines; $37,314 to Morocco for a potato chip machine; $2 million to Yugoslavia's Marshal Tito to purchase a luxury yacht; $250,000 to the Interdepartmental Screw Thread Committee, established as a temporary agency to speed the end of World War I; $19,300 to find out why children fall off tricycles; $20,324 to study the mating calls of Central American toads; $375,000 to the Pentagon to study the frisbee: $80,000 to develop the zero gravity toilet, and $230,000 for environmental testing of that toilet.

These highlights of tax spending prompted a letter from my office to the Office of Management and Budget. I received the following reply from OMB:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT BUDGET,
Washington, D.C., April 18, 1974.

Hon. LEE H. HAMILTON,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HAMILTON: This is in response to your recent letter on behalf of Mrs. Mick who inquired about an article written by Mr. James Davidson of the National Taxpayer's Union.

Articles like Mr. Davidson's are valuable because they encourage people to watch more closely how their tax dollars are spent. The size of the Federal budget today makes it all too easy for questionable expenditures to be approved as part of otherwise laudable congressional programs. President Nixon, as you know, has come under enormous pressure from coalitions of special interest to continue enlarging the budget regardless of how effectively our funds are being spent. But he continues pressing for sensible spending levels.

Since the Office of Management and Budget does not monitor or audit Federal programs on a project by project basis, if you are interested in pursuing the question further, I suggest you contact the National Taxpayer's Union, get the specific information needed to track the expenditures, which agency spent the money, what year, who the grant or contract was awarded to, etc., and then ask the agencies or individual who approved them to justify the action. Alternatively you may want to ask the General Accounting Office to examine these uses of tax money.

I hope this information will be helpful to you.

Best regards,
Sincerely,

HAROLD F. EBERLE,
Congressional Relations.

In an effort to check into this matter further, I recently wrote President Nixon. My letter follows:

MAY 30, 1974.

President RICHARD M. NIXON,
The White House,
Washington, D.C.

DEAR PRESIDENT: I have been contacted by many of my constituents from the Ninth District of Indiana regarding an article which appeared in the *Indianapolis Star* on March 31, 1974. I am enclosing a copy of that news article for your information.

I share my constituents' distress over this particular account of projects sponsored by the federal government. In an effort to look into this matter in detail, I contacted the Office of Management and Budget for their comments on the points raised in the article. I received a response from OMB, a copy of which is enclosed. I feel that the response is most unsatisfactory and, thus, am writing to obtain your comments on it.

Thank you for your assistance in this regard and I look forward to hearing from you.

Sincerely,

LEE H. HAMILTON,
Member of Congress.

The White House replied on June 3, 1974. That letter follows:

THE WHITE HOUSE,
Washington, D.C., June 3, 1974.

Hon. LEE H. HAMILTON,
House of Representatives,
Washington, D.C.

DEAR LEE: I wish to acknowledge receipt of your May 30 letter to the President concerning an article appearing in the *Indianapolis Star* written by Mr. James Davidson of the National Taxpayers Union.

I note that Mr. Davidson does not cite the year of the alleged expenditure nor the department or agency of government under which the project was implemented. As was noted in Mr. Harold Eberle's letter to you, the Office of Management and Budget does not monitor or audit Federal programs on a project basis. Without essential information, it would not be possible to track each of these charges to the proper department or agency. If this data can be obtained, we will be pleased to endeavor to obtain responsive information for your constituents.

With kind regards,
Sincerely,

MAX L. FRIEDERSDORF,
Deputy Assistant to the President.

The responses made by OMB and the White House to the points raised in Mr. Davidson's article are far from satisfactory. The executive branch, the branch that spends Federal money, appears unwilling to take the lead in weeding out unwarranted expenditures from the budget.

On the whole, of course, the Government is spending Federal money for programs which are in the public interest. But the preceding examples illustrate the need for much more rigorous scrutiny of all spending. To eliminate mismanagement and to trim wasteful expenditures, the budget must be continuously examined.

I have long been an advocate of improving the congressional method of reviewing the budget. The Congress deals with the budget without a coherent vision of where the Nation stands and where it is going and without a clear understanding of the relationship of competing Federal programs, both to each other and to the whole. Instead, Congress dismembers the budget and sends pieces of it to a number of committees. No committee has an overview of the economic conditions or a concept of the overall budget.

If the Congress is to make prudent decisions in light of expenditures and the revenue-outlook, economic conditions, the provisions of existing laws, and other conditions, budgetary reforms are necessary. Principal among them are these:

SPENDING SCRUTINY

All spending must be scrutinized, and especially military spending. A 1974 analysis of defense costs showed that 55 new weapon systems have cost overruns of $26.3 billion. In the past, Congress has concentrated on exceptional items in the defense budget, such as the AMB system, the strategic bomber, and the nuclear aircraft carrier. These large items are significant, but we should focus even more on fundamental questions, such as the effectiveness of our forces, how they are to be supported, and the long-range consequences of spending decisions, rather than the present fiscal year.

Subsidy programs should be given the most careful and continuing scrutiny to eliminate waste and unfair and outmoded fiscal favoritism to special interests.

SPENDING CEILINGS

A rigid expenditure ceiling to assure the public that the Federal budgetary process is not out of control is necessary. It would have the dual effect of keeping the budget within projected revenue receipts and dampening inflationary pressures. This type of budgetary perspective also would force attention to alternative or substitute measures when pressure is exerted on the spending ceiling.

LONG-RANGE VIEW

Since most important budget decisions do not have an immediate impact on the budget, the Congress should deal each year with a 5-year budget outlook. Congress, through budget committees, should hold hearings on this outlook and report its evaluations. Appropriations, where possible, should be made a year in advance to permit better planning, while other programs should be shifted to appropriations on a 3-year basis.

ZERO-BASED BUDGET

Spending programs should be evaluated from the ground up at least once every 3 years. This approach would require that agency appropriations be justified on the basis of its program's proven worth. Too often, Congress simply looks at the agency's appropriation last year, then adds a little more for the current year.

CONGRESSIONAL OVERSIGHT

The awesome size and complexity of the budget demands that budget committees, one in the House and one in the Senate, be created to assign spending priorities and make a comprehensive review of the fiscal and monetary ramifications of the President's annual budget request.

The Budget and Impoundment Control Act of 1974, H.R. 7130, which I supported, would provide the kind of close congressional inspection of the budget we need. The bill has been passed by both Houses and the House-Senate conference report should be voted on in the near future.

The bill would provide a mechanism for Congress to regain control over the budget by establishing a procedure for looking at the budget as a whole and determining the desired levels of spending, revenues, deficit or surplus, and debt in order to affect the economy in the most advantageous way. It would allow Congress to determine spending priorities.

By establishing a Legislative Budget Office with the power to obtain data directly from executive agencies, the bill would provide Congress with an independent source of information on a par with the Executive's Office of Management and Budget. The amount of uncontrollable spending would be diminished by giving the Appropriations Committee authority to rescind appropriations and jurisdiction over backdoor spending.

The bill would allow Congress to decide on competing claims on the budget in some comprehensive manner, rather than in isolation from one another as is the case now when Congress acts on various appropriations bills separately and over a number of months.

I believe this measure will provide a needed check on unrestrained Government spending. Hopefully, the legislation will also assure the taxpaying public that Federal spending is responsibly handled and not out of control.

STAR-NEWS ARTICLE PRESENTS ACCURATE PICTURE OF ST. CROIX

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from the Virgin Islands (Mr. DE LUGO) is recognized for 5 minutes.

Mr. DE LUGO. Mr. Speaker, I am frequently questioned by my colleagues concerning conditions on St. Croix in the Virgin Islands. Therefore, I am pleased to place the following article from the Washington Star-News of June 9, 1974, in the RECORD. This account tells of the progress which has been made on this beautiful island and the optimism which is building for its future. The article notes that those found guilty of the violent acts almost 2 years ago, which triggered the negative publicity St. Croix has received in the recent past, are in jail with eight successive life imprisonment terms. The police department has more than doubled, and has received greatly improved equipment and training in modern law enforcement technique. In addition, no acts of violence against tourists have taken place since 1972.

The daughter of one of our colleagues has been teaching school on St. Croix for over a year, and many others report constituent interest in opportunities on the island. I urge all of the Members of this House to read this article, and I hope as many as possible will visit St. Croix in the coming months.

The article follows:

ST. CROIX FIGHTS IMAGE

(By Betty Ross)

ST. CROIX, U.S. Virgin Islands.—"St. Croix is going to be booming in about a year. It has a bigger future than any other island in the Caribbean. And I know them all, from Cuba to Trinidad."

This optimistic comment comes from Erik Lawaetz, hotel owner and member of one of the oldest Danish families on St. Croix.

The unfavorable publicity following the murder of eight tourists at Fountain Valley Golf Course in September, 1972, has hit the island in its collective pocketbook. Some shopowners have shortsightedly sold their businesses and returned to the mainland. Hotels that normally operate at capacity from Christmas to Easter now have occupancy rates ranging between 10 percent and 30 percent.

Although most hotel owners aren't cutting their rates, they are upgrading accommodations so you get a better room for less money than before.

After a week on the island, a visitor begins to wonder whether some of the stories of racial tension and unrest are exaggerated.

Consider the following examples: A local resident never locks her door and, in fact, admits that she doesn't even know where her house key is. And she's not bothering to look for it.

The owner of a condominium apartment overlooking the Caribbean says she feels perfectly safe at all times and echoes the "open door" policy.

A black bartender is sure St. Croix will come out of its economic doldrums stronger than ever. "We must all put our hands together," he says.

And the same upbeat theme is repeated by a black taxi driver as he says "We're going to make it."

So far, this U.S. territory has successfully resisted efforts to bring gambling to the island. And some people think gambling interests are behind the bad publicity. A young graduate student disagrees, however, and says simply "Sensationalism sells newspapers."

According to Lawaetz, St. Croix's economic troubles coincided with sensational press reports of the Fountain Valley trials last August. The five defendants, all now behind bars, were sentenced to eight successive life imprisonment terms each. Lawaetz's hotel, St. Croix by the Sea, received 900 cancellations in two weeks and other hotels were similarly hard hit.

Today the island's police force is larger—up from 60 three years ago to 140 now—and better trained.

Gov. Melvin Evans and other officials point out that there have been no incidents of violence affecting tourists in two years. They say St. Croix is safe and they're hoping a series of familiarization tours for travel agents and journalists will help to stimulate travel to the Virgin Islands again.

True, this island paradise has its share of social and economic problems. Discontented young Viet Nam veterans—including members of the island's leading families—have sparked some of the trouble. Faint stirrings of black consciousness echo similar rumblings on other Caribbean islands.

Mainland problems, such as drug addiction and burglaries, have filtered into the island culture. But the average vacationer sees no signs of trouble—other than the mute testimony of uncrowded beaches and half-empty hotels and restaurants.

Local residents are friendly and courteous. Whether in giving directions or in solving more complicated problems, they go out of their way to be helpful.

For example, I bought a painting by Roy Lawaetz, Erik's talented young artist son. At departure time, we discovered the painting was too large to fit in the car taking us to the airport. Another driver nearby volunteered to take the picture, at no charge, in his station wagon. When we reached the airport, my painting was already there, safely enclosed behind the Eastern Airlines ticket counter.

St. Croix has faced adversity before and Cruzans believe they're on the verge of making a comeback once again. Seven flags—Spanish, British, Dutch, French, Maltese, Danish and American—have flown over St. Croix, largest of the Virgin Islands, since its discovery by Christopher Columbus in 1493.

The United States bought the Virgin Islands, which include St. Thomas and St. John as well as St. Croix, from Denmark in 1917.

