SENATE—*Tuesday, June 18, 1974*

The Senate met at 10 a.m. and was called to order by Hon. HAROLD E. HUGHES, a Senator from the State of Iowa.

PRAYER

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

O God, in this quiet moment may a holy hush come over us giving us a sense of our dependence upon Thee. Save us from the danger of too much trust in our own deliverances, our own devices, our own creations lest we lose the eternal and transcendent. Give us humble and contrite hearts that we may be channels of light and truth. Beneath us and around our known and admitted human weakness let us feel the everlasting and uplifting arms. For Thy kingdom's sake, for the sake of the good we have done, and the witness we have borne hold us fast to the end that we may be presented holy and unblamable and unreprovable in Thy sight. Through Jesus Christ, our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 18, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. HAROLD E. HUGHES, a Senator from the State of Iowa, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. HUGHES thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, June 17, 1974, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

FOREIGN SALE OF PASSENGER VESSEL SS "INDEPENDENCE"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 903, H.R. 8586.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The assistant legislative clerk read as follows:

H.R. 8586, to authorize the foreign sale of the passenger vessel SS *Independence*.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was considered, ordered to a third reading, read the third time, and passed.

Mr. HUGH SCOTT. Mr. President, we have just passed a bill authorizing the sale of the SS *Independence*, one of the last of our passenger vessels under the American flag. It is a great pity that, through short-sighted maritime policy over the years, we have allowed the shipbuilding industry of this country to pass out of our hands and into the hands of such skillful nations as Norway and Japan, for an illustration.

Our own high cost of operating passenger shipping has, of course, been the principal factor in the disappearance of our flag from the shipping lanes of the world.

We do have a new maritime act under which ships are to be built and subsidies paid but we are not yet seeing much of the effect of that.

But it is a great pity that a great nation like ours cannot take its own people and others under its own flag to foreign ports. I say this merely to indicate that I am in favor of the maritime bill which we did pass some time ago and I am disposed to favor what other logical steps we can pursue to restore to the seas our once traditional merchant marine.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the distinguished Republican leader has been heard and the distinguished Senator from Oklahoma (Mr. BARTLETT) has made his remarks, it be in order at that time to call up Calendar No. 839, S. 2201.

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

SECRETARY OF STATE KISSINGER AND THE PRESS

Mr. HUGH SCOTT. Mr. President, it is refreshing to note that responsible journalists have made clear their repugnance at the tactics used against the Secretary of State recently. The Committee on Foreign Relations begins its inquiry, probably at a meeting this morning. I am sure that that inquiry will produce what the other inquiry produced. I am sure that the irresponsibility of some of the inferences, innuendos, rumors, unsupported charges, and mysterious questions not backed by evidence will be shown to be what they are; that is, an attempt to drag down the Secretary of State.

Mr. President, I ask unanimous consent that an article published in yesterday's Star-News, written by Richard Wilson, entitled "Shot in Dark Stung Kissinger," be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 1.)

Mr. HUGH SCOTT. Mr. President, it will be seen that one of the most offensive questions was asked by the publisher of the semiweekly newspaper in Cambridge, Mass., called "Tech." It turns out that there was no basis for the question, that it was skillfully framed to indicate there was evidence. There was not. Mr. Wilson makes quite clear the tactic used here, which was indecent in the extreme and a reflection on the journalist who was responsible.

This is unfortunate, because I have said many times that the vast majority of journalists are responsible. They are decent, fair-minded men and women and they do not deserve the opprobrium which results from improprieties in the conduct of the journalistic business.

They are free to criticize us—and do. We accept it. That is our role in life. That is their complete right and, in fact, their duty. But I think it is also my duty as a Senator to point out when I think criticism moves in the other direction. It does to a very few people, but to the everlasting credit of the journalistic fraternity, the vast majority of those who have examined the situation in this case have come to quite a different conclusion; namely, that it was an improper exercise from the very beginning.

Mr. President, I yield back the remainder of my time.

EXHIBIT 1

SHOT IN DARK STUNG KISSINGER

(By Richard Wilson)

Sometimes it helps to get the record straight before arriving at conclusions, and that certainly is the case with Henry A. Kissinger's threat to resign.

He confesses that he was "discombobulated" on his return to Washington from his brilliantly successful Mideast negotiation by being rudely confronted with a question at a press conference on whether he had retained counsel to defend himself on perjury charges.

This was the only question from that rugged press conference in Washington which Kissinger cited as flustering him into answers that could be exploited as showing he was hiding something. Therefore, he held another conference in Salzburg, Austria, giving a fuller explanation of his connection with national security wiretapping and plugging "leaks" of national security information, saying if he were not cleared of shady implications he would resign.

Surely this question about perjury must have been asked by a steely-eyed investigative reporter with backup information or documents. But, in fact, the question was not even about wiretapping and it was asked by a 27-year-old political science graduate named Peter Peckarsky who held credentials as representing a semi-weekly newspaper published in Cambridge, Mass., called "Tech."

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This publication is one of several campus-circulated papers at Massachusetts Institute of Technology, but, according to Peckarsky, it is not financed by nor editorially responsible to MIT.

Peckarsky says that no one helped him frame the question, that he had no information not already on the public record to predicate it, that it was based solely upon surmise which might arise from reading the record. In other words, a shot in the dark. But it certainly sounded as if this young man knew something. His question was a doozy and worth printing in full as an example of the "new journalism."

Reading from paper, Peckarsky asked: "Mr. Secretary, on Sept. 7, 1973, you testified under oath before the Senate Foreign Relations Committee, in response to a question on your knowledge of David Young's activities, that you did not—quote—'know that David Young was concerned with internal security matters'—end quote.

"On Feb. 6, 1974, you testified under oath before the Senate Armed Services Committee—quote—'the next morning'—and that would be Dec. 23 and (or?) 24 of '71—'I went to Mr. Ehrlichman's office and he played a part of the tape of the interview with Admiral Welander conducted by David Young, which concerned the alleged theft of documents from my office by that Navy yeoman'—end quote.

"I wonder if you could:

"(A) Reconcile these two statements;

"(B) Tell us whether or not the special prosecutor or any other prosecutor or agency of the United States Government has contacted you with reference to a perjury investigation of the statements; and

"(C) Tell us whether or not you have consulted and retained counsel in preparation for a defense against a possible perjury indictment?"

Kissinger icily replied: "I have not retained counsel, and I am not conducting any office as if it were a conspiracy. I stand on the statements that I have made and I will answer no further questions on this topic." In Salzburg, however, Kissinger did undertake to reconcile his statements about David Young, who had been appropriated from his staff by John Ehrlichman to become involved in the "Plumbers" operation which Kissinger denies he knew anything about.

The record is being set straight herein for one good reason. From Kissinger's discombolbulation by a question containing academically irresponsible surmise rose a whole series of editorial attacks distracting Kissinger to the point of demanding that his honor be affirmed.

This does not reflect much credit on the way honorable public men are subjected to innuendo, defamation and attack in press conferences. Nor upon the way press conferences are being used as demolition sites for the good as well as the bad in the Nixon administration.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the distinguished Senator from Oklahoma (Mr. BARTLETT) is now recognized for not to exceed 10 minutes.

CONSUMER PROTECTION

Mr. BARTLETT. Mr. President, I am deeply concerned about S. 707, the so-called Consumer Protection Act, which is presently pending on the Senate calendar.

It is almost irrelevant to say that I support consumer protection. There are 100 Senators in this body who support consumer protection and who, along with their staffs, spend much of their time working on constituent problems which, of course, include problems of consumers.

However, supporting consumer protection and supporting the Consumer Protection Act are two different things.

I have carefully studied S. 707 and am convinced that it is not in the best interests of consumers or the Nation generally.

Consumer protection is not a new idea. The Federal Government has been in this business since 1914 when the Federal Trade Commission was established. At that time it was assigned the duty of finding and stopping "unfair or deceptive acts or practices in commerce." Included in the FTC's congressional mandate is the authority to stop unfair or deceptive advertising, unfair or deceptive selling practices, and unfair or deceptive schemes to cheat consumers.

Numerous other measures have been enacted into law to protect the public. Overlooked by the proponents of the Consumer Protection Agency are such measures as the Fair Packaging and Labeling Act, the Child Protection Act, National Highway Safety Act, the National Commission for Product Safety, the Truth in Lending Act, the Interstate Land Sales Act, the Radiation Control Act, the Clean Air Act—the list is almost endless.

Each of these laws is administered by a department or agency of Government charged with the responsibility of enforcing the laws as written by Congress. The White House has the overall responsibility to see that a good administrative job is, in fact, performed.

However, S. 707 goes far beyond the concept of the FTC and these other measures. It would establish a double-think type organization to oversee the overseers.

The new Consumer Protection Agency would oversee every other Government agency with the ostensible goal of protecting the consumer. The CPA would hire lawyers to file lawsuits against other Federal agencies with lawyers also paid by the Federal Government.

Mr. President, this concept strikes at that basic philosophy of our Government

We are a Republic with elected representatives. Through those representatives we establish various agencies and departments whose only reason to be is service to the people—all the people, including the consumers.

Without a doubt there are times when the people are not served by these agencies, but that is why we are here—and why we have an executive—to solve such inequities and to insure that government serves the people.

I am concerned that the U.S. Federal Government very often is insensitive to the wishes of our citizens. This lack of sensitivity results in many cases from actions or inactions of bureaucrats, particularly those in agencies and commissions insulated from the President and his Cabinet.

The Consumer Protection Act, in effect, establishes a somewhat isolated agency which is empowered to challenge the President's policy and administration as executed by his Cabinet or separate agencies. The Consumer Protection Act takes government further from the citizens of this country.

Additionally, there is the problem of determining what is in the best interest of the consumer. Would the Director of the Consumer Protection Agency daily make a pilgrimage to the doorstep of Ralph Nader to find the needs of the consumer?