Mostly, St. Croix is an informal sort of place with a relaxed attitude toward the clock and mainland pressures.

One can browse in duty-free shops in Christiansted and Frederiksted. There's Whim Greathouse, a restored 18th-century plantation and museum. And there's snorkeling at Buck Island Reef, plus sailing, deep-sea fishing and swimming in turquoise Caribbean waters. The tennis craze is catching on and several hotels now boast brand-new courts.

During most of the island's history, sugar was king. Now tourism is the king, queen and crown prince of St. Croix.

St. Croix has become increasingly popular with retirees, drawn by the mild climate, spectacular scenery and friendliness of the natives. As a result, within the last decade, scores of condominiums and strikingly modern homes—many of which can be rented—have mushroomed.

According to a local guidebook, "Sunburn is the greatest single threat to your well-being in the Virgin Islands." If the optimism of Erik Lawaetz and others is correct, that sentence will soon sum up the perils of St. Croix again.

H.R. 12004 AND S. 3399—BILLS TO ESTABLISH A STATUTORY SYSTEM TO GOVERN THE NATION'S SECURITY CLASSIFICATION ACTIVITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 10 minutes.

Mr. ALEXANDER. Mr. Speaker, the distinguished chairman of the Foreign Operations and Government Information Subcommittee on which I serve, the gentleman from Pennsylvania (Mr. MOORHEAD), testified before the Senate Intergovernmental Relations Subcommittee in support of legislation to improve the operation of our security clas-

sification system within the executive branch.

The Moorhead bill is cosponsored in the Senate by Senator LEE METCALF of Montana (S. 3399) and here in the House by myself and 23 other Members (H.R. 12004).

Our subcommittee has spent years in intense study of the security classification system and has held several weeks of hearings during the past two Congresses on this important subject, resulting in the unanimous issuance of House Report 93-221 by the House Government Operations Committee in May 1973. This legislation carries out the major recommendation of that report, the need for replacing the present Executive Order 11652 with a statute that will provide a workable, secure, and enforceable classification system that will safeguard our truly vital national defense secrets.

Mr. Speaker, I include at this point in the RECORD the full text of Chairman MOORHEAD's statement:

STATEMENT BY HON. WILLIAM S. MOORHEAD

Mr. Chairman, Members of the Committee, I welcome this opportunity to discuss with you the important legislation you are considering at these hearings.

HISTORICAL BACKGROUND

As you know, the House Subcommittee on Foreign Operations and Government Information and its predecessor units under the chairmanship of Representative John E. Moss of California first began investigations of the operation of the Nation's security classification system in 1956. Public hearings by the Moss Subcommittee spanned a two-year period, centering on the Defense Department. In June 1958, the Committee issued H. Rept. 1884 (85th Congress, 2d Session) setting forth extensive findings and conclusions of its investigations and hearings on the classification system. It made a number of sweeping recommendations, which—if they had been fully implemented by Executive branch officials—might well have brought about enough administrative reforms to have avoided the "security classification mess," belatedly addressed by President Nixon in March 1972, when he issued Executive Order 11652. Followup investigations, hearings, and studies by our Subcommittee during the late 1950's and early 1960's produced additional evidence of widespread abuse of the security classification system then operating under Executive Order 10501 and resulted in still more strongly worded criticisms of the system in Committee reports and additional strong recommendations for reforms.

As a result of our Committee activity, DoD regulations were amended during the Eisenhower and Kennedy Administrations. Both Presidents amended the basic Executive Order 10501 in an attempt to bring some order out of the classification chaos. Unfortunately, these efforts did little in the long run to bring about any effective reforms in the system. Hundreds of thousands of stamp-happy bureaucrats in dozens of Federal agencies—often with little regard for classification criteria—continued to apply TOP SECRET, SECRET, and CONFIDENTIAL markings to millions of pieces of paper. Lock files bulged to the breaking point and the increased use of photocopy machines in government during the 1960's made it difficult for GSA to keep an adequate inventory of security filing cabinets to meet the demands for more and more storage space. Nobody really knows just how many hundreds of millions or even billions of government documents were classified over this 10 or 15 year span, how much it cost the taxpayers, and what the overall consequences might have been. Obviously, the more indiscriminate the use of the classification stamp becomes—the more difficult it becomes to provide the degree of protection needed to safeguard those relatively few truly vital national defense secrets on which our well-being (and perhaps survival as a nation) may ultimately depend.

Mr. Chairman, for purposes of this historical perspective in the Committee's consideration of legislation in this field, I feel that it is important to review some of the key findings and recommendations of our House Subcommittee's hearings reports during the 1950's. Some of these statements apply so clearly to our present situation in 1974 that they could have been written yesterday. For example, our Committee said in its 1958 report:

"Never before in our democratic form of government has the need for candor been so great. The Nation can no longer afford the danger of withholding information merely because the facts fail to fit a predetermined 'policy.' Withholding for any reason other than true military security inevitably results in the loss of public confidence—or a greater tragedy. Unfortunately, in no other part of our Government has it been so easy to substitute secrecy for candor and to equate suppression with security."

In that same report, the Committee also observed:

"* * * In a conflict between the right to know and the need to protect true military secrets from a potential enemy, there can be no valid argument against secrecy. The right to know has suffered, however, in the confusion over the demarcation between secrecy for true security reasons and secrecy for 'policy' reasons. The proper imposition of secrecy in some situations is a matter of judgment. Although an official faces disciplinary action for the failure to classify information which should be secret, no instance has been found of an official being disciplined for classifying material which should have been made public. The tendency to 'play it safe' and use the secrecy stamp, has, therefore, been virtually inevitable . . ."

In November 1957, testimony before our Subcommittee, Vice Admiral John N. Hoskins, then the Department of Defense's Director of Declassification Policy, said:

"* * * When you overclassify, you weaken the whole security system. * * * Throughout the 180 years of our Government, however, I have never known a man to be court-martialed for overclassifying a paper, and that is the reason, I am afraid, we are in the mess we are in today. * * *"

A number of important and far-reaching recommendations were made to the Executive branch in its 1958 report. Among them were the following:

"1. The President should make effective the classification appeals procedure under section 16 of Executive Order 10501 and provide for a realistic, independent appraisal of complaints against overclassification and unjustified withholding of information.

"2. The President should make mandatory the marking of each classified document with the future date or event after which it will be reviewed or automatically downgraded or declassified.

"3. The Secretary of Defense should set a reasonable date for the declassification of the huge backlog of classified information, with a minimum of exceptions.

"4. The Secretary of Defense should direct that disciplinary action be taken in cases of overclassification.

"5. The Secretary of Defense should completely divorce from the Office of Security Review the function of censorship for policy reasons and should require that all changes made or suggested in speeches, articles and other informational material be in writing and state clearly whether the changes are for security or policy reasons.

"6. The Secretary of Defense should establish more adequate procedures for airing differences of opinion among responsible leaders of the military services before a final policy decision is made.

"7. The Congress should reaffirm and strengthen provisions in the National Security Act giving positive assurance to the Secretaries and the military leaders of the services that they will not be penalized in any way if, on their own initiative, they inform the Congress of differences of opinion after a policy decision has been made."

The report likewise pointed out:

"* * * Despite some improvements, the Defense Department's security classification still is geared to a policy under which an official faces stern punishment for failure to use a secrecy stamp but faces no such punishment for abusing the privilege of secrecy, even to hide controversy, error, or dishonesty."

The so-called Coolidge Committee established by Defense Secretary Wilson in August 1956, to study the causes of DOD "leaks" and their relationship to the security classification system made similar findings in its November 1956, report:

"* * * The two major shortcomings in the operation of the classification system are overclassification and deliberate unauthorized disclosures. We further conclude that little, if any progress can be made without a successful attack on these major shortcomings."

The report said that it had found "a tendency on the part of Pentagon officials to 'play it safe' and overclassify; an abuse of security to classify administrative matters; attempts to classify the unclassifiable; confusion from basing security on shifting foreign policy; and a failure to declassify material which no longer requires a secrecy label."

The Coolidge Committee informed Secretary Wilson that unnecessary and improper secrecy had reached such "serious proportions" that it was undermining confidence in the entire security system and leading to the very "leaks" that Secretary Wilson sought to prevent. The report stated:

"For all these reasons overclassification has reached serious proportions. The result is not only that the system fails to supply to the public information which its proper operation would supply, but the system has become so overloaded that proper protection of information which should be protected has suffered. The press regards the stamp of classification with feelings which vary from indifference to active contempt. Within the Department of Defense itself the mass of classified papers has inevitably resulted in a casual attitude toward classified information, at least on the part of many."

In its 1962 report on the status of Executive Order 10501 (H. Rept. 2456, 87th Congress, 2d Session) our Committee stated:

" . . . two of the most important security problems which the committee has discussed over the years still remain to be solved. There are strict penalties for failure to protect a document which may have an effect upon the Nation's security, but there are no penalties for those secrecy minded Government officials who abuse the classification system by withholding, in the name of security, all sorts of administrative documents. A security system which carries no penalties for using secrecy stamps to hide errors in judgment, waste, inefficiency, or worse, is perversion of true security. The praise-worthy slogan of Defense Secretary McNamara—'when in doubt, underclassify'—has little effect when there is absolutely no penalty to prevent secrecy from being used to insure individual job security rather than national military security.

"The committee strongly urges, therefore, that the Defense Department establish administrative penalties for misuse of the security system, for until the generalizations about the public's right to know are backed up by specific rules and regulations—until set penalties are established for abuse of the classification system—fine promises and friendly phrases cannot dispel the fear that information which has no effect on the Nation's security is being hidden by secrecy stamps."

Such administrative penalties were subsequently established by the Department of Defense in regulations and were reasserted in President Nixon's Executive Order 11652 in 1972. Our studies show, however, that—to this very day—not one penalty, reprimand, or other administrative action has ever been taken against an official of the Federal Government for overclassification abuses. It thus appears that the old adage "when in doubt, overclassify" still is the order of the day.

The Subcommittee's repeated indictments of the security classification system as administered under Presidential Executive Order 11501 were also concurred in by President Nixon in his March 8, 1972 statement that accompanied the text of his new Executive Order 11652. He said:

"Unfortunately, the system of classification which has evolved in the United States has failed to meet the standards of an open and democratic society, allowing too many papers to be classified for too long a time. The controls which have been imposed on classification authority have proved unworkable, and classification has frequently served to conceal bureaucratic mistakes or to prevent embarrassment to officials and administrations."

RECENT HOUSE COMMITTEE INVESTIGATIONS

The publication of the so-called "Pentagon Papers" in June 1971, triggered a new series of hearings and investigations by the Foreign Operations and Government Information Subcommittee into the operation of the Nation's security classification system. We held seven days of hearings in June and July of that year, taking testimony from Executive branch officials responsible for operation of the system, from media representatives, legal scholars, and other experts on classification.

These hearings were followed by another six days of testimony in May 1972, in which our Subcommittee explored every facet of classification procedure, regulations, operational details, and also probed into the provisions of the new Executive Order 11652, which had been issued in March 1972, but which had not yet taken effect. Again, witnesses from key Executive agencies most heavily involved in security classifications activities testified, along with well-informed outside experts in this field.

The results of these 1971–1972 hearings are contained in our unanimous Committee report of May 22, 1973, (H. Rept. 93–221). This comprehensive 113 page document deals with every aspect of the security classification system. It traces the historical development of the present system and documents in great detail its major shortcomings. It also calls attention to structural deficiencies of the new Executive Order 11652, most of which have been borne out by our Subcommittee's oversight of its operation during the past two years. Since copies of this report are available to Senators and staff, I will only briefly comment on its conclusions, but commend to you a careful reading of pages 100–103 of the report. Let me quote a few of the major points we made:

"Over the years, the committee's findings and conclusions have documented widespread overclassification, abuses in the use of the classification stamps, and other serious defects in the operation of the security classification system. These committee documents have revealed dangerous shortcomings of a system that has been administratively loose and uncoordinated, unenforced and perhaps unenforceable. It has functioned in a way to deny public access to essential information. It has spawned a strangling mass of classified documents that finally weakened and threatened a breakdown of the entire system.

"These same committee reports have repeatedly made constructive recommendations to executive agencies to help correct the administrative and judgmental deficiencies of the security classification system. Unfortunately for the integrity of the system and for the taxpayers who must pay millions of dollars annually to keep the classification machine running, many of these recommendations have gone unheeded."

The report also states:

"The committee believes that there is an unquestioned need for Federal agencies to avoid the release or dissemination to the public of certain sensitive types of information, the safeguarding of which is truly vital to protecting the national defense and to maintain necessary confidentiality of dealings between our country and foreign nations.

"The committee also believes, however, that the Nation is strengthened when the American public is informed on matters involving our international commitments and defense posture to the maximum extent possible, consistent with our overriding security requirements. Our fundamental liberties are endangered whenever abuses in the security system occur. Within these constraints, when information that should be made available to the people is unnecessarily withheld by Government—for whatever the reason—our representative system is undermined and our people become less able to judge for themselves the stewardship of Government officials. Information is essential to knowledge—and knowledge is the basis for political power. Under our governmental system, maximum access to information must, therefore, always reside firmly in the hands of the American people."

Based on more than a decade of careful investigation, months of public hearings, staff studies, and many dozens of reports, the House Committee on Government Operations unanimously recommended in this 1973 report as follows:

"The committee therefore strongly recommends that legislation providing for a statutory security classification system should be considered and enacted by the Congress. It should apply to all executive departments and agencies responsible for the classification, protection, and ultimate declassification of sensitive information vital to our Nation's defense and foreign policy interests, Such a law should clearly reaffirm the right of committees of Congress to obtain all classified information held by the executive branch when, in the judgment of the committee, such information is relevant to its legislative or investigative jurisdiction. The law should also make certain that committees of Congress will not be impeded in the full exercise of their oversight responsibilities over the administration and operation of the classification system."

CLASSIFICATION REFORM LEGISLATION

To carry out the mandate of our Committee, I introduced H.R. 12004 with 24 House co-sponsors last December. It is drafted as an amendment to the Freedom of Information Act (5 U.S.C. 552). President Nixon—in issuing Executive Order 11652—directly linked his authority for its issuance to that Act. I am also convinced that this is the appropriate part of the present law for any statutory security classification program. A Member of this Subcommittee, Senator Lee Metcalf, was kind enough to introduce an identical measure—S. 3399—so that it could be considered by this Subcommittee during these hearings. Our Subcommittee has also planned hearings on H.R. 12004 next month.

Of course, you are presently considering several other bills that would deal in various ways with the overall security classification problem. They are reprinted and analyzed in your excellent Committee Print so I will limit my comments to the legislative direction taken in H.R. 12004 and S. 3399. It goes without saying that I am totally persuaded by the overwhelming preponderance of evidence produced during our exhaustive studies of this problem that Congress must enact a statutory security classification mechanism to effectively bring order and rationality out of the present chaotic system. I feel that this is absolutely essential, not only from an efficient administrative or operational need, but more importantly, from the critical public policy requirements inherent in the effective functioning of a classification system. It must provide maximum protection to our Nation's truly vital defense secrets, affording sufficient levels of selectivity to maintain the overall integrity of the entire system. At the same time, it must provide sufficient declassification flexibility to permit the Federal government to share—as fully as possible—with the American public who foots the bill those marginal types of information about our defense and foreign policy commitments that will enable all citizens to better understand governmental policies in these vital areas. This is an absolute essential if any representative system is to retain that degree of public acceptance and support for its policies on which its survival ultimately depends. The need to protect and reassert public's "right to know" cannot be over emphasized in these troubled times when domestic crises have seriously undermined the credibility of our highest governmental leaders and the very institution of government in the United States. Polls, these days, clearly show that governmental officials rank well below garbage collectors on the public confidence scale.

Mr. Chairman, I do not believe that there is any serious Constitutional argument that Congress—if it so determines—does not have the authority to enact a security classification statute to supersede any Executive Order system to govern the activities of Executive agencies in this area. There was considerable testimony in our hearings from outstanding legal authorities and other witnesses to support this view, including a present and former Supreme Court Justice—Justice Rehinquist and former Justice Goldberg. Moreover, we have carefully studied the operation of the Atomic Energy Commission's own internal statutory classification procedure—Section 142 of the Atomic Energy Act of 1954 (42 U.S.C. 2162)—and have commented favorably in our report on its operational effectiveness, (see pp. 96–99 of H. Rept. 93–221).

The point I am making here is that I believe that it is absolutely essential that Congress take the bull by the horns and proceed, as expeditiously as possible, to enact a workable, effective, and comprehensive law to govern the operation of the security classification system within the Executive branch. I am not totally wedded to the unique approach to this objective contained in H.R. 12004 and S. 3399, although I feel that it has many advantages. There are excellent approaches contained in other measures which you have before you. I could enthusiastically support and actively work for passage in the House of any reasonable bill that would make the needed reforms in the present Executive Order system. This is because I am convinced that no Executive Order, lacking the full authority of law and vigorous oversight by the Congress, can cope with the vast classification bureaucracy that has spawned the present classification mess.

This is the clear message of some 18 years of oversight work by our Subcommittee.

Whatever form such legislation may take, I firmly believe that it should provide for full judicial review of Executive classification decisions. Hopefully, Congress will take an important step in this direction by enacting pending amendments to the Freedom of Information Act (H.R. 12471—S. 2543), providing authority to the courts to review in camera classified documents claimed to be exempt from public disclosure under subsection (b)(1) of Section 552, U.S. Code. In addition, it is of the utmost importance that such judicial review in classification matters also be extended to certain decisions of the Classification Review Commission established by H.R. 12004 and S. 3399 and by other similar entities that would be created under other pending bills before this Committee. Only in this way can we hope to correct the pitfalls in the present situation, described by Justice Potter Stewart in the Mink case, where there is "no means to question an Executive decision to stamp a document 'secret', however cynical, myopic, or even corrupt that decision might have been."

PROVISIONS OF H.R. 12004—S. 3399

Mr. Chairman, I will limit the remainder of my testimony to a discussion of the approach to a security classification system taken in H.R. 12004 and S. 3399. The present measure is actually a refined version of a "discussion" bill, H.R. 15172, which I introduced in May 1972. Helpful comments on that measure received from a number of experts in the classification field, have been incorporated into H.R. 12004. Since last December when it was introduced, still more valuable suggestions for improving the bill have been forthcoming. These and certain technical defects in the measure will also be corrected and incorporated into a clean bill after our Subcommittee hearings have been completed.

Briefly summarizing the key provisions of H.R. 12004—S. 3399, they follow the basic criteria for any effective security classification system, set forth at pages 100–101 of H. Rept. 93–221. The bill:

Strictly confines classification of national defense information to "Top Secret", "Secret", and "Confidential", depending on the level of damage to the national defense that would be caused by its unauthorized disclosure;

Limits original "Top Secret" classification to only the Department of State, Defense—including the Army, Navy, and Air Force—the Central Intelligence Agency, the Atomic Energy Commission, and designated offices within the Executive Office of the President;

Limits original "Secret" classification to only Departments and agencies listed above and the Department of Justice, Treasury, and Transportation;

Limits original "Confidential" classification to the Departments and agencies listed above and the Department of Commerce and the National Aeronautics and Space Administration;

Provides for a strict limitation upon those top officials in each of the Department and agencies listed above as to who can exercise the authority to classify information. Such officials shall be held fully accountable and shall be subject to reprimand and other disciplinary action for overclassification or other violations of regulations;

Requires a 3-year downgrading procedure for most types of classified national defense information—1 year from "Top Secret" to "Secret," 1 year from "Secret" to "Confidential," and 1 year from "Confidential" to a declassified state, and transfer to the National Archives, where it would then be subject to disclosure provisions of the Freedom of Information Act.

It authorizes a procedural "savings clause" that could be applied narrowly to certain types of highly sensitive national defense information when invoked by the executive department or the President, subject to the approval of the independent Classification Review Commission created under the legislation;

National defense information previously classified is subject to an automatic declassification procedure after a period of 15 years, except for highly sensitive data subject to an automatic declassification procedure after a period of 15 years, except for highly sensitive data subject to the "savings clause" procedure.

Mr. Chairman, perhaps the most unique feature of this legislation is the creation of and broad authority conferred upon an independent regulatory body called the Classification Review Commission (CRC).

The specific provisions I refer to are on pages 14–27 of the bill (subsections (f) and (g) of Section 3). Other duties of the CRC are spelled out on pages 11–14 of the measure.

Briefly, the CRC would be delegated wide regulatory and quasi-adjudicatory powers over the day-to-day operation of the security classification system as it functions within the various Executive agencies having such classification authority. It would consist of nine members, appointed by the President by and with the advice and consent of the Senate. Initial terms would be staggered at 3, 5, and 7 years. No member of the Commission could serve more than one term nor actively engage in any other field of endeavor. Of the members first appointed, in the three classes terms, three members would be appointed from a list recommended by the Speaker of the House, three from a list recommended by the President pro tempore of the Senate, and three as chosen by the President. The Commission would select its own Chairman and Vice Chairman for a two year term, appoint an Executive Secretary, General Counsel, and employ other necessary staff to carry out its duties.

The Commission would prescribe regulations to be adhered to by all Executive agencies having security classification authority, would police these regulations, prescribing administrative reprimand and other penalties for violations (including overclassification), and would adjudicate requests from agencies for exemptions from automatic downgrading and declassification schedules for certain sensitive types of classified information. It would also investigate, upon complaint, allegations of improper classification by Executive agencies, initiated by private citizens (including the news media), officers or employees of the Federal government, and others.

It would be empowered to hold hearings and issue decisions to settle disputes between Congress and the Executive over access to classified information requested by the Congress or the Comptroller General of the United States.

Such decisions, however, would be subject to judicial review by either party at interest in the dispute. In carrying out its overall responsibilities, the CRC would have full subpena powers and the right to seek enforcement in the Federal courts.

The CRS would in no way interfere or supersede any independent investigative or oversight responsibilities in the operation of the statutory security classification system by the appropriate Congressional committees. The CRC would also be empowered to conduct ongoing appraisal of the policies, standards, and operations of the statutory system within the various Executive agencies affected by it. It would also publish annual reports of its activities.

Mr. Chairman, our Subcommittee's long investigative experience in this field convinces me that we cannot depend on individual Executive agencies having classification authority to police themselves against massive abuses of the system. It has not happened during the past two decades under two major presidential Executive Orders. I seriously doubt that it would be much different if such agencies were operating under a statute because of our collateral experience in exercising oversight of the Freedom of Information Act. In this instance, many Executive agencies have been guilty of widespread abuses in denying information from the public to which they are entitled under the Freedom of Information Act. It is for precisely this reason that I feel we need a completely independent, hard-nosed, powerful and dedicated regulatory body to make any security classification law really work the way Congress intends—and work in such a way to control the vast administrative wasteland that now exists in the classification field.