Mr. President, the Consumer Protection Agency is a redundant, expensive bureaucracy which the Federal Government and the American people can do without.

While consumer protection is a fetching concept, I urge every Senator to study the legislation closely before making a decision in its favor.

Obviously there are wide disparities of opinion on what is best for the consumer. For instance in the recent energy crisis there were those who believed it was in the consumer's interest to keep a ceiling on crude oil and gasoline prices in order to have lower gasoline prices for the short term. Yet I am convinced the best approach is a free market price which will expedite increasing our energy supplies and provide an adequate supply of gasoline at the best possible price.

Under the bill the new CPA would have the authority to interject itself into Federal Trade Commission actions—in other words if the FTC, with 60 years' experience in consumer protection, makes a decision, the new Consumer Protection Agency would have the oversight authority to appeal their decision.

Obviously the next question is who is going to oversee the overseer of the overseers.

SETTLEMENT OF CERTAIN DAMAGE CLAIMS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to the consideration of Calendar 839, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 2201) to provide for the settlement of damage claims arising out of certain actions by the United States in opening spillways to avoid flooding populated areas.

The Senate proceeded to consider the bill, which had been reported from the Committee on Public Works, with amendments on page 1, at the beginning of line 4, insert "Section 1."; in the same line, after "(a)", strike out "the Secretary of the Interior (hereinafter referred to as the 'Secretary') or his designee," and insert "The President or his designee"; on page 2, line 14, after "the", strike out "Secretary" and insert "President or his designee"; at the beginning of line 19, strike out "Secretary" and insert "designated department or agency"; in line 20, after the word "as", strike out "he" and insert "the President or his designee"; in line 23, after the word "The", strike out "Secretary" and insert "President or his designee"; on page 3, in line 4, after the word "the" where it appears the second time, strike out "Secretary" and insert "President or his designee"; in line 21, after the word "The", strike out "Secretary" and insert "President"; so as to make the bill read:

SECTION 1. (a) The President or his designee is authorized and directed to receive,

investigate, settle, and pay all claims against the United States for losses incurred by oyster fishermen in the State of Louisiana in connection with the damage or destruction of oyster crops in such State as a result of certain action taken by the United States in the opening of the Bonnet Carre and Morganza spillways in the State of Louisiana during 1973, including claims for reasonable expenses incurred as a result thereof, and interest on the principal amount of such claims computed at a rate of 6 per centum per annum from the date that the losses resulting in any such claim occurred.

(b) As used in this Act, the term "settle" means consider, ascertain, adjust, determine, and dispose of a claim, whether by full or partial allowance or by disallowance.

SEC. 2. (a) The President or his designee is authorized to issue such rules of procedure for the reccipt, consideration, and disposition of claims filed under this Act as he deems appropriate.

(b) Claimants shall submit their claims in writing to the designated department or agency under such rules as the President or his designee may prescribe pursuant to subsection (a), within one year from the date of the enactment of this Act.

(c) The President or his designee shall determine and pay the amount of awards, if any, in the case of each claim within twelve months from the date on which the claim was submitted.

SEC. 3. With respect to claims filed and awards paid pursuant to the provisions of this Act, the President or his designee shall limit himself to the determination of—

(1) whether the losses sustained resulted from the action of the United States in opening the Bonnet Carre and Morganza spillways during 1973;

(2) the amounts to be awarded as compensation for such losses; and

(3) the persons entitled to receive such awards.

SEC. 4. (a) The payment to any person of an award pursuant to a claim filed under the provisions of this Act shall be in full settlement and discharge of all claims of such person against the United States resulting from the damage or destruction described in the first section of this Act.

(b) No claim cognizable under the provisions of this Act shall be assigned or transferred, other than to the United States, except by operation of law.

SEC. 5. The President shall, within two years after the date of the enactment of this Act, transmit to the Congress a report setting forth—

(1) each claim settled by him and paid pursuant to the provisions of this Act, with a brief statement concerning the character and equity of each such claim, the amount claimed, the amount approved and paid; and

(2) each claim submitted to him in accordance with the provisions of this Act which has not been settled by him, with supporting papers and a statement of his finding of facts and recommendations with respect to each such claim.

SEC. 6. There is authorized to be appropriated the sum of $5,000,000 for the purpose of carrying out the provisions of this Act.

Mr. GRAVEL. Mr. President, on behalf of the distinguished junior senator from Louisiana, Mr. JOHNSTON, as well as for myself, I wish to commend for the Senate's consideration S. 2201, a bill proposing payment of compensation to Louisiana oystermen for federally induced damage to their crops.

The legislation stems from circumstances which developed during flooding of the Lower Mississippi River Basin in the spring of 1973.

The water level reached a point at which it was determined necessary by the Corps of Engineers to open the Bonnet Carre Spillway and the Morganza Foodway for a period of several weeks in order to relieve pressure of dikes protecting New Orleans and to avoid what otherwise would have unquestionably been a catastrophe to the city and its residents.

While disaster was averted there, the volume of fresh water released into an area embracing more than two-thirds of the State's oyster beds diluted the salinity to the point where virtually all were seriously damaged and some almost totally destroyed.

Senator JOHNSTON introduced S 2201 in July of that year, asking that an amount of up to $5 million be authorized to compensate affected oystermen to the degree that each was able to demonstrate specific loss directly associated with the spillway discharge.

At his request, I scheduled an on-site hearing in New Orleans last September in order to get direct information on the extent and nature of the claimed loss.

Evidence produced there by marine biologists, by the Louisiana Wildlife and Fisheries Commission and from individual oyster growers substantiated in detail the reports of serious loss and indicated that in many cases it will be 1976 before beds can be restored and a new crop produced. In other cases, the crop will be significantly reduced for one or more reasons.

Visual inspection of material dredged from beds during a boat tour of one of the major damage areas further substantiated the extent of the loss.

As a consequence, I decided to cosponsor the bill and to testify in support of it during a subsequent hearing on it by the Public Works Subcommittee on Disaster Relief.

I likewise urged the Public Works Committee to report the measure favorably.

I did so in full recognition of the fact that existing law specifically exempts the United States from liability for flood damage resulting from, or by, flood waters.

In my judgment, an amendment of that rule is appropriate in this instance.

I recognize that some measure of relief is available to the proposed beneficiaries of this bill under general disaster relief legislation.

Such relief, however, would be only in the form of rehabilitation loans or similar assistance which would have to be repaid.

No one questions that the damage they sustained came about as a direct result of the decision of the Corps of Engineers to open the spillways.

I do not for a moment question the correctness of that decision, nor do the oystermen because it is obvious to all what devastation could have resulted from any other course.

What they do question, as I do, is whether they should be the ones to bear the brunt of the decision which was so essential to the protection of others.

They were not the victims of natural disaster but rather of action designed to preclude disaster.

This, in my view, places them in a special category which would not represent the sort of precedent some profess to see in the provisions of S. 2201.

That, in essence, is the issue to which the Senate must address itself today in considering this legislation.

I am persuaded that, in consideration of the special circumstances involved and in the interests of justice and equity, there is only one correct answer—the adoption of S. 2201.

I hope the Senate will take that course today.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the committee amendments be considered and adopted en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the committee amendments are considered and adopted en bloc.

Mr. JOHNSTON. Mr. President, S. 2201 is a bill to save one of the Nation's oldest and, I submit, most delightful industries, the oyster industry.

This bill would provide for the settlement of damage claims arising out of certain actions by the United States in opening certain spillways to avoid flooding populated areas, is of vital importance to many small and independent businessmen and to the viability of one of our Nation's oldest and most delightful industries. This bill directs the President or his designee to receive, investigate, settle and pay claims against the United States for losses incurred by oyster fishermen in connection with the damage or destruction of oyster crops as a result of certain actions taken by the United States.

Both the Subcommittee on Water Resources and the Disaster Relief Subcommittee of the Public Works Committee have held hearings relative to this problem, and a sizable record has been compiled. The record establishes beyond doubt that the opening of the Bonne Carre and Morganza Spillways by the Corps of Engineers unleashed tremendous volumes of fresh water into oyster-growing areas and that this fresh water intrusion either killed or severely damaged the oysters that were growing in areas located within the radius of the discharges. In consequence, the oyster industry has suffered disastrously, and the economy of Louisiana has suffered significantly as well.

Mr. President, the most interesting and enlightening set of hearings on this matter were field hearings in New Orleans, La., before the Water Resources Subcommittee. Graphic evidence was offered by a leading marine biologist, Dr. Lyle St. Amant, which showed that entire crops have been wiped out in some of Louisiana's prime oyster-producing areas, and that large zones that would otherwise have been opened to commercial oyster farming were closed for the protection of the public health due to the potential hazards of harvesting oysters from areas affected by unsanitary river waters.

The evidence showed that the normal or expected oyster mortalities for the spring part of the year, the period during which the spillways were opened, run from 7 to 10 percent. Any mortality above 25 percent is considered serious, while above 50 percent constitues heavy mortality.

Mr. President, in the spring of 1973, the Mississippi River rose to one of its highest levels in history, with water levels equal to those of the flood of 1927.

In an effort to keep large areas of heavily populated lands from being inundated and flooded, resulting in great loss of life and property, the Corps of Engineers saw fit to open the Bonne Carre and Morganza floodways, which are control structures designed to relieve the pressure, to relieve the water level in the Mississippi River.

The trouble was, Mr. President, that when these flood control structures were opened, it flooded the richest, most productive oyster seedbed area in the United States and probably the world.

The result was that fresh water polluted the necessary saline content of these productive oyster beds. There was also pollution from the Mississippi River, resulting in drastic, dramatic, and almost terminal destruction of the oyster beds.