Mr. Chairman, in this connection I was greatly encouraged by the support expressed for this regulatory commission approach contained in H.R. 12004—S. 3399 by the General Accounting Office in its letter report on this legislation dated February 28, 1974. I quote from that report:

"In view of mounting interest and concern regarding the problem of excessive use in classification and secrecy, and the desirable objective of assuring the widest dissemination of information consistent with national security, we agree that general policies governing the classification of national defense information should be established by the Congress. We also agree that the overall administration of such policies should be entrusted to an essentially independent authority. For these reasons we favor the purposes and approach of the bill as it relates to the classification of national defense information."

In summary, this legislation strikes that delicate balance between the conflicting needs of the Congress and the Executive, and the public as a whole in this vital area. But it also requires as rapid disclosure of information as possible, consistent with the national interest. It would replace the unworkable and unmanageable Executive order approach to the security classification system and would provide a practical, enforceable, meaningful administrative mechanism to safeguard the Nation's truly vital defense secrets, while preserving the constitutional need of Congress for information to investigate and to legislate, and maintaining the public's "right to know" that is essential in our representative system of Government.

Mr. Chairman, I appreciated the chance to appear before your distinguished Subcommittee today and will be pleased to discuss any of the provisions of my bill or any other facet of this most complex and important subject.

A FREE MARKET REQUIRES COMPETITION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. OWENS) is recognized for 15 minutes.

Mr. OWENS. Mr. Speaker, the people of this country cannot tolerate high inflation and high interest rates for sustained periods. When they seek leadership and guidance from the executive branch of the Federal Government, they are given the empty promise that "this quarter will be less worse than the last is" that someone or something else is responsible for the highest inflation and interest rates we have ever experienced,

or that the President is mysteriously confident in the future of our economy.

Meanwhile, people lose their jobs, the cruel tax of uncontrolled inflation shrinks individual buying power, many citizens remain in poverty, misallocation of wealth to the rich continues and accelerates, small businessmen are forced out of business, the tax system remains unjust and unfair, and our economy becomes less free and more regulated day by day.

When one examines the world economy, the economic future becomes even more clouded. Inflation is a worldwide phenomena, complicated by real and manufactured shortages of raw materials and the dangerous prospect of a worldwide food shortage. Drought in the Southern Sahara in Africa has brought terrible famine to millions of our fellow human beings, and many are predicting that the horrible suffering now taking place there is but a harbinger of things to come in other areas of the world. A serious drought in any of the world's major food producing areas could trigger widespread famine.

Ameircan consumers need not be told the costs of raw material shortages. Oil is only the most conspicuous, although that shortage appears to be more manufactured than real. A selling cartel by the oil producing countries and a buying cartel by the major international oil companies has pushed the price of oil based products to exorbitant new highs at the expense of consumers. Rationing of fuel oil and gasoline in the United States has happened in fact; it is hiding out in the form of high prices limiting the availability of fuel to those wiling and able to pay for it and forcing those who cannot afford high prices to do without. Meanwhile, the profits of oil companies and the oil producing nations continue to jump hundreds of percentage points each reporting period.

We in Congress must assume leadership and begin the complex and tedious task of finding the causes and cures of the ills which beset our economy and that of the world. We need to become forward looking and not just a body which reacts to disasters after they occur. We need to resolve problems with creative solutions before they become so great and overwhelming that we must act in haste, without reflection and with patchwork remedies which only aggravate the problem in the long run. We must be prepared to undertake fundamental reforms in a wise manner and provide the leadership so sorely needed by the people of this country and the world before our present economic difficulties become even greater national and international calamities. While economists and Government bureaucrats measure and discuss these matters in confusing jargon and dry statistics, we must never lose sight of the impact of the growing economic calamity upon the individual in human terms.

In my judgment, the time is long past due where the Congress must assert its responsibility to creatively and constructively resolve the economic difficulties of the people we serve. Congress can no longer await for leadership from an administration which seems to be intellectually bankrupt. We must act. To do so, we must begin action on several fronts:

First. The internal structure of Congress must be reformed and streamlined to efficiently meet the problems of the future rather than perpetuate the constituencies of the past. Congress is presently a cumbersome body, badly crippled to respond with creative solutions to our growing economic plight. Before wise and quick responses can take place, Congress must be reformed.

Part of this reform must include the speedy passage of the Bolling Commission reform proposals and the House passage of the Senate campaign reform bill. Unless we change our antiquated committee structure and procedures, Congress will continue to face the issues and constituencies of the past and be incompetent to resolve the issues of the future. Congress will not be structurally prepared to assume the mantle of creative and responsible leadership to resolve our pressing economic woes. Moreover, without reform of campaign funding, special interests will continue to have the power to riddle the United States Code with special privilege and the vast bulk of our citizens will be economically foreclosed from ever considering the honor of serving their fellow citizens in this body because of the prohibitive costs of political campaigns.

In addition, economic reforms which trench upon the toes of vested interests will remain beyond reach so long as our legislative branch creaks along with an outmoded structure that is manned by representatives compromised by the campaign contributing of special interests. Any creative reforms will be painful and difficult. They may well remain out of reach as well, unless Congress is made more responsive and responsible.

Second. We must reform our tax system to make it both equitable and understandable. Tax reform has long been needed—but continual pleas are not heeded. I have dealt with this issue in detail in another speech which appeared in the CONGRESSIONAL RECORD on April 11, 1974.

Third. Competition must be restored as the basic principle governing the allocation of our resources and the regulation of prices, and to insure the economic freedom and mobility of our citizens. Two principal developments have greatly circumscribed competition as the governor of our economy. The first is unwise or outmoded government interference in the marketplace and the second is the rise of undue economic concentration on a national and international scale.

We must begin to sort out the essential government regulation for public health and safety or economic necessity from that which is not essential or which exacts a price far in excess of the public benefit received. For example, few would dispute the necessity for wise government regulation of airline and airport safety. On the other hand, however, the wisdom of CAB rate and route regulation seems to be increasingly illusory as the CAB seems bent upon stamping out every vestige of competition in the industry. If a subsidy is necessary to sustain nontrunk service in the airline industry, Congress should vote the subsidy directly rather than see the CAB pursue a course of hidden subsidies by destroying competition that can only encourage more inefficiency and ever-climbing rates.

The same economic myopia occurs on the local level. For example, many cities have interfered with competition in surface transportation serving airports by restricting taxicabs to taking people from the airport but forbidding the same airport taxi from taking people to the airport. It does not require a Ph. D. in economics, just commonsense, to understand that this local government policy causes an inefficient use of taxicabs and increases the fare consumers must pay for ground transportation services. Waste occurs, resources are misallocated, prices are higher and the consumer is left holding the bag.

Examples of unwise government interference in the marketplace may be multiplied. For example, we need tough and effective regulation of the safety and efficacy of drugs. Many lives are lost each year because of a failure to do so. Regulation by government is an imperative necessity. Many millions of dollars of excess consumer costs are incurred each year by bad government regulation, however, because many States require prescriptions to be written by brand name and forbid the use of generic names on prescriptions. Drug companies, in turn, advertise excessively to encourage doctors to adopt their brand of a generic drug at an inflated cost. Consumers end up paying a higher price for medicine they could have purchased at a much cheaper price if it were prescribed generically.

Other forms of government regulation seem to have outlived their usefulness. For example, ICC regulation of surface transportation has become a bewildering maze of redtape, a major impediment to innovation, and a substantial barrier to entry by new competitors. The Congress should be carefully examining the entire regulatory scheme of the ICC, excising the unnecessary, tearing down outmoded entry barriers, and isolating the essentials for the protection of consumers and the maintenance of a competitive, sound, efficient, and flexible surface transportation system.

Our patent system has been stumbling along on standards and procedures designed for 1836, becoming more dated and inefficient with each passing year. It now seems doubtful that it serves the constitutional objectives intended—that of encouraging the advancement of science by obtaining full disclosure of new ideas. Neither the public nor the true inventor are served by a system where patentability seems to be decided on a piece-work basis in the patent office, litigation abounds, and legal complexities generate fees for attorneys but little progress of science and even less protection for a truly creative inventor.

Informed and worthwhile reform proposals, like the bill I introduced in the House win few friends and fewer votes.

Interests which profit from the status quo have little sympathy for reform and

voters find the subject complex and arcane. Yet the costs in economic misallocation, the loss of scientific progress by the imposition of illegitimate patents, and the loss of new technology by those unwilling to run the gauntlet of the present system are huge and incalculable. It may be much easier to ignore the issue, hope that someone else will take up the cudgel, or pretend it does not exist. But the costs to our economic system and to the ordinary citizen can simply no longer be tolerated. Congress must act and Members must seek out creative reform even though few votes are won and the carping criticism of vested interests and the uninformed must be withstood.

Unwise and outmoded regulatory intrusions upon the competitive system abound at all levels of government. Some result in relatively minor economic distortions; others create major economic inefficiencies or misallocations. In sum, however, they contribute substantially to economic waste, excess consumer costs, and insuperable entry barriers for the creative entrepreneur.

I do not condemn government regulation qua government regulation. It is often needed for the protection of health and safety, the protection of the environment, the economic imperatives of a natural monopoly industry, or to curb the excesses of extreme competition bordering on the survival of the vicious. Yet, regulation displaces competition, the best device we have found for efficiently allocating our resources at the best price to the consumer in a manner consistent with the social and political ideals of our society. Where regulation is found to be essential, regulation must be continually reassessed to insure that its benefits exceed its costs, to insure that it has not become a tool of the regulated, and to guarantee that the public interest—not some special interest—is served thereby.

The second major factor which has led to the decline of competition as the central tool for regulating our economy has been the growth of undue concentration of economic power in several lines of the economy. In many ways, the assumption of governmental power by private monopolies and private combinations in restraint of trade is even worse than undue Government interference in the marketplace. At least the latter is subject to some degree of control through the ballot box while the former is often beyond public control. This is particularly so when the Government agencies charged with preventing private monopolies and combinations in restraint of trade fail to effectively enforce the antitrust laws.

In my judgment, the Antitrust Division of the Department of Justice has not fulfilled its mandate to preserve, foster, and restore competition. When the major oil companies engage in joint and interlocking activity at every level of the oil industry, the Justice Department can see no wrong and brings a price fixing case against a small group of independent retailers in Jackson Hole, Wyo. When the steel industry engages in another round of follow the leader oligopoly price increases, the antitrust division takes little notice and pursues a price fixing conspiracy among sellers of bull semen. While undue concentration persists year after year in the automobile manufacturing, bus manufacturing and diesel locomotive manufacturing businesses, the antitrust division chases after small town bank mergers around the country.

This is not to suggest that gasoline retailer conspiracies, fixing the price of bull semen, or small town bank mergers are not important. What I am suggesting, however, is that the antitrust division has failed to come to grips with significant economic concentration in our society and has expended its resources in attacking relatively minor antitrust transgressions. The cost of undue economic concentration is far greater on a political and social basis, as well as an economic basis, than the penny ante cases pursued by the antitrust division.

Some economists see evidence that undue economic concentration is a factor contributing to inflation. They detect an unresponsiveness to price competition and an ability to raise or maintain high prices even in the face of declining demand in highly concentrated industries. Undoubtedly, a major factor in our present inflation trend is excess demand—too few goods to meet demand, both nationally and internationally. The traditional Republican explanation of wage-pull inflation—blaming inflation on the wage demands of unions—cannot explain our recent inflation since wage agreements have been held at a low and constant level by the incumbent administration despite soaring corporate profits.