Mr. President, against this background the figures are compelling for the need for the Senate to act swiftly in passing this measure today. As a result of the Government's action, the very productive Lake Bonne-Bay Boudreaux area had almost universal mortality of over 50 percent reaching 100 percent over wide areas. Ninety percent mortalities in American Bay, Bay Long, and upper California Bay; 100 percent mortality in Little Lake-upper Barataria Bay; and 90 to 100 percent were also shown. In addition, tests run by the Wildlife and Fisheries Commission of Louisiana established that during June, July, and August of 1973, 328 oyster leases were abandoned, and recently killed oysters were found on 219 of these tracts. Seventy percent of the leases exhibited unnatural, serious mortalities. Another 45 percent exhibited heavy mortalities. Many of these findings were in the traditionally more productive leases along the Louisiana coast.

A final shocking statistic revealed by the hearings is that 122,700 acres of oyster growing areas were adversely affected by the floodwaters, constituting 68 percent of the 180,000 acres under lease in the entire State. Of this 122,700 acres, 72 percent had in excess of 25 percent mortality, representing 49 percent of the State's total acreage.

Not only was the testimony offered at the hearings persuasive and informative, but, along with members of the Water Resources Subcommittee and committee staff, I was taken into the field on oyster boats and examined the leases from that vantage point. The giant dredges that scrape oysters from along the lake bottoms were cast down a number of times in the Lake Bonne area and in the second area and in each case the catches revealed bushels of dead oysters. We flew over several waterways as well and were able to observe the relative proximity of the point of discharge of the fresh water and the situation of the oyster leases in oyster growing areas in the various affected lakes and other bodies of water.

These severe mortalities and severe injuries were a direct result of the reduction in the salinity of the water in these areas brought on by this fresh water intrusion. And the fresh water intrusion resulted from the Government action of opening the spillways. The picture is therefore clear. A number of private businessmen have suffered tremendously at the hands of the Federal Government, and are without any remedy in law.

Mr. President, the laws of this country have a hiatus in them so far as oyster growers are concerned. I say a hiatus because if this were farmland, it would be covered by a number of different projects, a number of different Federal laws.

If it were in the floodway on dry land, these oyster growers would have been compensated at the time the structures were built. Any other kind of direct and intentional or tortious conduct of the Federal Government gives rise to a claim under the Tort Claims Act.

However, because of the simple and unusual fact that these were oyster growers with beds under water, they were without any remedy whatever under Federal law.

Mr. President, what this bill does is to allow these oyster growers to present their claims for adjudication, for payment, for settlement, to the President of the United States or his representative. It provides for a cause of action, for a right of action, in an area where none existed before.

It will allow this oyster industry to survive. It will allow the oyster fishermen to have the wherewithal to reseed the beds, to keep from losing their oyster boats, which they are in jeopardy of losing now because of lack of income.

Mr. President, this bill will correct an inequity, a hiatus, in the laws of this country. I believe that it will represent further tangible evidence of the Federal Government's concern for little people, who are injured, sometimes unavoidably, by the Government in carrying out its work. It is essential to the survival of the oyster industry and to an important part of this Nation's economy. More importantly, it is crucially important to the survival of the independent oyster farmer who has for over a century worked without any governmental assistance or support. I urge the unanimous passage of this bill.

Mr. BUCKLEY. Mr. President, I oppose passage of S. 2201 and call attention of my colleagues to the minority views of Senator BAKER and myself that appear with Senate Report 93-867. Because of some procedural difficulties, our views were not included with the report until last Thursday. But the report has since been reprinted, and it should be available by now to every Member.

While our general views on the bill are outlined in the report, I would like to amplify a couple of points.

S. 2201 provides special benefits to some oystermen in Louisiana, benefits that are unavailable to the general public. This bill would also set precedent by shattering the necessary and long-established practice that holds the Federal Government free from liability for any damages that may result from its flood control activities. This practice was written into law in 1928 when the U.S. Government first undertook flood control projects on a major scale. It has been held fast until consideration of this bill.

Specifically, this bill authorizes $5,000,000 to indemnify an uncertain number of Louisiana oyster fishermen for "losses incurred" because the Bonnet Carre and Morganza spillways were opened in April 1973. These Corps of Engineers spillways diverted Mississippi River flood waters away from New Orleans and toward the Gulf of Mexico. Shunting this fresh water into normally saline waters may have been responsible, at least in part, for the destruction of many oysters. Oysters require a measure of salinity to survive.

The Bonnet Carre spillway was authorized in 1928, with structural work completed 4 years later. Since then, it has been opened on four occasions: in 1937, 1945, 1950, and from April 8 to June 21 of last year, according to the Corps of Engineers. Control structures for the Morganza Floodway were completed in 1954. The opening on April 17, 1973, was apparently its first use as a floodway. It was closed and drained by July 31.

According to a field hearing in New Orleans, oystermen began to lease waters in the path of the spillways only after construction of the spillways. As one example, much damage occurred to the oyster crop in the Lake Borgne area east of New Orleans. Oyster leasing of consequence did not begin in Lake Borgne until about 10 years ago, decades after Bonnet Carre was completed. Previously, oystermen had leased areas farther to the sea, waters that were less susceptible to any impact from a spillway opening. But since the 1930's, the area of oyster production has moved landward by 10 to 20 miles for various reasons, many man-induced. The control and channeling of flood waters, the opening of new ship channels, and the construction of upstream dams along the Mississippi-Missouri-Ohio River system have altered the fresh water flow that previously held the salt line further toward the sea. Areas where seed oysters used to grow became too saline.

Thus, committee hearings indicate, the oystermen obtained these leases in apparent full knowledge that the spillways existed and that there was every possibility they would be opened in times of flood.

This bill also concerns me because I do not believe "the President or his designee," as required by the bill, can make a realistic assessment of whether the oyster losses that occurred "resulted from the action of the United States in opening the Bonnet Carre and Morganza spillways during 1973."

This point is clarified both by the hearing record and by Corps figures on the source of fresh water flows into oyster areas. According to testimony by Dr. Lyle St. Amant, the knowledgeable director of the Louisiana Wildlife and Fisheries Commission:

> The very productive Lake Borgne-Bay Boudreaux complex was hard hit by discharges from the Bonnet Carre Spillway, plus the Pearl River and heavy localized rainfall.

How much of the damage was the result of the Bonnet Carre spillway? How much was due to rainfall? How much is attributable to the Pearl River? Can such questions be resolved? Does this legislation say, in effect, that all losses are due to the spillway?

The problem west of the Mississippi is even more complex. Only about 10 per-

cent of the fresh water that flowed through the Atchafalaya Floodway into oyster areas last spring entered through the Morganza Spillway, according to calculations by the Corps of Engineers. The rest was natural flow. Does that mean that 10 percent of the oyster losses resulted from the spillway opening? Or was the spillway opening the straw that broke the camel's back, "causing" all the losses? Or would just as many oysters have died if the spillway had remained closed?

Because of the extensive flooding throughout the lower Mississippi Valley last year, the President declared many areas of Louisiana as major disaster areas. This declaration covered the parishes where most of the oyster losses occurred.

The President's declaration, of course, made all citizens of those parishes eligible for the full benefits of Federal disaster relief law. Specifically, it made the oystermen eligible for unemployment insurance and disaster loans to pay costs related to damages, including repair and replacement of oyster planting machinery, reseeding the oyster beds, payments on oyster bed leases, interest on debts, taxes, insurance premiums, and family subsistence.

While approximately 1,150 oystermen work in the parishes covered by the disaster declaration, only 57 applied for disaster relief loans for their losses. Twenty-one loans, averaging $14,000, have been approved to date. Under the provisions of Public Law 93-237, these loans carry an interest cost of 1 percent, with the first $5,000 on each loan to be forgiven. If all loan applications are approved, the total of the loans will be $1,250,000 with some $250,000 to be forgiven.

I am solicitous of the plight of the oystermen. But it must be noted that they are already eligible to participate in the most liberal program of individual assistance ever provided to victims of natural disasters. This existing standard of assistance treats the Louisiana oystermen fairly, certainly as fairly as the Chesapeake Bay oystermen and others harmed by natural disasters. I believe it would be neither wise nor necessary to go beyond the generous assistance already available. And, happily, the 1973 floods did not destroy the Louisiana oyster industry. The industry appears to have maintained its sound and profitable pace. As one example, the most recent monthly figures—March—show the Louisiana oyster harvest as totaling 1,700,000 pounds of meat, the same poundage as was landed in March 1973, before the floods.

Mr. President, I ask unanimous consent that a table showing the weight and value of the Louisiana oyster catch for the past 4 years be printed at this point in the RECORD.

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

LOUISIANA OYSTER LANDINGS

Season	Poundage (shucked weight, pounds)	Dollar value to fishermen
1970 fall	2,729,000	$1,147,000
1971 spring	8,018,000	3,094,000
1971 fall	2,509,000	1,543,000
1972 spring	6,452,000	2,980,000
1972 fall	2,352,000	1,477,000
1973 spring	6,814,000	3,676,000
1973 fall	2,139,000	1,868,000
1974 spring	6,182,000	3,779,000

Source: National Marine Fisheries Service.

Mr. BUCKLEY. These figures were developed by the Government's National Marine Fisheries Service. The oyster catch last fall—after the full impact of the disaster was felt—totaled 2,139,000 pounds. While the catch dropped 10 percent from a year earlier, the oystermen's dollar income rose to $1,868,000 from $1,477,000.

Fluctuations in production, of course, are inherent in agriculture. A far more serious decline in Louisiana's oyster production—20 percent—occurred in the spring of 1972, compared with the spring of 1971, without any spillway openings.

While any damage to the oyster crop is regrettable, that damage apparently was relatively modest, or at least the oystermen were able to compensate for losses in one area by increasing production from other areas, including State waters not leased to individual oystermen.

It should be noted that Louisiana leases some 150,000 to 160,000 acres of oyster waters. The State charges $1 per acre per year for 15-year leases, which carry a 10-year renewal option. But the State of Louisiana also allows licensed oystermen to freely dredge oysters on an additional 200,000 to 300,000 acres of State-owned waters where oysters grow naturally.

Proponents of this legislation have also argued that dry-land farmers were compensated for the use of their lands when the spillways were built, while the oystermen were not. This is not an accurate comparison. When the Bonnet Carre spillway was constructed to the east of the Mississippi River, the Corps purchased fee title to all 7,677 acres for the spillway. The Government did not acquire a single acre of so-called flowage easement.

During the construction of the Morganza spillway, to the west of the Mississippi, the Corps followed several procedures. The Corps paid fee value—$15 to $25 an acre—for flowage easements across 71,577 acres of spillway land from the Mississippi River at Morganza to the vicinity of Krotz Springs, Louisiana, some 20 miles away.

The easements gave the corps full control of the land: it can clear it, flood it, build levees, channel it. South of Krotz Springs, the corps acquired flowage easements on 9,129 acres of the higher ground, land that was not subject to frequent flooding in the 1930's. The corps paid about 25 percent of fee value for these easements. But the corps paid nothing to the owners of some 600,000 acres of bottom land for the reason that this land was already subject to regular flooding.

Changes in the flow patterns since then have made the higher land subject to regular flooding, lessening its value.

The corps, of course, has never acquired easements for use of waters because of rights of navigation servitude. Also, the waters are State property, so that the owner—the State—would have received payment for any flowage easement, not the oystermen.

Possibly the most significant argument against this bill is its erosive effect as a precedent. When a major flood control effort by the Corps of Engineers was first approved in 1928, the Congress stated:

> No liability of any kind shall attach to or rest upon the United States for any damage from or by floods or flood waters at any place.

This language—section 3 of Public Law 70-391; 33 U.S.C. 702(c)—has been upheld consistently by the courts. It is construed to bar any action against the United States for the design, construction, operation, or maintenance of a flood control facility. This law, furthermore, was in effect when oyster beds were seeded in the path of waters that would be released through the spillways in any major flood.

The purpose of this prohibition is clear: when the Federal Government undertook to control devastating floods in the major river basins of the Nation, it was apparent that all flooding could never be stopped, despite the diligent and extensive efforts of the Corps of Engineers. Congress decided that to assure program efficiency, the Federal Government must insulate itself from the additional cost and harassment of compensating flood losses which might occur despite these efforts.

S. 2201 would seem to alter this thrust, opening the door for anyone to receive full compensation from the Federal Government for damages associated with flooding, if those damages are in any way related to the operation of a Federal project.

The question of precedent is a real one. In its views on this bill, the Department of the Army stated: "enactment would provide a very strong precedent for subsequent and continued erosion" of the corps' immunity from damage claims, and thus its effectiveness in handling flood dangers.

Insulation from damage claims is necessary if we are to have an effective flood control program. In the 1954 case of *National Manufacturing* v. *United States* (210 F.2d 270, 271) the Eighth Circuit Court of Appeals offered this observation:

> Undoubtedly the absolute freedom of the government from liability for flood damages is and has been a factor of the greatest importance in the extent to which Congress has been and is willing to make appropriations for flood control and to engage in costly undertakings to reduce flood damage.

The Fifth Circuit Court of Appeals, in the case of *Graci* v. *United States* (456 F.2d 20), made this observation:

> These cases, and what little legislative history there is, strongly support the view that the purpose of section 3 was to place a limit on the amount of money that Congress would spend in connection with flood control program. Congress undoubtedly realized that

the cost of extensive flood control projects would be great and determined that those costs should not have added to them the floodwater damages that might occur in spite of Federal flood control efforts.

The opening of the Bonnet Carre and Morganza spillways averted disastrous flooding in the populated are of New Orleans, La. Had the Mississippi floodwaters not been diverted through the spillways, the waters would have dealt a tragic blow to the people and economy of Louisiana.

Present law treats the oystermen fairly, by recognizing that they are, in fact, the victims of the natural disaster that required the opening of the spillways, and by extending to them the full benefits accorded all other victims of the same disaster.

I have not cited this background to impugn the oystermen or their supporters. I merely point it out in an effort to clarify the background of this bill. I sympathize with the oystermen, as I do with anyone who has suffered through a natural disaster.

The Mississippi Delta, fortunately, had not suffered from any major river flooding for more than two decades until last year. That may have induced a false sense of security among the oystermen.

But I do not believe that sympathy must beget legislation. The whole purpose of the Disaster Relief Act was to establish a fair and equitable national program of assistance. To sweeten the pot for one group of citizens means that we should, in fairness, sweeten it for all.

The policy enunciated in this bill would threaten the integrity of flood control law and would sour our effort to protect other communities across the land.

I oppose the proposed legislation.

The ACTING PRESIDENT pro tempore. Without objection, all remaining time on the bill has been yielded back. The question is on the engrossment and third reading of the bill.

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

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. TALMADGE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements limited therein to 5 minutes.

USE OF THE CHARACTER "WOODSY OWL"

Mr. TALMADGE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1585.

The ACTING PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 1585) to prevent the unauthorized manufacture and use of the character "Woodsy Owl," which was to strike out all after the enacting clause, and insert:

SECTION 1. As used in this Act—

(1) the term "Woodsy Owl" means the name and representation of a fanciful owl, who wears slacks (forest green when colored), a belt (brown when colored), and a Robin Hood style hat (forest green when colored) with a feather (red when colored), and who furthers the slogan, "Give a Hoot, Don't Pollute", originated by the Forest Service of the United States Department of Agriculture;

(2) the term "Smokey Bear" means the name and character "Smokey Bear" originated by the Forest Service of the United States Department of Agriculture in cooperation with the Association of State Foresters and the Advertising Council.

(3) the term "Secretary" means the Secretary of Agriculture.

SEC. 2. The following are hereby declared the property of the United States:

(1) The name and character "Smokey Bear".

(2) The name and character "Woodsy Owl" and the associated slogan, "Give a Hoot, Don't Pollute".

SEC. 3. (a) The Secretary may establish and collect use or royalty fees for the manufacture, reproduction, or use of the name or character "Woodsy Owl," and the associated slogan, "Give a Hoot, Don't Pollute", as a symbol for a public service campaign to promote wise use of the environment and programs which foster maintenance and improvement of environental quality.

(b) The Secretary shall deposit into a special account all fees collected pursuant to this Act. Such fees are hereby made available for obligation and expenditure for the purpose of furthering the "Woodsy Owl" campaign.

SEC. 4. (a) Whoever, except as provided by rules and regulations issued by the Secretary, manufactures, uses, or reproduces the character "Smokey Bear" or the name "Smokey Bear", or a facsimile or simulation of such character or name in such a manner as suggests "Smokey Bear" may be enjoined from such manufacture, use, or reproduction at the suit of the Attorney General upon complaint by the Secretary.

(b) Whoever, except as provided by rules and regulations issued by the Secretary, manufactures, uses, or reproduces the character "Woodsy Owl", the name "Woodsy Owl", or the slogan "Give a Hoot, Don't Pollute", or a facsimile or simulation of such character, name, or slogan in such a manner as suggests "Woodsy Owl" may be enjoined from such manufacture, use, or reproduction at the suit of the Attorney General upon complaint by the Secretary.

SEC. 5. Section 711 of title 18 of the United States Code is amended—

(1) by inserting "and for profit" immediately after "knowingly", and

(2) by deleting "as a trade name or in such manner as suggests the character 'Smokey Bear' ".

SEC. 6. Chapter 33 of title 18 of the United States Code is amended by adding after section 711 a new section, as follows:

"§ 711a. 'Woodsy Owl' character, name, or slogan

"Whoever, except as authorized under rule and regulations issued by the Secretary, knowingly and for profit manufactures, reproduces, or uses the character 'Woodsy Owl', the name 'Woodsy Owl', or the associated slogan, 'Give a Hoot, Don't Pollute' shall be fined not more than $250 or imprisoned not more than six months, or both".

SEC. 7. Section 3 of the Act entitled "An Act prohibiting the manufacture or use of the character 'Smokey Bear' by unauthorized persons" (31 U.S.C. 488a) is amended by striking out "under the provisions of section 711 of title 18".

SEC. 8. The table of sections of chapter 33 of title 18, United States Code, is amended by inserting immediately after the item relating to section 711 the following:

"711a. 'Woodsy Owl' character, name, or slogan.".

Mr. TALMADGE. Mr. President, I move that the Senate concur in the House amendments.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Georgia.

The motion was agreed to.

QUORUM CALL

The ACTING PRESIDENT pro tempore. Is there further morning business?

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

The assistant legislative clerk proceeded to call the roll.

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

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

APPROVAL OF LOAN TO FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC., TAVERNIER, FLA.

A letter from the Acting Administrator, Rural Electrification Administration, United States Department of Agriculture, transmitting, pursuant to Senate Report No. 497 information requested on approval of loan to Florida Keys Electric Cooperative Association, Inc., of Tavernier, Fla. (with an accompanying paper). Referred to the Committee on Appropriations.

PROCEEDINGS OF NATIONAL WORKSHOP ON SANCTUARIES

A letter from the Secretary of Commerce, transmitting the proceedings of a National Workshop on Sanctuaries (with an accompanying document). Referred to the Committee on Commerce.

PROPOSED LEGISLATION BY FEDERAL POWER COMMISSION

A letter from the Federal Power Commission, transmitting a draft of proposed legislation to amend the Federal Power Act and the Natural Gas Act (with an accompanying paper). Referred to the Committee on Commerce.