Thus, I suspect there is merit to the claim that undue economic concentration has been a significant force in creating and maintaining the existing level of inflation and in preventing a downward push of prices in the concentrated industries. It does so because concentrated industries are immune from traditional price competition and many of them are so highly integrated vertically that they are even immune from the threat of new entry. Thus, they are able to raise prices and maintain inflated prices even in the face of falling demand. In the face of this kind of economic power, traditional monetary and fiscal controls have little effect, and we witness a simultaneous high rate of inflation, growing unemployment, and a recession all at the same time.

There are also good grounds to suspect that undue economic concentration is a dead hand on innovation, a heavy toll on efficiency, and the source of undue political and social power. The major innovations in steelmaking in the past three decades have come largely from relatively small firms outside the United States; innovation in size, safety, and new motor development in the auto industry have come from small foreign competitors of the U.S. auto industry; and a spreading sense of loss of control over one's destiny and economic future is growing among millions of our citizens who find themselves locked into giant firms they cannot effect or control.

We must come to grips with economic concentration and make a clearcut decision whether the present drift toward giant firms is desirable, or whether the principle of competition as the regulator of our economic destiny must be reinvigorated. The choice is a crucial one, dictating whether we will continue the drift toward a government-managed economy or one where government interference will be limited and our economic activity will be governed by the result of a multiplicity of free choices made by a free people.

At present that choice is being made by default as the failure to enforce antitrust policy against undue economic concentration is creating ever larger centers of economic and political power, and government responds to the symptoms thereof with ad hoc and superficial regulatory responses. The time has come to stop the drift by default, reassert our commitment to a free competitive economy, and vigorously enforce our antitrust policy. The task will be difficult and painful, but we may well remove an important contributing force to inflation, restore the discipline of efficiency and innovation to our economy, remove barriers to new entrants, and restore a sense of control and participation to individuals submerged by large economic institutions they cannot now effect. We in Congress must resolutely commit our energies to this program, particularly in light of the absence of any such commitment by the present administration.

Fourth. The American consumer is paying record high prices for food and many people in the world are unable to obtain food at any price. The world reserves of food have dropped to dangerous levels and many are predicting a decade of food shortages and famine. The U.N. has recently estimated that 800 million people, one-fourth of the world's population, suffers from malnutrition. Malnutrition may well be growing in the United States as inflation shrinks consumer buying power and the number of those living in real poverty continues to grow. Perhaps no economic problem facing Congress is so important and so grave as this, since food shortages raise international tensions and raise the level of human misery beyond the acceptance of even the most callous. The utter horror of famine in Africa and malnutrition in most of the world, standing alone, warrant Congress making the question of food shortages its priority economic and human question in need of action.

The United States is apparently reaching full capacity in food production. Increased efficiencies may be realized by an examination of Government intrusions in the marketplace like milk marketing practices, raising prices and limiting production, and tax incentives encouraging inefficient investment of capital in agricultural endeavors aimed at obtaining tax deductions, rather than increased production of agricultural necessities, for people like the present Governor of California.

We should give serious consideration to the creation of an agency, independent of the Department of Agriculture, to regulate the Nation's commodities markets in line with GAO's interim report on commodities regulation issued May 3 of this year. A fair and free market is essential if farmers are to obtain equitable prices in the face of powerful buyers and fragmented sellers. Some segments of agriculture may also

be operating in noncompetitive terms due to the presence of large-scale corporate farming by so-called agribusinesses and conglomerates like ITT.

At the very least, the Antitrust Division and the Federal Trade Commission should establish special task forces to recommend to the Congress which Government policies intruding into agriculture ought to be modified, terminated, or retained and to determine whether undue economic concentration is having adverse competitive effects in agriculture and the marketing of agricultural products; thereby artificially raising consumer prices and limiting the efficiency of production.

Without doubt, some agricultural products may be underpriced. For example, the price of several lines of fruits and vegetables is subsidized by the economic exploitation of migrant farmworkers and small farmers. American consumers, at least those with a minimal concern for their fellow human beings, do not wish to live off the misery of others. Thus, to the extent that some products are underpriced because of economic exploitation of farmworkers or small farmers, price increases to pay equitable wages are not only necessary, but just. The overall food index, however, should more accurately reflect true cost and just profits if the basic principle of free and workable competition is given its maximum rein.

Apparently international food shortages cannot be remedied by increased American food production, since we are apparently reaching full capacity. The United States, however, does have a significant asset which may substantially mitigate worldwide food shortages and potential famine. For over 100 years, the United States has been investing in and creating the most advanced agricultural technology and expertise in the world. Through a system of land-grant colleges and extensive research support, the United States has developed farming expertise and agricultural technology that should be made more available to the nations of the world. The agricultural base of many nations suffer from a failure to adequately utilize land with the appropriate farming techniques and the modern technology of agronomy and animal husbandry. If a substantial increase in the use and the efficiency of potential farming land of many of the world's underdeveloped nations could be made, the growing potential of worldwide food shortages may be substantially mitigated.

Thus, it is my intention to introduce legislation establishing a U.S. Food Commission, an independent Commission charged with administering the export of American farm technology. Funds will be provided to establish an agricultural peace corps to be recruited from students in our agricultural colleges and retired farmers who have practical experience in working on, managing, and operating a farm. By providing knowledgeable persons, unafraid to get dirt on their hands, to nations with under-utilized farming land and inefficient farming practices, we may help upgrade and increase world food production in relatively rapid order.

CONCLUSION

Economic trends are always risky to predict. I profess no special expertise and I have no crystal ball which projects the economic future. Present facts, however, should sober at least the most optimistic economic propagandist of the administration or the existing order. One need only listen to the growing plight of the average wage earner to predict that disaster is around the corner unless inflation is checked and the tax system is made equitable and just. Only a single picture of the spindly legs and swollen bellies of the victims of famine is necessary to know that simple human decency requires a substantial effort must be made to increase world food production. The growth of giant firms and the loss of individual ability to cope with huge institutions that seem to charge ever higher prices for lower quality goods cannot help but impress one with the necessity for reestablishing a vigorous antitrust policy. Simple commonsense suggests we must come to terms with the growth of multinational firms escaping the check and control of every nation-state.

Each of these issues and our fundamental responsibility to the public requires that we lay aside special and regional interests; that we provide the leadership that has not and cannot come from an administration unconcerned with the needs and values of the vast majority of our citizens; and that we eschew hollow rhetoric and individual hypocrisy and take action. The time has come to end politics as usual; we no longer can afford that dubious luxury and the people of the United States should not and will not stand for it. We have had a paralysis of leadership that our national and world economies cannot withstand much longer. The time has come for Congress to reassert its historic role of leadership in developing responsible, creative, and beneficial economic policies—else economic troubles soon become a general economic disaster.

IMPLICATIONS OF COCONSPIRATOR CHARGE

(Mr. FISHER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FISHER. Mr. Speaker, the June 6 newsstory announcing that a Watergate grand jury had secretly charged the President of the United States as an "unindicted" coconspirator in the coverup indictments of seven men, raises some rather serious questions which the public is entitled to have thoroughly examined.

According to the press, the charge against Mr. Nixon serves three purposes:

First. It can adversely affect the President's efforts to avoid impeachment. While the Washington Post in covering the coconspirator story admitted the charge "is not expected to have any legal effect on the contests in court and in the House Judiciary Committee," the story concludes that the attendant publicity could "make it politically more difficult for some Representatives and Senators to vote for Mr. Nixon on impeachment issues."

That identifies one of the three purposes served by charging the President.

Second. A second purpose to be served by the charge was to limit and narrow the President's legal right to withhold subpenaed tapes and documents on the grounds on executive privilege. According to the Post:

> An informed legal source speculated that the special prosecutor's office could argue before the U.S. Supreme Court (as indeed was done) that no person named as a participant, including the President of the United States, has any right to withhold exidence on grounds of executive privilege."

Third. A third purpose served by the coconspirator charge, according to the Post, is to make evidence against those indicted for coverup activities admissible, which except for the charge against the President would not be admissible.

In the forthcoming trial of the seven who were indicted, the Special Prosecutor evidently decided he would like to be able to use certain taped conversations in which the President participated, which would be hearsay. And that desire could include some subpenaed White House documents. But the rules of evidence barring hearsay could be obliterated in one fell swoop by the simple maneuver of naming the President as an unindicted coconspirator.

This example is cited by the Post:

> Thus, prosecution could use the President's status as a means for letting former counsel John W. Dean testify about what the President told him. Ordinarily such testimony is excluded as hearsay—secondhand evidence. But *the utterances of co-conspirators* are admissible as an exception to the rule prohibiting hearsay evidence. . . . Once the linkup is made the utterances of one conspirator may be used against the others as well.

Following approval by the grand jury of the charge naming the President, the Special Prosecutor proceeded to call that to the attention of Judge John Sirica who had been asked by Jaworski to order delivery of certain additional tapes and documents by the President. The Post article states:

> Jaworski privately disclosed the grand jury's naming of the President as an unindicted coconspirator to . . . Judge Sirica early last month in an effort to secure compliance with the subpoena.

From all of this we are made to wonder if the President's name is being used primarily for the purpose of bailing the Special Prosecutor out of a dilemma regarding admissibility of hearsay evidence and enhancing Jaworski's right to alter the principle of executive privilege as related to Jaworski's subpena of White House tapes and documents.

In addition to the procedural advantages referred to, by naming the President as an unindicted coconspirator, with or without adequate evidence to support the charge, the clamor for impeachment is enhanced. That is the expressed view of the Washington Post.

The fact is, and I think generally admitted, that positive and credible evidence to link the President with the alleged coverup conspiracy is very skimpy and inconclusive. Grand jury leaks have

revealed no such quantum of proof. The exhaustive Senate committee hearings found no such proof. Neither has the House Judiciary Committee, according to revelations thus far made.

The Washington Post, which appears to enjoy a close rapport with the office of Special Prosecutor, could in its lengthy coverage of the President's alleged involvement point to but one source to justify the grand jury's action. The Post reports:

> One part of the evidence that led the grand jury to the conclusion that Mr. Nixon participated in the conspiracy, the sources said, is the tape recording of the March 21, 1973, meeting the President had with his White House counsel, John W. Dean.

It stands to reason that had there been other pertinent evidence it would also have been leaked to the Post. The leaking obviously came from an inside source, which knew all. As the matter now stands it would appear that the grand jury was obliged to rely upon the March 21 tape as the sole basis for naming the President as an unindicted coconspirator.

Yet, those who have heard the contents of that particular tape, including members of the Judiciary Committee, apparently do not share the grand jury's analysis of it. At least many of the committee members have so expressed themselves, particularly when that one conversation is considered along with all other pertinent taped conversations that have been provided, plus evidence developed by the Senate committee.

In the first place, John Dean is very definitely not a credible witness. By now that fact should be clear to all. That was evidently the view of jurors in the Mitchell-Stans trial in New York. And it is made clear by many contradictions and self-serving efforts by John Dean in his admitted desire to curry the favor of Judge Sirica and hopefully avoid prison for his admitted criminality. Thus far Sirica has succeeded in holding this star witness hostage until he testifies against his alleged coconspirators.

The Washington Post's leak source from inside the grand jury room fails to indicate whether the grand jury was told by the prosecutors that Dean was a discredited witness, or warned them about his veracity. If the jurors were not so informed, then why were they kept in the dark?

The big mystery is why John Dean has not been indicted for perjury. Can it be that the reason for thus protecting Dean has been to bolster his image as a future witness? There can be no doubt there is ample evidence, fully documented, to justify indictments against the former White House counsel.

IS THERE A LINE TO BE DRAWN?

Mr. Speaker, all of this raises the question of how far should the prosecution go in pursuit of their moves to achieve any one or all of the three objectives previously referred to? Considering the evidence in hand, can it be said that holding the President of the United States up to public ridicule, as the coconspiracy charge does, is a justified price to pay for these goals; or any of them?

After all, charging a person, particularly a President, as a coconspirator is an awesome and most serious step to take. To be sure, such a charge is not an indictment, but in many ways it is even worse. It leaves the one charged with no forum where he can defend himself, except in the court of public opinion. He is allowed no opportunity to prove his innocence. There are no accusers he can confront. The rules prevent that. In this instance the President is left vulnerable to the most venomous attacks by the news media and by the Nixon haters. It is not difficult to reconcile our cherished concept of presumption of innocence with an unindicted coconspiracy charge, based upon what must be recognized as dubious evidence?

To those who may be apologetic about the employment of such extreme tactics and who may blame it all on the grand jury, that is really no answer at all. It is well known in Washington that the Watergate grand juries are all but totally subservient to Judge Sirica—who in fact has acted in the dual role of judge and prosecutor—and the office of Special Prosecutor.

Those who have worked with grand juries, as many of us have, know that grand jurors rely upon prosecutors to provide leadership and direction in their deliberations. That is particularly true in this instance, with all the tangled legal complexities that are involved.

It goes without saying that it is the prosecutor, not the grand jury, who prepares indictments and decides what evidence justifies conspiracy charges. We can be assured that every word contained in the coconspirator charge was written in Leon Jaworski's office, then rubberstamped, if you please, by the foreman. Is anyone so naive as to think for a single moment that the grand jury would have charged the President as a coconspirator had that not been the will and desire of the Special Prosecutor?

Now, that relationship between the prosecutors and the grand jury is not necessarily bad. It depends upon circumstances and largely upon how far the conscience of the Special Prosecutor permits him to go. As previously indicated, when sufficiency of evidence is an issue, and when other legal complexities are faced, the grand jury must of necessity obtain counsel and advice from the prosecutor. Moreover, is it likely the grand jurors in this instance actually knew about the behind-the-scenes purposes the prosecution was evidently using the grand jury to accomplish?

There are those who must wonder about the propriety and the legality of the repeated leaks of secret grand jury proceedings, often damaging to the President, necessarily coming either from members of the jury or from the office of the Special Prosecutor. In one instance the Post article cited precisely what Jaworski had told grand jurors inside locked doors. Yet, the United States Code makes it illegal to disclose grand jury secrets.

Mr. Speaker, efforts to link the President with alleged Watergate coverup has been investigated by some 40 prosecutors and an equal number of investigators under the direction of the Special Prosecutor. The Senate committee, armed with scores of prosecutors, has duplicated the inquiries. And, of course, the House Judiciary Committee, aided by 42 special prosecutors of its own, has been deeply involved in the repetitious search. All of this has already cost the taxpayers some $7 million to investigate the aftermath of a midnight burglary case.

The army of highly motivated prosecutors, numbering altogether more than 100, is quite obviously determined to get results. If, indeed, the President is guilty of criminal complicity in the Watergate coverup, that is one thing; but the required proof to sustain such a charge has thus far been conspicuously absent. The sheer magnitude and weight of the pressure that has been generated causes one to examine very carefully all aspects of the rather extreme and often circuitous measures that have been employed in the multimillion-dollar drive to make a case.

DISMAL STATE OF THE POSTAL SERVICE

(Mr. WRIGHT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. WRIGHT. Mr. Speaker, under leave to extend my remarks I am including the second in a series of investigative articles published on yesterday and today in the Washington Post, dealing with the dismal state of the Postal Service.

Any Member of Congress who was not already convinced from his own observations should be convinced after reading these articles that the act of Congress in turning the operation of the Post Office over to a semiprivate corporation was a monumental error.

Decisions have been made in secret, and they have been bad decisions. Managers of the Postal Service quite obviously have been unconcerned with the wishes of the public. From the beginning of the Republic, the delivery of mail was considered public business of the highest order. The Postal Corporation should be abolished, and this extremely vital public function should be returned to the status of a fully public Department of Government, as it always was before the congressional abdication of this responsibility.

The article follows:

FORTY-SEVEN CHANCES FOR DELAY: DELIVERY OF MAIL DEPENDS LARGELY ON LUCK

(By Ronald Kessler)

If you get a sinking feeling that the letter you deposit in a mail box might not reach its destination the next day or even the next week, your apprehension is well founded.

When your letter will be delivered will depend largely on luck as it goes through 47 processing steps, each capable of delaying it. During its journey, your letter will be sacked, dumped, culled, sorted, flown, unloaded, sorted and sorted again.

It could get chewed by machines. It could get missent. Or it could get lost.

If it reaches its destination, the arrival date could be a day, a week or even a month or more after it is sent.

It is uncertainty about when a letter will be delivered that was identified by the Kappel Commission, which recommended

postal reform, as the public's primary concern about mail service.

A businesman or housewife who needs overnight delivery but cannot feel assured he or she will get it from the Postal Service must turn to more costly alternatives—telephones, telegrams, private messengers and special delivery systems.

In recent years, the use of these alternatives has grown rapidly while the letter mail volume has risen an average of 2 per cent a year.

At the same time, the cost of delivering a letter has risen 66 per cent faster than the increase in inflation. This has been caused largely by a second problem identified by the Kappel Commission—the Postal Service's almost total reliance on human labor, rather than machines, to move the mail.

In a comment that could be made today, the Kappel Commission observed in 1968:

"The Post Office's inefficiency is starkly apparent to anyone who walks across a workroom floor. In most offices, men and women lift, haul, and push mail sacks and boxes with little more mechanical assistance than the handcart available centuries ago. In this electronic era, the basic sorting device remains the pigeonhole case, into which letters are placed, by hand, one by one."

In contrast to the Postal Service, the telephone company has automated so that all local calls, and more than 80 per cent of long distance calls, are dialed by customers without assistance from operators.

This saves customers' time and the telephone company's money. Indeed, American Telephone & Telegraph Co. estimated it would need a million operators if it had not introduced dial telephones.

Each letter handled by the Postal Service, on the other hand, is sorted by humans as many as seven times before it is delivered.

The Postal Service has installed an increasing number of machines for sorting letters, but they still generally require humans to read addresses.

Jacob Rabinow, chief of invention and innovation for the National Bureau of Standards, said Postal Service mechanization is still in the Dark Ages. Rabinow, who has testified before the Postal Rate Commission on what he calls his personal views, said the agency uses "stupid, horrible equipment."

"If you can collect, clean, and inspect eggs by machine, there is no excuse for not being able to sort mail entirely by machine," Rabinow charged. "It's just that private manufacturers care, and the Postal Service doesn't."

The agency's machines have had little effect on its degree of labor intensiveness. Rather than decreasing, the proportion of the postal budget devoted to salaries and benefits—a measure of labor intensiveness—has increased under the new postal management from 82 per cent to 85 per cent.

To find out why costs are high and service slow, your letter can be followed from its deposit in a D.C. mail box to a destination on the West Coast.

Your letter faces an immediate delay of a day if it is mailed after the last collection for the day.

Residential mail boxes were generally collected three times a day under the old Post Office, according to a report by the General Accounting Office, the audit branch of government. The new Postal Service has reduced most pickups to one a day, the GAO said.

Since these pickups are generally in the morning, your letter will be delayed a day if it is mailed in the afternoon.

It will be delayed if it is mailed after the 5 p.m. or 6 p.m. pickup from business collection boxes. The GAO found the old Post Office generally picked up as late as 9 p.m. from business areas.

When it is picked up, your letter is stuffed in a canvas bag or sack, a container that a number of industry experts said increases costs and delays letters.

Coleman W. Hoyt, distribution manager of Reader's Digest, said that while industry generally transports goods on wooden pallets that can be loaded by fork-lift trucks, Postal Service bags must be lifted by hand.

Hoyt said letters sometimes become lost in the folds of the sacks for weeks at a time and often become damaged so they cannot be handled by labor-savings machines. "Letters should never go in bags," Hoyt said in an interview.

The problem is exacerbated by a Postal Service policy requiring that empty mail sacks be shipped in tightly-rolled wads. Each sack is individually rolled, and 19 of the rolled sacks are stuffed into a 20th sack. The Postal Service said the policy keeps bags from going astray, but the number of jobs created by the need to roll and unroll the sacks each day can easily be imagined.

The sack with your letter is trucked in the early evening to the columned D.C. Post Office at Massachusetts Avenue and North Capitol Street, where mail is sorted for D.C., Bethesda, and Chevy Chase.

To anyone who has visited an automated manufacturing plant, where ingredients go in raw one end and come out the other as finished products, a postal sorting operation comes as a shock. "I was appalled," said James E. Josendale, a businessman who was deputy assistant postmaster general for operations from 1969 to 1971, of his first visit to a post office. "Everything was done by hand."

Four or five men drag the sack containing your letter from the back of a truck and throw it on a hand cart. Another crew of men throws the sack from the cart down a chute in the loading platform at the back of the D.C. Post Office.

The process continues on the main floor, where the sack emerges. Crews of men lift, throw, push, and dump the sacks until your letter ends up on a conveyor belt.

By installing equipment used by industry to move mail within post offices, productivity of many post offices could be raised 50 per cent, the Kappel Commission estimated in 1968.

The conveyor belt on which your letter is thrown is tended by some eight employees, who sift the mail to pick out special rate classes such as air mail, special delivery, and third class, so-called junk mail. The special classes are thrown in bins for separate handling.

The Postal Service has some 40 rate categories, each with its own regulations and requirements, often requiring extra labor to verify that the regulations are met and the proper service given. The Kappel Commission recommended reducing the number of classes to four, but the Postal Service has plans to complicate the system further by adding more classes.

The rates charged for each of the classes have little to do with the cost of handling the mail. A magazine may be charged rates varying by 100 per cent and more depending on how much advertising it carries, whether it goes over a county line, what type of subscription list it has, and whether its publisher makes profits.

Letters are charged according to their weight, even though weight has little or nothing to do with the cost of delivering mail.

What does affect costs is whether a piece of mail is too large, bulky, or irregular in shape to be handled by machines. An internal Postal Service study showed last year, for example, that the cost of handling a large envelope, which cannot be handled by a machine, is about double the cost of handling an ordinary letter, which goes through machines. Yet the charge is the same for both. (The agency proposed charging extra for large envelopes, but the request has not yet been approved by the Postal Rate Commission.)

The emphasis on weight makes it easy for postal customers to cheat, since the cost of weighing each letter would probably wipe out any extra postage collected. As a result, the Postal Service has no regular procedure for weighing letters.

Indeed, letters with no postage at all are not returned to the sender. Instead, they are stamped "postage due" and forwarded to the person to whom they are addressed. Whether the postage is collected depends largely on whether the recipient is at home and the mood of the letter carrier.

In a test, the GAO found postage due was not collected by letter carriers on half the letters it mailed with no postage or insufficient postage. By contrast, the telephone company will not complete a pay telephone call unless a customer first pays for it.

The GAO has also found abuses of the complicated rules governing rates for other mail classes. For example, the Postal Service lost $1.5 million in postage because 115 mailers improperly claimed they were nonprofit organizations, GAO reported.

After the special rate classes are removed from the mail stream in the D.C. post office, your letter is piled on a hand cart and pushed to another conveyor.

Unlike production lines in manufacturing plants, postal sorting operations generally are not physically connected, and the capacity of the machines is not necessarily the same as others in the sorting process.

As a result, mail often is delayed or machines are not operated at full capacity, increasing costs as much as 20 per cent. Communications & Systems Inc., a private consulting firm, told the Postal Service in 1969.