PROPOSED LEGISLATION BY DEPARTMENT OF TRANSPORTATION

A letter from the Acting Secretary, Department of Transportation, transmitting a draft of proposed legislation to amend title 14, United States Code to provide a subsistence allowance for members of the Coast Guard officer candidate program (with an accompanying paper). Referred to the Committee on Commerce.

PROPOSED LEGISLATION BY DEPARTMENT OF TREASURY

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend the Internal Revenue Code of 1954 with respect to the collection of income tax at source on amounts awarded in

State-conducted lotteries (with an accompanying paper). Referred to the Committee on Finance.

PROPOSED LEGISLATION BY DEPARTMENT OF STATE

A letter from the Department of State, transmitting a draft of proposed legislation to complement the Vienna Convention on Diplomatic Relations (with accompanying papers). Referred to the Committee on Foreign Relations.

REPORT OF PROCEEDINGS OF MEETING OF JUDICIAL CONFERENCE

A letter from the Chief Justice, transmitting, pursuant to law, a report of the proceedings of the meeting of the Judicial Conference of the United States held in Washington, D.C., on March 7 and 8, 1974 (with an accompanying report). Referred to the Committee on the Judiciary.

REPORT ON BUDGET EXECUTION, CONSUMER PRODUCT SAFETY COMMISSION

A letter from the Acting Director, Division of Budget and Finance, Consumer Product Safety Commission, transmitting, pursuant to law, a report on budget execution, for the month of February 1974 (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

WORK PLANS FOR UPSTREAM WATERSHED PROTECTION

A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, three work plans for upstream watershed protection (with accompanying papers). Referred to the Committee on Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HART, from the Committee on Commerce, with an amendment:

H.R. 8977. An act to establish in the State of Florida the Egmont Key National Wildlife Refuge (Rept. No. 93-939).

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs, without amendment:

H.R. 13839. An act to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended.

By Mr. ROBERT C. BYRD, from the Committee on the Judiciary, without amendment:

H.R. 1376. An act for the relief of J. B. Riddle (Rept. No. 93-940).

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare, reported adversely, and without amendment:

S. 1566. A bill to provide for the normal flow of ocean commerce between Hawaii, Guam, American Samoa, or the Trust Territory of the Pacific Islands and the west coast, and to prevent certain interruptions thereof (Rept. No. 93-941).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

James D. Hodgson, of California, to be Ambassador Extraordinary and Plenipotentiary to Japan; and

David E. Mark, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Burundi.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. CLARK:

S. 3661. A bill to amend the Act to incorporate Little League Baseball to provide that the league shall be open to girls as well as to boys. Referred to the Committee on the Judiciary.

By Mr. STEVENS:

S. 3662. A bill to prevent loss of medicaid eligibility (by reason of the recent increase in social security benefits) of certain individuals who, immediately before such increase, were eligible (as recipients of mandatory State supplementary payments) for medicaid. Referred to the Committee on Finance.

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

S. 3663. A bill to amend the Internal Revenue Code of 1954 to provide an exemption from income taxation for certain income of condominium housing associations, homeowner associations, and cooperative housing corporations. Referred to the Committee on Finance.

By Mr. NELSON (for himself, Mr. TUNNEY, and Mr. SCHWEIKER):

S. 3664. A bill to amend the Motor Vehicle Information and Cost Savings Act. Referred to the Committee on Commerce.

By Mr. GRAVEL:

S. 3665. A bill to amend section 5001 of title 38, United States Code, in order to require Veterans' Administration hospitals to be located throughout the United States in a manner to better serve the convenience of all veterans in all the States. Referred to the Committee on Veterans' Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CLARK:

S. 3661. A bill to amend the act to incorporate Little League Baseball to provide that the league shall be open to girls as well as to boys. Referred to the Committee on the Judiciary.

THE LITTLE LEAGUE'S DECISION

Mr. CLARK. Mr. President, for more than 2 years now, little girls in this country have been trying—in the courts—to win the right to play Little League baseball. And until last week, Little League Baseball, Inc., struggled mightily to keep girls off its teams.

Little League, which operates 9,100 leagues for 2.5 million youngstesr in 31 nations, has been an all-male institution since its founding in 1939. On June 12, however, Little League officials reversed that policy and announced that "because of the changing social climate" they were ordering all franchises to give girls between the ages of 8 and 12 an equal chance to make the team and play baseball.

The appellate division of the Superior Court in New Jersey 2 months ago upheld a ruling by the State Division of Civil Rights which said there was no significant physical or psychological basis for preventing girls of this age from playing organized baseball with boys of the same age—thus undercutting the main argument of the opposition to girls' participation.

The Little League board has asked that appropriate legislation be introduced in the Congress to amend the Federal charter under which Little League has operated since 1964. That charter says that the purpose of Little League is "to promote, develop, supervise and voluntarily assist in all lawful ways the interest of boys." As a result, I have introduced legislation to place girls on an equal footing with boys under the Little League's Federal charter. This bill, a companion measure to H.R. 8864 introduced last year by Representative MARTHA GRIFFITHS of Michigan, would change the wording of the charter to substitute "boys and girls" wherever the word "boys" appears, and it replaces the expression "citizenship, sportsmanship and manhood" with "citizenship and sportsmanship."

I hope that this legislation receives swift approval from the Congress, so that there will no longer be any legal question about whether girls can play Little League baseball. This legislation, of course, would not guarantee that any girl who tried out for a Little League team would get a spot. It would simply give girls an equal opportunity. Commonsense should dictate that ability—not sex—is the best criterion for competitive athletic eligibility. Besides, interviews with youngsters on Little League teams throughout the country generally indicate that the boys could care less about having girls on their teams. The usual sentiment is "If she's good, let her play."

Mr. President, if Little League baseball is as American as apple pie—as has been often said—there is no reason why that part of America should be witheld from little girls.

By Mr. STEVENS:

S. 3662. A bill to prevent loss of medicaid eligibility—by reason of the recent increase in social security benefits—of certain individuals who, immediately before such increase, were eligible—as recipients of mandatory State supplementary payments—for medicaid. Referred to the Committee on Finance.

MEDICAID ELIGIBILITY AMENDMENT

Mr. STEVENS. Mr. President, the bill which I am introducing today would correct what I believe to be a defect in the most recent social security benefit increase enacted by the Congress, Public Law 93-233.

This bill as passed did not protect the medicaid eligibility of those persons who became ineligible for cash assistance due to the increase in social security benefits.

The two prior social security increases, Public Law 92-603 and Public Law 93-66 both contained a provision mandating continuation of medicaid eligibility for those persons previously eligible before the increase became effective. I believe these two laws give a clear indication of congressional intent in this area. My bill would simply apply this established policy to the latest social security increase.

Mr. President, I ask that the text of my bill be printed in the RECORD at this point.

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

S. 3662

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) in addition to other requirements imposed by law as conditions for the approval of any States plan under title XIX of the Social Security Act, there is hereby imposed (effective March 1, 1974) the requirement (and each such State plan shall be deemed to require) that, for any month after February 1974, medical assistance under such plan shall be provided to any individual—

(1) with respect to whom there (A) was payable for February 1974 a supplementary payment pursuant to an agreement entered into between the State and the Secretary of Health, Education, and Welfare under section 212(a) of Public Law 93–66, and (B) would be payable with respect to such individual such a supplementary payment, if the amount of the supplementary payments payable pursuant to such agreement were established without regard to paragraph (3)(A)(ii) of such section 212(a),

(2) with respect to whom for such month (after February 1974) there (A) is not payable to such individual a supplementary payment which meets the criteria set forth in clauses (A) and (B) of paragraph (1), and (B) there would be payable to such individual such a supplementary benefit except for the general increase in social security benefits brought about by reason of the enactment of section 201 of Public Law 93–66 and section 1 of Public Law 93–233, and

(3) in like manner, and subject to the same terms and conditions, as medical assistance is provided under such plan to individuals with respect to whom benefits are payable for such month under the supplementary security income program established by title XVI of the Social Security Act.

(b) Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals who are eligible for such assistance under subsection (a).

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

S. 3663. A bill to amend the Internal Revenue Code of 1954 to provide an exemption from income taxation for certain income of condominium housing associations, homeowner associations, and cooperative housing corporations. Referred to the Committee on Finance.

Mr. BEALL. Mr. President, I am today introducing legislation designed to exempt from income taxation the membership contributions in reserve funds accumulated by condominium housing associations, homeowner associations, and cooperative housing corporations in order to defray future high-cost maintenance and repair bills. This measure is cosponsored by my colleague from Maryland, Senator MATHIAS.

This legislation, if enacted by the Congress, would overcome recent Internal Revenue Service rulings which held that condominiums and housing associations are in fact corporations under the law, and thus can be taxed at corporate levels. The practical effect of these rulings, if allowed to stand by the Congress, would be to severely hamper the development of such housing concepts by placing heavy tax penalties on the accumulation of reserve funds, and thus require associations to make heavy assessments on homeowners whenever extensive repairs must be made.

Mr. President, condominium and cooperative homeownership has become a most attractive—and often the only—way for many Americans to own a home. In urban areas, and other areas of dense population, such as resorts, condominiums, and cooperatives offer an efficient method of housing large numbers of people in a relatively small area.

A recent survey of 25 metropolitan areas revealed that half of all new housing units in these areas in 1973 were condominium units. At a time when this Nation is facing severe housing problems, particularly for low- and moderate-income persons, it seems to me highly unwise to lay tax barriers before the development of this promising concept.

In this period of spiraling inflation, especially in the housing market, single-family homes are simply out of the reach of many Americans. In the Washington suburbs, an average home now sells at about $42,000, and this figure climbs almost monthly. Obviously, for young families, for retirees, for moderate-income people, such prices are completely out of reach. The condominium and cooperative concepts offer them the chance to be a homeowner. Congress has throughout our tax laws recognized the social good of homeownership, and has encouraged its development by allowing deductions for such things as mortgage interest and property tax payments. To permit these latest IRS decisions to stand would fly in the face of our effort to assist Americans in owning their home.