The second conveyor where your letter is dumped is manned by additional workers, who pick out mail too bulky to go through the canceling machine. These items, which include bank statements, tissue-thin air mail envelopes, and circulars, must be canceled on slower machines or by hand with rubber stamps.

The canceling machine imprints postmarks on letters faster than the eye can see, but in visits to post offices from Boston to Chicago and New York to Los Angeles, these machines were observed to jam on an average of every 10 minutes to 15 minutes. When the machines jam, a handful of letters are ripped, and these letters must be mended by hand in a separate section.

"It was a beautiful machine when it was invented over 30 years ago," said Rabinow, the National Bureau of Standards official, of the canceling machine. "It's now obsolete."

For one thing, noted Rabinow, the machines cannot tell if a stamp has previously been canceled. This means stamps can be re-used, he said. Some say that canceling stamps is obsolete and could be replaced with a variety of more efficient procedures.

After being canceled, your letter is sent to be sorted by clerks who place letters in pigeon holes according to zip codes. Those letters without zip codes—about 7 per cent of the total handled in D.C. last year—are sorted by special clerk who have memorized the postal distribution system.

An Associated Press mail test last year found using zip codes does not speed your mail. However, postal experts say that if a significant portion of the population stopped using them, the mail system would collapse, since most clerks do not know the distribution system and rely on the codes when sorting mail.

In D.C., your letter has a one in three chance of being sorted by machine. The letter sorting machine is described by the Postal Service as "the equipment of the future."

The 91-foot-long sorting device is far from being automated, however. It is manned by 20 employees, most of whom read zip codes on each envelope and punch the codes into keyboards. The machine shunts letters to appropriate bins.

Nor is the principle behind the machines new. The Postal Service experimented with a keyboard device in 1918 and installed such devices in a Providence, R.I., post office in 1960. The Providence post office, which was characterized by the postal officials as a "mechanized" operation, did not work because of mechanical failures.

Postal Service figures show that the present machines handle slightly more mail per man hour than hand sorting. The machines sort to more bins, and this can save subsequent sorting.

But the GAO said the machines also are an important cause of erratic mail delivery. The reason is that they have an error rate as high as 17 per cent, which means that letters are routed to the wrong place 17 per cent of the time.

Each time a letter is missent—say, to Chicago instead of Miami—it can be delayed as many as five days while being re-routed, in addition to regular delivery time, GAO said. In addition, missorting adds to costs by requiring nearly twice as many handlings in the process of routing letters back to their proper destinations, GAO said.

The GAO found that in recent six-month periods, 13 million letters were missorted by the machines in a New York City post office, 56 million letters were missorted by the Boston post office, and 8 million letters were missorted by two Florida post offices.

Dr. James C. Armstrong a former postal official who is manager of corporate planning for AT&T, said this and other problems of the Postal Service would be eliminated if the agency required mail users to write zip codes in boxes printed on standard-size envelopes.

Dr. Armstrong said the envelopes could be made by commercial envelope manufacturers and sold in stores just as envelopes are sold now. Similar systems are used by Japan and Russia, he said.

Those persons who wanted to use conventional envelopes without zip code boxes would be charged extra, Dr. Armstrong added.

Because the envelopes would come in a standard size easily handled by machines and would show zip codes in the same place on each envelope, the letters could be sorted by relatively inexpensive machines, Dr. Armstrong said. These machines would read the zip codes through optical scanners without need of human operators.

Rabinow estimated each such machine would cost $350,000 compared with $300,000 for the current machines that require 20 operators. He said another machine that the Postal Service has been testing for sorting costs $3 million. This machine handles about twice the mail as one of the conventional machines.

Rabinow, who invented the current letter sorting machine in 1956, said that in addition to reducing the Postal Service's labor intensiveness, preprinted zip code boxes would eliminate missent letters. Because human operators would not read zip codes, he said, there would be no errors.

These and other experts said further savings would occur if zip codes had 10 digits so that each residence would have a number.

Although most of the technical experts interviewed for this series agreed such a system would be the best solution to rising costs and declining service, the Postal Service said it does not believe the method would work.

J. T. Ellington Jr., assistant postmaster general for planning, said he doubted the public would accept the constraint of using special envelopes.

Merrill A. Hayden, a former Sperry Rand Corp. executive vice president who was deputy postmaster general in 1971, contended the public would accept zip code boxes as easily as it accepted direct long distance dialing.

"People soon learned to dial direct on telephones because of the extreme saving in cost and time," Hayden said. "The present mechanization (in the Postal Service) is so costly because of the lack of standardization."

Josendale, the former deputy assistant postmaster general, who is chairman of Wire Rope Corp. of America in St. Joseph, Mo., said use of zip code envelopes would mean "all the mail could be delivered overnight."

Many postal experts, such as M. Lile Stover, who was director of distribution and delivery until 1969, believe nearly all the mail could be delivered overnight—if the Postal Service had the will to do it.

But a Postal Service policy begun in 1969 dictated that first class mail arriving in post offices during the night from distant points should not be sorted until daytime to save extra night pay and some equipment costs.

As a result, your letter from D.C., although it generally arrives in California during the early morning hours, is not delivered until the third day after it is mailed—assuming it is not missent or encounters other delays.

"It hurts me," said Stover, "that I spent 30 years trying to get the mail to move the fastest way, and now they're slowing the mail."

A transcript of a meeting of postal officials in 1969, when the new policy was established, shows they were not unaware that the idea of slowing the mail would not sit well with the American public.

Although the purpose of the new Postal Service was to speed rather than slow the mail, Winton M. Blount, President Nixon's appointee as postmaster general, told the officials at the meeting:

"I don't give a damn if 90 per cent of my mail doesn't get there for a week or three or four days, anyway, but that other 10 per cent, I want to know it is getting there."

Blount then cautioned the others, according to the transcript: "We have been talking about that enough around here . . . Anything you talk about around this area gets in the paper."

The discussion was continued by Blount's deputy, Frank J. Nunlist, a former president of Studebaker-Worthington Inc., which once made Studebaker cars. The transcript shows that Nunlist, who died recently, made it clear there were no plans to establish a fast and a slow service for first class mail. Instead, he said, the idea was to cut costs by educating the public not to expect "prompt" service.

"I must point out to you," Nunlist said, "that there is an area here where, whether we like it or not, we are not yet a postal corporation. And we want to get that bill passed. And then we can do a lot of other things. So you tread a little bit diplomatically to get the Congress to vote for your reorganization bill."

He added, "I am afraid that we probably have got to be careful and not publicly announce that we are not going to be striving for perfection."

Two months after the meeting, Postmaster General Blount testified before a House postal subcommittee:

"I have been asked whether the new U.S. Postal Service would jeopardize the level of postal services existing today. Let me make it clear that nothing could be further from the truth . . ."

THE TRUE NEED FOR A PRIVATE BILL

(Mr. RONCALIO of Wyoming asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RONCALIO of Wyoming. Mr. Speaker, today I have introduced legislation for the relief of John Bruce Dodds. An identical bill has been introduced by Senators McGEE, HANSEN, HASKELL, KENNEDY, and CRANSTON.

Cadet Second Class Dodds was appointed to the U.S. Air Force Academy by the senior Senator from Wyoming and his family have a summer home in Wyoming. He is the son of an Air Force colonel and has looked forward to graduation from the Academy and to an Air Force career.

This spring a malignant tumor was discovered in his thigh requiring removal of his leg. The operation was apparently successful and Cadet Dodds is currently being fitted with a prosthesis. He was able to return to the Academy following surgery, catch up with his academic work, and win recognition on the dean's list.

With his artificial limb, he will be able to do nearly everything he could before but run. Without an exception, though, the Air Force has determined that they have no authority to let a cadet continue at the Academy if he is not fully qualified to become an officer in the Air Force upon graduation.

Cadet Dodds realizes that he could not receive a commission, but he would like to complete his education and remaining year at the Academy graduating with his class. It is my understanding that the Air Force will not oppose this legislation which would allow the cadet to finish his last year at the Academy. If ever an exception could be made, this case certainly has the merits deserving such consideration. It is obvious that prompt action is required if effective relief is to be granted before classes resume this fall. I would hope that such consideration can and will be given.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MANN (at the request of Mr. O'NEILL), for today, on account of official business.

Mr. DRINAN (at the request of Mr. O'NEILL), for today, on account of official business.

Mr. MATSUNAGA (at the request of Mr. O'NEILL), for today, on account of illness.

Mr. HOWARD (at the request of Mr. O'NEILL), for week of June 10, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. MILLS, for 60 minutes, today, and to include extraneous material.

(The following Members (at the request of Mr. HUDNUT) to revise and extend their remarks and include extraneous matter:)

Mr. HANSEN of Idaho, for 5 minutes, today.

Mr. DU PONT, for 30 minutes, today.

(The following Members (at the request of Mr. BREAUX), to revise and extend their remarks, and to include extraneous matter:)

Mr. GONZALEZ, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. O'NEILL, for 10 minutes, today.

Mr. FORD, for 10 minutes, today.

Mr. REUSS, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. HAMILTON, for 5 minutes, today.

Mr. DE LUGO, for 5 minutes, today.

Mr. ALEXANDER, for 10 minutes, today.

Mr. OWENS (at the request of Mr. GINN), to address the House today, for 15 minutes, and to revise and extend his remarks and to include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DELLUMS to revise and extend his remarks prior to vote on the amendment offered by Mr. FAUNTROY.

(The following Members (at the request of Mr. HUDNUT) and to include extraneous matter:)

Mr. HANRAHAN in two instances.

Mr. KEMP in five instances.

Mr. GILMAN.

Mr. PARRIS in five instances.

Mr. MARTIN of North Carolina in three instances.

Mr. CLEVELAND.

Mr. SARASIN.

Mr. ARCHER in three instances.

Mr. SANDMAN.

Mr. YOUNG of Florida in five instances.

Mr. CONTE.

Mr. BRAY in three instances.

Mr. BUCHANAN in two instances.

Mr. WYMAN in two instances.

Mr. RUPPE.

Mr. BROWN of Ohio in three instances.

Mr. BOB WILSON.

Mr. BROYHILL of Virginia.

(The following Members (at the request of Mr. BREAUX) and to include extraneous matter:)

Mr. ANNUNZIO in six instances.

Mr. GONZALEZ in three instances.

Mr. RARICK in three instances.

Mr. MURPHY of New York.

Mrs. BOGGS in three instances.

Mr. VANDER VEEN.

Mr. RANGEL in 10 instances.

Mr. TRAXLER.

Mr. GAYDOS in 10 instances.

Mr. KYROS.

Mr. DAVIS of Georgia in five instances.

Mr. PODELL.

Mr. JAMES V. STANTON in two instances.

Mr. VANIK in three instances.

Mr. DIGGS.

Mr. LEGGETT.

Mr. ANDERSON of California in two instances.

Mr. KOCH (at the request of Mr. GINN), in 10 instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 649. An act to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, to the committee on foreign affairs.

S. 3311. An act to provide for the use of simplified procedures in the procurement of property and services by the Government where the amount involved does not exceed $10,000; to the Committee on Government Operation.

ADJOURNMENT

Mr. GINN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 31 minutes p.m.), the House adjourned until tomorrow, Tuesday, June 11, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2427. A letter from the President of the United States, transmitting an amendment to the request for appropriations for fiscal year 1975 for the Department of Agriculture (H. Doc. No. 93-317); to the Committee on Appropriations and ordered to be printed.

2428. A letter from the President of the United States, transmitting proposed supplemental appropriations for fiscal year 1974 for the Veterans' Administration (H. Doc. No. 93-318); to the Committee on Appropriations and ordered to be printed.