Let us look at what a condominium really is. A condominium is simply a plan of ownership which permits individuals to own directly a porton of the building in which they live, as well as part of the land underneath it. It provides for the separate ownership by each owner of a unit or apartment in the building and for the common ownership of the underlying land and public or commonly used improvements.

Owners typically are responsible for the maintenance of the interior of their units. But to meet the maintenance needs of commonly held areas, they form associations to handle these chores. Usually, this ownership management association takes the form of a corporation, in order to protect owners from unlimited liability.

Homeowner associations, usually found in planned unit developments, and cooperatives also make use of this vehicle to accomplish needed maintenance.

Unit owners then pay, usually in monthly installments, a sum to the management organization or the association to meet these maintenance costs. The bulk of the monthly assessment will be used for utilities, current maintenance and repairs, and capital replacement and repairs. However, a smaller portion of this fee will be set aside in a reserve for future capital replacement and repairs, such as for major repairs to roofs, sidewalks, heating and air-conditioning equipment, and recreational facilities. Of particular note is that most lenders and private mortgage insurers require reserves. The same is true of secondary purchasers of mortgages such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

It is these reserve funds which will bear the burden of this capricious and unfair IRS decision. The amount of this tax involved could well be as high as 48 percent at the Federal level, in addition to any State corporation tax.

There are about 19,000 "community service associations," which include condominiums, home associations in planned unit developments and townhouse communities, in the country today, a number I might add that is growing at a rate of about 4,000 associations per year. To allow these rulings to stand would be to force each and every owner to pay the high tax assessments on this reserve fund, an amount which is often in the tens of thousands of dollars.

And is it fair? I do not believe so. To prove my point, take this example:

If citizen A and citizen B decide to establish a joint bank account to pay for future repairs to their driveway, they will not be penalized for their thrift by having those deposited funds taxed.

Yet, when a condominium homeowner, or cooperative housing association pools its resources, essentially for the same reason, it is taxed at corporate levels.

Additionally, such a tax is, in my judgment, double taxation on these residents. The owner has already paid income taxes on the money deposited with the association for maintenance, but he must in effect pay another higher tax when that money goes into the reserve.

So what we have, in fact, is a situation whereby Government and private lenders are requiring the maintenance of a reserve as a good, sound financial procedure, but another Government agency—the IRS—has decided, in effect, to preclude the development of such a viable fund by taxing it to death.

Some of my colleagues are probably asking themselves, "How did these associations get into this position?"

On January 15, 1974, the Internal Revenue Service, in Revenue Ruling 74–17, ruled that organizations—

Formed by the unit owners of a condominium housing project to provide for the management, maintenance, and care of the common areas of the project, as defined by State statute, with membership assessments paid by the unit owners does not qualify for exemption under section 501(c)(4) of the code.

This decision reversed the traditional IRS interpretation which stated that organizations which are operated primarily for the purpose of bringing about civic betterment and social improvement, such as condominiums, were tax exempt.

On March 6, 1974, much of the substance of Revenue Ruling 74–17 was applied to homeowners' associations although not in such an all-inclusive order as was the case with condominiums. In Revenue Ruling 74–99, a homeowners' association may qualify for exemption under section 501(c)(4) of the code, if, first, it serves a "community" which bears a reasonable recognizable relationship to an area ordinarily identified as governmental; second, does not conduct

activities directed to the exterior maintenance of private residences; and third, offers the common areas or facilities it owns for the use of the general public.

Thus, although some homeowners' associations will still be tax exempt, most will no longer receive the exemption they also have previously enjoyed.

Cooperatives also face these same heavy tax burdens when they accumulate excess assessments. In *Park Place, Inc.* v. *Commissioner of Internal Revenue* (57 T.C. 767 (1972)) the Court found that excess assessments from members, over-and above those amounts used for current operating expenses, were taxable. Thus, this ruling also prohibits cooperatives from accumulating reserves necessary for the accomplishment of long-term or costly maintenance tasks.

Mr. President, the individual homeowner does not have to pay a tax on the money he saves and expends for maintenance. But because of these rulings, the condominium, cooperative, and planned unit development homeowner does. In effect, the Internal Revenue Service has made the performance of these services much more costly to these homeowners than to other homeowners. The discrimination could not be clearer.

Mr. President, my bill seeks to end that discrimination. It would exempt from corporate taxes the income derived by condominimum homeowners and cooperative housing associations from owner assessments for the purpose of maintaining, repairing, and replacing common property items. The measure requires that such corporation be operated exclusively for the preservation, maintenance, management, operation, and repair of the common buildings, grounds, and facilities of the association, and does not allow such associations to engage in any profitmaking ventures not connected with the performance of services for the benefit of individual members of the association.

Additionally, membership in these associations, for the purposes of the bill, would be limited to the owners or occupants of residential units in the condominium, housing development, or cooperative housing corporation. Thus, by inclusion of this standard, we are precluding the use of this exemption by commercial operations who might seek such favorable tax treatment.

Finally, to make absolutely certain that this new section will not be subject to abuse, my proposal includes a special rule applicable to such organizations as I have described which makes it unmistakeably clear that only membership income—that income derived from assessments, fees or charges received from members of the association for maintenance and management of the development—is exempt, and that other income, from whatever source, including interest, is still subject to taxation.

In short, all this legislation does is exempt from tax those reserve funds accumulated by housing associations through membership assessments for the purpose of maintaining the common buildings, grounds, and facilities of condominium, cooperative or homeowner associations.

Mr. President, condominiums, cooperatives, and homeowner associations are not organized for profit. They are organized for the mutual benefit of the association members, and for the community at large. A well-run, properly maintained condominium development improves the area in which it is located, as well as providing possibly the only opportunity for potentially millions of Americans to own a home.

My bill merely seeks to return things to the way they were prior to the time these two capricious and discriminatory tax rulings were made earlier this year.

I do not believe Congress wants to place disincentives before potential homeowners, and thus I urge the Senate to rectify this situation by acting favorably on this legislation.

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

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

S. 3663

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that section 501(c) of the Internal Revenue Code of 1954 (relating to list of exempt organizations) is amended by adding at the end thereof the following new paragraphs:

"(20) Corporations or organizations, such as condominium associations, homeowner associations or cooperative housing corporations (as defined in section 216(b)(1)), not organized for profit, the membership of which is limited to the owners or occupants of residential units in the condominium, housing development or cooperative housing corporation, and operated exclusively for the management, operation, preservation, maintenance or landscaping of the common areas and facilities owned by such corporation or organization or its members situated contiguous to such houses, apartments or other dwellings, or for the management, operation, preservation, maintenance and repair of such houses, apartments, or other dwellings owned by the corporation or organization or its members, but only if no part of the net earnings of such corporation or organization inures (other than through the performance of related services for the members of such corporation or organization) to the benefit of any member of such corporation or organization or other person."

SEC. 2. Section 512(a) of the Code is amended to add after paragraph (4) the following:

(5) SPECIAL RULE APPLICABLE TO ORGANIZATIONS DESCRIBED IN SECTION 501(c)(20).—

(A) GENERAL RULE.—In the case of an organization described in section 501(c)(20), the term "unrelated business taxable income" means the gross income (excluding any membership income), less the deductions allowed by this chapter which are directly connected with the production of the gross income (excluding any membership income), both computed without regard to the modification provided in paragraph (1) of subsection (b).

(B) MEMBERSHIP INCOME.—For purposes of subparagraph (A), the term "membership income" means the gross income from assessments, fees, charges or similar amounts received from members of the organization for expenditure in the preservation, maintenance and management of the common areas and facilities of or the residential units in the condominium or housing development.

SEC. 3. The amendment made by this section applies to taxable years beginning after December 31, 1973.

TAX RELIEF FOR CONDOMINIUM OWNERS

Mr. MATHIAS. Mr. President, I am pleased to join with Senator BEALL today in introducing a bill to provide needed relief to condominium owners from the burden of double taxation. This bill, which we are also introducing as an amendment to the pending bill on the public debt limit, will help to insure that our income tax code keeps pace with the reality of modern condominiums.

Each of us in this Chamber know that condominiums are a relatively recent phenomenon, but that the number of condominium owners is growing very rapidly, for a wide variety of reasons. It is not surprising, therefore, that the tax code should be in need for clarification in its application to condominiums.

Condominium living permits individual owners to share common services, such as trash collection, landscaping, outside lighting, water, and maintenance which the homeowner would normally provide for himself.

To pay for these essential services, condominium associations maintain a fund by assessing the individual owners a monthly fee. Prudent money management requires that these assessments slightly exceed current expenses to provide for emergency expenditures and to eliminate the inconvenience of collecting money on short notice. Money that is not spent during the month is maintained as a "reserve fund." This reserve fund is now taxed as though it were a corporate profit. Yet this fund does not have the characteristics of a corporate profit. It is derived from the members of the condominium association, not from unaffiliated customers. It is used solely to pay for services and is not returned to the owners of the condominium. For these reasons. I believe that a surplus maintained in these reserve funds should not be subject to the high rate of taxation applied to corporate profits.

Further, it should be pointed out that the portions of the individual owner's incomes that go to pay for common services have previously been subject to personal income taxation. Homeowners are not required to pay a corporate tax on expenditures for many comparable services, neither should owners of condominiums.

This bill is designed to exempt the "reserve fund" from taxation. It provides safeguards to prevent possible abuses by limiting membership in condominium associations to owners of housing units and by preventing members from receiving dividends or other monetary distribution.

I would like to emphasize that this bill will serve to establish guidelines for public administrators and private citizens in an area of growing concern and deserves our prompt attention. It is our responsibiilty to insure that our laws fit modern realities. We should not pass that back to the executive branch, and force officials in the Internal Revenue Service or elsewhere to try to adapt old laws to new situations without needed guidelines from the Congress. For this reason, I am hopeful that the Congress will be able to act quickly on this legislation which Senator BEALL and I are introducing.

By Mr. NELSON (for himself, Mr. TUNNEY, and Mr. SCHWEIKER):

S. 3664. A bill to amend the Motor Vehicle Information and Cost Savings Act. Referred to the Committee on Commerce.

THE NATIONAL FUEL ECONOMY TESTING ACT OF 1974

Mr. NELSON. Mr. President, the National Fuel Economy Testing Act of 1974 formally gives the Administrator of the U.S. Environmental Protection Agency statutory authority and enforcement power to test the fuel economies of new cars and trucks and to publish the resulting data. Publications would take the form of pamphlets and reports as well as mandatory labeling that would be affixed to all new motor vehicles.

The need for this legislation is unquestionable in view of the energy crisis and the resulting continuous rise in the cost of gasoline.

The automobile is an important and often necessary part of most Americans' lives. Eight out of every 10 Americans own at least 1 automobile and 5 of those 10 own 2 or more. According to a booklet issued by the Department of Transportation, titled "Cost of Operating an Automobile," an average American, operating a standard sized car during an average 10-year lifetime will expend the staggering figure of $15,892.36. This comes to 15.89 cents a mile. Fuel and oil excluding taxes takes up about 3.2 cents of that figure or approximately one-fifth the cost of operating an automobile. Total daily consumption of gasoline in the United States comes to approximately 281,360,000 gallons.

Mandatory labeling containing fuel economy data would make available to the American consumer information which would greatly expedite decisions as to which automobile best fits his or her pocketbook and needs. The EPA has published fuel economy information it has gathered from its own testing. The public demand for this information has exceeded expectations and the supply copies of 1974 model year car fuel economies published in the Federal Register have been exhausted.

The EPA also developed a voluntary labeling program under which labels containing either just the general average fuel economies for cars by weight class or the specific fuel economy measured for the vehicle on which the label is attached. No manufacturer opted for this latter vehicle specific label, but 95 percent of the manufacturers of all vehicles sold in the United States agreed to affix labels containing the general-average fuel economies on new cars beginning in the fall of 1973.

The major problem encountered under this program was that many dealers were removing the labels. The EPA has been unable to do anything to remedy this situation other than to publicly condemn the removal of the labels.

The National Fuel Economy Testing Act would mandate vehicle specific labelling and give the EPA effective power to enforce the program.

The President assigned the EPA responsibility for developing and implementing a program to inform the public as to the fuel economy characteristics of automobiles in April 1973. EPA promptly acted on the President's announcement and published fuel economy data of 1973 model year cars it had gathered in conjunction with its auto emission testing program. The fact that the EPA can do both types of testing using almost the same procedure is one of the advantages of having the EPA perform the tests.

Measurement of fuel economies is a matter of quantifying the amounts of carbon emission in the exhaust and correlating them with the number of gallons of gasoline used per mile. This is possible, because carbon is a direct product of gasoline and therefore related to the amount of gasoline burned by a particular engine type. This procedure is performed using the same equipment as the auto emission testing involving only another 10 minutes of time and there is almost no additional cost to the American taxpayer.

The ease and simplicity of the EPA's testing procedure is relevant also to the question raised by the auto manufacturers that fuel economy testing would be better performed by another agency or through self-certification. Such a position ignores the practicalities involved as well as the established expertise of EPA-sponsored testing. The EPA has gained, largely through trial by fire, credibility as an independent consumer-oriented agency. If another agency were to be given the responsibility of fuel economy testing, new personnel would have to be hired and trained, and more equipment would have to be purchased which would simply be a duplicate of the program that the EPA already has developed and implemented. To assign the testing program to anyone else would be a waste of taxpayer money that in these times of tight money and inflation is beyond rationalization.

This is not to say that the auto manufacturers on their own could not gather additional data. That is up to them. However, in order to insure that consistent and accurate fuel economy data will be available, a specific agency should be given the authority to conduct the testing and I believe that the EPA is the agency most capable of discharging this responsibility and, therefore, the best and most practical choice.

The EPA uses a dynamometer in its testing procedure. Some questions have been raised as to whether this is the best method of fuel economy testing. One criticism is that the dynamometer is not as precise or accurate as the road testing procedure used by many auto manufacturers. Opinion is somewhat divided on this issue, but in dealing with the specific issues raised by the auto manufacturers, the dynamometer at least equals or even surpasses the performance of road testing.

For example, the EPA was criticized for not factoring into its 1974 model year data, the specific aerodynamics of the different vehicles. This is true but only because it was relatively unnecessary for the type of testing EPA was doing at that time. In its 1974 testing, EPA's test driving cycle represented only city/suburban driving which accounts for some 55 percent of the vehicle miles driven in the United States. Under such driving conditions, aerodynamics plays only an insignificant role. In its 1975 model year testing, the EPA, working with the Society of Automotive Engineers—SAE—developed and has incorporated a highway driving mode with the city/suburban test cycle and is now, therefore, including aerodynamics of the various motor vehicles as the data is supplied by the auto manufacturers themselves.

The primary purpose of the EPA fuel economy labeling program is to provide standardized and credible data on the relative fuel economies of cars that are available for purchase. Thus, if a factor is missing, it will be missing throughout and will not affect the relativity of the fuel economy ratios. To quote a statement by Ernest Storkman, vice president of General Motors, in replying to a question by Senator TUNNEY concerning the relative accuracy of the different testing procedures during the Senate Commerce Committee hearings on the issue:

In the main, and I must be fair, in the main we get nearly the same results. . . .

A closely related problem that has been raised is the relative precision of the different testing procedures. It is claimed by the auto manufacturers that the road test is the more precise. From a standpoint of both practicality and accuracy, the dynamometer is actually more precise. Unlike the road test, the dynamometer is able to factor out driver variabilities which often represent the greatest obstacles to consistent and accurate fuel economy testing. The fact that auto manufacturers most often use road testing may in fact account for the differences between their data and that of the EPA. Furthermore, by using the dynamometer, the EPA is not dependent on favorable weather conditions and can conduct the tests with greater speed and efficiency. If the EPA used the road test, much time and money would be wasted waiting around for good weather.

Another issue that has been raised concerning the EPA testing procedure is that only one model type of car was being used and that it represented the worst possible combinations of features of that model.

With reference to the first criticism, while the EPA in the past did use only one vehicle, in its future testing it will use three vehicles as is recommended by the Automotive Environmental Systems, Inc.

As for the second aspect of the criticism, during the Senate Commerce Committee hearing of May 17, 1974, Eric Stork, Director of EPA's Mobile Source Pollution Control Division, testified that it was not true that the EPA used only the worst model types. The EPA procedure tests two types of vehicles which they term "A-selection" and "B-selection." The A-selections represent 70 percent of the model mix that the manufacturer intends to sell for that engine sys-

tem combination. Usually this is satisfied with two test cars. The B-selections are based on a consideration of all the combinations or equipment that the manufacturer plans to put on these cars. The vehicles which from a standpoint of emissions control are likely to be the worst performers are identified and then some of them are selected for testing. For the 1975 model year testing, the EPA is publishing the fuel economy data on an averaged basis and the B-selections will be in that average but only in relationship to the number of units sold. To reemphasize, the dynamometer provides a form of measurement that is more repeatable and more free from the variabilities that come into road track testing.

The need for consistency and precision is illustrated by the situation exposed by a consumer in a letter submitted into testimony during the Senate Commerce Committee hearing on fuel economy testing. The letter included two different advertisements published in the January and February issues of a national magazine of the 2-liter Porsche 914. In January the Porsche's mile-per-gallon ratio was 23; in February it miraculously jumped to 29. I find it difficult to rationalize this except as strong argument for passing the Fuel Economy Testing Act.

One final area with which auto manufacturers have expressed some concern is that they feel that the vehicles being used by the EPA in its testing which are preproduction models are not the same as those that will be sold in the national market. If this is true, perhaps the Justice Department should be informed. Auto manufacturers are required by law to provide the EPA with prototype vehicles. These vehicles, in fact, are often, if anything, built with more care than those that are sold in the general market.

In summary, if the fuel economy testing program were transferred out of the EPA, the public would be denied a constant credible source of this significant fuel economy information. To permit occurrences as the Porsche advertisement to be the sole source of fuel economy data will only exaggerate the public's confusion and disconcertion with the national energy shortage and particularly with fuel economy. EPA has been and would continue to be able to present standardized, uniform, and credible data.

Mr. President, I ask unanimous consent that the text of the Fuel Economy Testing Act of 1974 be printed in the RECORD.

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

S. 3664

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Fuel Economy Testing Act of 1974".

SEC. 2. Section 201 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1941) is amended by adding at the end thereof the following new subsection:

"(f) FUEL ECONOMY INFORMATION.—Concurrently with such study and compilation of information by the Secretary, and on an annual basis, the Administrator of the Environmental Protection Agency shall determine and publish for the benefit of consumers information with respect to the fuel economy of passenger motor vehicles. As used in this subsection, "fuel economy" refers to the average distance traveled by a vehicle per unit of fuel consumed, as determined in accordance with test procedures established by such Administrator in cooperation with the Director of the National Bureau of Standards.".