2429. A letter from the Deputy Under Secretary of Agriculture, transmitting a draft of proposed legislation to amend section 8d(2) of the Agricultural Adjustment Act of 1933, reenacted, amended and supplemented by the Agricultural Marketing Agreement Act of 1937, as amended, to provide authority to grant certified public accountants access to confidential records for purposes of making an audit; to the Committee on Agriculture.

2430. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting notice of the location, nature, and estimated cost of various facilities projects proposed to be undertaken for the Army Reserve, pursuant to 10 United States Code 2233a(1); to the Committee on Armed Services.

2431. A letter from the Assistant Secretary of State for Congressional Relations, transmitting reports on political contributions made by Ambassadors-designate Seymour Weiss, Robert A. Stevenson, and Pierre Robert Graham, pursuant to section 6 of Public Law 93-126; to the Committee on Foreign Affairs.

2432. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements other than treaties entered into by the United States, pursuant to Public Law 92-403; to the Committee on Foreign Affairs.

2433. A letter from the Chairman, U.S. Advisory Commission on International Educational and Cultural Affairs, transmitting the 10th annual report of the Advisory Commission, pursuant to section 107 of Public Law 87-256 (H. Doc. No. 93-204); to the Committee on Foreign Affairs and ordered to be printed.

2434. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on the criteria to be used for designation of medically underserved areas and population groups, pursuant to section 5 of the Health Maintenance Organization Act of 1973 (Public Law 93-222): to the Committee on Interstate and Foreign Commerce.

2435. A letter from the Chairman, Federal Power Commission, transmitting a copy of the publication entitled "All Electric Homes, Annual Bills, 1973"; to the Committee on Interstate and Foreign Commerce.

2436. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in the cases of certain aliens under the authority contained in section 13 (b) of the act of September 11, 1957, pursuant to section 13(c) of the act [8 U.S.C. 1255b(c)]; to the Committee on the Judiciary.

2437. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend for 3 years the requirement of increased payments to States under medicaid plans for compensation or training of inspectors of long-term care institutions; to the Committee on Ways and Means.

RECEIVED FROM THE COMPTROLLER GENERAL

2438. A letter from the Comptroller General of the United States, transmitting a report that the legislative ceiling on expenditures in Laos reduced costs, but the ceiling was exceeded; to the Committee on Government Operations.

2439. A letter from the Acting Comptroller General of the United States, transmitting a report on plans and proposals for the Department of Defense to avoid unnecessary duplication in developing new military equipment; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MILLS: Committee on Ways and Means. H.R. 14462. A bill to amend the Internal Revenue Code of 1954 with respect to the tax treatment of oil and gas production (Rept. No. 93-1028 (part 2)). Referred to the Committee of the Whole House on the State of the Union.

Mr. HENDERSON: Committee on Post Office and Civil Service. S. 1803. An act to authorize the waiver of claims of the United States arising out of erroneous payments of pay and allowances to certain officers and employees of the legislative branch; with amendment (Rept. No. 93-1095). Referred to the Committee of the Whole House on the State of the Union.

Mr. DELANEY: Committee on Rules. House Resolution 1166. Resolution providing for the consideration of H.R. 12165. A bill to authorize the construction, operation, and maintenance of certain works in the Colorado River Basin to control the salinity of water delivered to users in the United States and Mexico. (Rept. No. 93-1096). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 1167. Resolution providing for the consideration of H.R. 13839. A bill to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended. (Rept. No. 93-1097). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 1168. A resolution providing for the consideration of H.J. Res. 876. Joint resolution authorizing the Secretary of the Army to receive for instruction at the U.S. Military Academy one citizen of the Kingdom of Laos (Rept. No. 93-1098). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 1169. Resolution providing for the consideration of S.J. Res. 202. Joint resolution designating the premises occupied by the Chief of Naval Operations as the official residence of the Vice President, effective upon the termination of service of the incumbent Chief of Naval Operations (Rept. No. 93-1099). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Massachusetts (for himself and Mr. CAREY of New York):

H.R. 15288. A bill to amend the Social Security Act and the Internal Revenue Code of 1954 to provide for Federal participation in costs of the social security program, with a substantial increase in the contribution and benefit base and with appropriate reductions in social security taxes to reflect the Federal Government's participation in such costs; to the Committee on Ways and Means.

By Mr. DINGELL (for himself, Mr. GROVER, Mr. ROE, Mr. GOODLING, Mr. COTTER, Mr. REES, Mr. SARBANES, Mr. LENT, Mr. DRINAN, Mr. EDWARDS of California, Mr. FRENZEL, Mr. COCHRAN, Mr. STUDDS, Mr. SHOUP, Mr. HARRINGTON, Mr. PICKLE, Mr. BENNETT, Mr. HICKS, Mr. YOUNG of Florida, and Mr. YOUNG of Alaska):

H.R. 15289. A bill to amend the Fishermen's Protective Act of 1967 in order to strengthen the import restrictions which may be imposed to deter foreign countries from conducting fishing operations which adversely affect international fishery conservation programs; to the Committee on Merchant Marine and Fisheries.

By Mr. DINGELL (for himself, Mr. GROVER, Mr. ASHLEY, Mr. MARTIN of North Carolina, Mr. ADDABBO, Mr. QUIE, Mr. PEPPER, Mr. ROSENTHAL, Mr. WHITEHURST, Mr. BIAGGI, Mr. ROBISON of New York, Mr. O'BRIEN, Mr. SCHNEEBELI, Mr. PRITCHARD, Mr. NEDZI, Mr. MCCLOSKEY, Mr. DU PONT, Mr. FORSYTHE, Mr. LOTT, Mr. STEELE, and Mr. BREAUX):

H.R. 15290. A bill to amend the Fishermen's Protective Act of 1967 in order to strengthen the import restrictions which may be imposed to deter foreign countries from conducting fishing operations which adversely affect international fishery conservation programs; to the Committee on Merchant Marine and Fisheries.

By Mr. DORN (for himself and Mr. TEAGUE):

H.R. 15291. A bill to amend title 38, United States Code, to authorize compensated work therapy for patients of Veterans' Administration hospitals and outpatient clinics and members of VA domiciliaries; to the Committee on Veterans' Affairs.

H.R. 15292. A bill to amend title 38 of the United States Code to establish a priority for the furnishing of outpatient medical treatment to veterans with service-connected disabilities; to the Committee on Veterans' Affairs.

H.R. 15293. A bill to amend title 38, United States Code, to increase the maximum amount of the grant payable for specially adapted housing for disabled veterans; to the Committee on Veterans' Affairs.

By Mr. FORD (for himself, Ms. ABZUG, Mr. BRASCO, Mr. BROWN of California, Mr. CARNEY of Ohio, Mr. FRASER, Mr. HARRINGTON, Mr. MURTHA, Mr. REES, Mr. RIEGLE, Mr. ROE, Mr. ROONEY of Pennsylvania, Mr. ROYBAL, Mr. SARBANES, Ms. SCHROEDER, Mr. SEIBERLING, Mr. STARK, Mr. STUDDS, Mr. TRAXLER, and Mr. WOLFF):

H.R. 15294. A bill to amend the Fair Labor Standards Act of 1938, to require prenotification to affected employees and communities of dislocation of business concerns, to provide assistance (including retraining) to employees who suffer employment loss through the dislocation of business concerns, to business concerns threatened with dislocation, and to affected communities, to prevent Federal support for unjustified dislocation, and for other purposes; to the Committee on Education and Labor.

By Mr. HANSEN of Idaho:

H.R. 15295. A bill to amend the Consolidated Farm and Rural Development Act to establish a loan insurance program for cattlemen; to the Committee on Agriculture.

By Mr. O'HARA (for himself and Mr. DELLENBACK):

H.R. 15296. A bill to authorize the Commissioner of Education to carry out a program to assist persons from disadvantaged backgrounds to undertake training for the legal profession; to the Committee on Education and Labor.

By Mr. PRITCHARD:

H.R. 15297: A bill to amend the National Trails System Act to authorize a feasibility study of a Pacific Coast Bike Trail; to the Committee on Interior and Insular Affairs.

H.R. 15298. A bill to authorize a study for the purpose of determining the feasibility and desirability of designating the Pacific Northwest Trail as a national scenic trail; to the Committee on Interior and Insular Affairs.

By Mr. REUSS:

H.R. 15299. A bill to create a Congressional Price Ombudsman; to the Committee on House Administration.

By Mr. SHRIVER:

H.R. 15300. A bill to amend the Occupational Safety and Health Act of 1970, and for other purposes; to the Committee on Education and Labor.

By Mr. STAGGERS:

H.R. 15301. A bill to amend the Railroad Retirement Act of 1937 to revise the retirement system for employees of employers covered thereunder and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 15302. A bill to amend the Railroad Unemployment Insurance Act to increase unemployment and sickness benefits, to raise the contribution base, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WHALEN (for himself, Mr. ANDERSON of Illinois, Mr. BADILLO, Mr. BIESTER, Mr. BROWN of California, Mrs. BURKE of California, Mr. CONYERS, Mr. EDWARDS of California, Mr. ESCH, Mr. FORSYTHE, Mr. HAMILTON, Mr. HARRINGTON, Mr. HORTON, Ms. JORDAN, Mr. MEEDS, Mrs. MINK, Mr. MOAKLEY, Mr. MOORHEAD of Pennsylvania, Mr. MOSS, Mr. SMITH of New York, Mr. STOKES, Mr. BOLLING, Mr. KASTENMEIER, and Mrs. SCHROEDER):

H.R. 15303. A bill to provide for increased participation by the United States in the International Development Association; to the Committee on Banking and Currency.

By Mr. YOUNG of Florida:

H.R. 15304. A bill to amend section 502(b) of the Mutual Security Act of 1954 to reinstitute specific accounting requirements for foreign currency expenditures in connection with congressional travel outside the United States, and for the publication thereof; to the Committee on Foreign Affairs.

By Mr. BROWN of Michigan (for himself, Mr. WYDLER, Mr. MARTIN of North Carolina, Mr. BROOMFIELD, Mr. ESHLEMAN, Mr. EILBERG, Mr. BAUMAN, Mr. BURGENER, Mr. DUNCAN, Mr. YOUNG of South Carolina, Mr. MONTGOMERY, Mr. MILFORD, Mr. MITCHELL of New York, Mr. WINN, Mr. KEMP, Mr. SHOUP, Mr. WALSH, Mr. BAKER, Mrs. HOLT, and Mr. LAGOMARSINO):

H. Res. 1165. Resolution amending rule XIII of the rules of the House to require reports accompanying each bill or joint resolution of a public character (except revenue measures) reported by a committee to contain estimates of the costs, to both public and nonpublic sectors, of carrying out the measure reported; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII,

498. The SPEAKER presented a memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to condemning the action of terrorists in Israel; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. RONCALIO of Wyoming:

H.R. 15305. A bill for the relief of John Bruce Dodds; to the Committee on Armed Services.

H.R. 15306. A bill for the relief of Willard H. Allen, Jr. and Nicole J. Allen; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

444. By the SPEAKER: Petition of the Suffolk County Legislature, New York, relative to appropriations to carry out a Cooley's Anemia program; to the Committee on Appropriations.

445. Also, petition of the City Council, San Diego, Calif., relative to the U.S. fishery zone; to the Committee on Merchant Marine and Fisheries.

446. Also, petition of the Broome County Legislature, New York, relative to the completion of certain highway projects in New York State; to the Committee on Public Works.

447. Also, petition of Ferdinand Segarra, New York, N.Y., relative to the social security system; to the Committee on Ways and Means.