ADDITIONAL COSPONSORS OF BILLS

S. 2784

At the request of Mr. ROBERT C. BYRD, on behalf of Mr. HARTKE, the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Maryland, (Mr. MATHIAS), the Senator from Hawaii (Mr. INOUYE), the Senator from Ohio (Mr. TAFT), the Senator from New York (Mr. BUCKLEY), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of S. 2784, to amend title 38, United States Code, to increase the vocational rehabilitation subsistence allowance, educational assistance allowances, and the special training allowances paid to eligible veterans and persons under chapters 31, 34, and 35 of such title; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34 of such title; to improve and expand the veteran-student services program; to establish a veterans' education loan program for veterans eligible for benefits under chaper 34 of such title; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans Employment Service and providing for an action plan for the employment of disabled and Vietnam era veterans; to make improvements in the educational assistance program; to recodify and expand veterans' reemployment rights; to make improvements in the administration of educational benefits; and for other purposes.

S. 2923

At the request of Mr. INOUYE, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 2923, to provide certain special educational services to handicapped dependents of members serving on active duty.

S. 3305

At the request of Mr. CLARK, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 3305, to amend the Public Health Service Act to provide assistance for programs for the diagnosis, prevention, and treatment of, and research in Huntington's disease.

S. 3582

At the request of Mr. RIBICOFF, the Senator from Iowa (Mr. CLARK) was added as a cosponsor to S. 3582, to extend eligibility for food stamps for supplementary security income recipients.

S. 3625

At the request of Mr. DOMENICI, the Senator from Wyoming (Mr. HANSEN), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Montana (Mr. METCALF) were added as cosponsors of S. 3625, to provide for the recycling of used oil, and for other purposes.

S. 3637

At the request of Mr. HUGH SCOTT, the Senator from Georgia (Mr. NUNN) was added as a cosponsor of S. 3637, to amend the Communications Act of 1934 to provide that licenses for the operation of broadcasting stations may be issued and renewed for terms of 5 years, and for other purposes.

S. 3638

At the request of Mr. HUGH SCOTT, the Senator from Montana (Mr. METCALF) was added as a cosponsor of S. 3638, to amend the act to incorporate Little League Baseball to provide that the league shall be open to girls as well as to boys.

S. 3649

At the request of Mr. PELL, the Senator from Connecticut (Mr. RIBICOFF) was added as a cosponsor of S. 3649, the Social Security Recipients Fairness Act of 1974.

SENATE RESOLUTION 342—SUBMISSION OF A RESOLUTION TO EXPRESS THE SENSE OF THE SENATE WITH RESPECT TO CERTAIN FISHING OPERATIONS OF NATIONS OF FOREIGN COUNTRIES

(Referred to the Committee on Commerce.)

Mr. GRAVEL. Mr. President, today I submit a resolution demanding action on the part of the Executive to implement the economic sanctions of the Fishermen's Protective Act (16 U.S.C. 1978).

The reports from Alaska on the salmon situation are very dismal. High seas commercial fishing in the Western Aleutians by the Japanese has so depleted this resource as to foreclose all commercial and subsistence fishing in western Alaska. The forecasted run for sockeye salmon in 1974 will be only half that necessary for brood stock to insure maintenance of this resource.

The harvesting statistics for the past 3 years are equally stunning. There has been a major downward trend in the commercial salmon harvests since 1970. For 1974, the projection of 15.6 million salmon is the lowest harvest to occur in this country. In this 3-year period, the largest industry in my State faces total destruction. Alaska, with an unemployment rate of 13.5 percent in January, the highest unemployment rate in this country, is now threatened with disbandment of its major industrial employer.

The promise of preserving fisheries has been bantered about in the political arena, but there is still no relief in sight for the affected fisherman. The Executive, charged with enforcement of our laws, has neglected its duty to the people. Alaskans have had enough rhetoric; Alaskans can no longer tolerate administration acquiescence in this rape of the

sea in the name of higher goals; Alaskans demand action.

The blatant hypocrisy of the administration on this issue is well documented. The Director of the National Marine Fisheries Service runs about the country criticizing the Japanese for their failure to respond to critical conservation problems. These criticisms are not ill-founded; yet, this chief enforcement officer is strangely silent in urging action on the part of his boss, the Secretary of Commerce, to initiate appropriate relief available under the Fishermen's Protective Act. The response given for nonenforcement evades the issue, "It is unrealistic to impose these economic sanctions for scattered, minor violations." At this juncture in Alaskan fisheries, it is not a question of scattered, minor violations.

Furthermore, the State Department has laid out the administration's position in regard to protecting our coastal fisheries:

If anyone seriously thinks that the U.S. Government is going to enforce a unilaterally declared 200 mile limit or ownership of anadromous species . . . they are very, very much mistaken. There is no way this will occur, no way!

These official pronouncements are illustrative of the lackadaisical attitude the enforcement arm of our Government takes to protecting our fisheries. It is certainly not a pleasant message to relay to our fishermen.

Beyond this inadequacy lies the real problem—the highly technical, highly efficient Japanese fishing operation competing with the independent Alaskan fishermen. Japan's blatant disregard for sound conservation practices and for the International Convention for the High Seas Fisheries of the North Pacific Ocean is well documented. Instances of floating foreign monofilament gillnet, with salmon still enmeshed, and the continued practice of failure to yield to boarding are too common to be "scattered, minor violations." There are too little fish left to allow these practices to continue.

On Friday, a U.S. Coast Guard C–130 aircraft with two National Marine Fisheries Service enforcement officers on board found the Japanese gilnetter *Myojin Maru No. 1* fishing in violation of the Convention. The tragedy of these violations can no longer be ignored. The depleted Bristol Bay red salmon stocks cannot sustain further action of this nature.

In sum, I implore Congress to act; to mandate action on this law; to save Alaskan fisheries from foreign encroachment while there is still time.

The resolution is as follows:

S. RES. 342

Whereas under the terms of the International Convention for the High Seas Fisheries of the North Pacific Ocean the Government of Japan did agree with the Government of the United States to abstain from engaging in the exploitation of certain stocks of fish in the North Pacific Ocean; and

Whereas the Government of Japan has failed to abide by the spirit and intent of such Convention by effectively prohibiting its nationals and fishing vessels from engaging in the exploitation of such stocks of fish; and

Whereas the actions of the Myojin Maru No. 1 on June 14, 1974 fishing in violation of said Convention is further evidence of the failure of the Government of Japan to abide by the terms of such Convention; and

Whereas the Secretary of Commerce is directed by section 8 of the Fishermen's Protective Act of 1967 (22 USC 1978) to make certification to the President when he determines the nationals of a foreign country are conducting fishing operations in a manner or under circumstances which diminish the effectiveness of an international fishery conservation program; and

Whereas upon receipt of such certification the President may direct the Secretary of the Treasury to prohibit the importation into the United States of fish products of the offending country for such duration as he determines appropriate: Now, therefore be it

Resolved, That it is the sense of the Senate that the Secretary of Commerce should certify to the President that nationals of Japan are conducting fishing operations in a manner which diminishes the effectiveness of the International Convention for the High Seas Fisheries of the North Pacific Ocean, and that upon receipt of such certification the President should direct the Secretary of the Treasury to prohibit the importation into the United States of fish products of Japan until such time as the Government of Japan faithfully carries out its commitments under such Convention.

SENATE RESOLUTION 343—SUBMISSION OF A RESOLUTION TO AMEND RULE XII OF THE STANDING RULES OF THE SENATE

(Referred to the Committee on Rules and Administration.)

Mr. LONG submitted the following resolution:

S. RES. 343

Resolved, That paragraph 1 of rule XII of the Standing Rules of the Senate is amended by inserting between the first and second sentences the following: "However, a Senator who is presiding at a hearing of a committee of the Senate, a joint committee of the Congress, or any subcommittee of any such committee or joint committee, may vote yea or nay without being present to cast his vote if (1) he notifies the leader of his party in the Senate, prior to the decision on the vote having been announced by the Presiding Officer, that he is presiding at a hearing while the vote is being conducted, (2) he requests that leader to cast his vote and how that vote shall be cast, and (3) that leader, prior to the announcement of such decision, obtains unanimous consent of the Senate to so cast the vote of that Senator. It shall be in order prior to that announcement for such leader to ask unanimous consent to so cast the vote of that Senator."

Mr. LONG. Mr. President, for some time the Senator from Louisiana has thought there were a number of things we ought to be doing to increase the efficiency of the Senate. I have discussed a number of these things with the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD), and he has indicated some sympathy for them. I believe we can make headway with some of these measures.

If it has to be done, I shall at some time submit a resolution to install an electronic voting machine, to be used at such times as the Senate is willing to use it. It seems to me that if we use it only by unanimous consent at the beginning, in time we will develop practices and procedures to adjust to that efficient device for the use of the Senate. It will reduce the time of getting our business done, reduce the costs of the Government, and make this a more effective body.

In addition, Mr. President, another thing that irritates the Senator from Louisiana is that when a Senator is conducting committee hearings and a rollcall vote occurs over here, even though the vote might be a unanimous vote, he is required to recess the hearing and come to the Senate Chamber. Once here, it usually takes him about 30 seconds to inform himself what the vote is about, cast his vote, and go back. Meanwhile, a whole room full of witnesses, audience, and newsmen may be kept waiting for the Senator to make the round trip.

I know that the Nation would have some understanding of what I am talking about, because during the course of the Watergate hearings they saw how, when votes were occurring in the Senate, the committee would recess and come over and vote. If the public could see how little time those Senators had to apprise themselves of what they were voting on when they cast their ballots, the people would say, "Why do they do all that? Why did not those Senators simply pick up the telephone and ask to be recorded, however they would indicate?"

I am today submitting a resolution to provide that, by unanimous consent, when a Senator is presiding at a hearing before his committee and a rollcall vote occurs in the Senate, his vote can be recorded by the leader of his party with the unanimous consent of the Senate of the United States.

I have sought the advice of the Parliamentarian and have discussed the matter with other Senators, Mr. President. It seems rather ridiculous to me that one who is doing the work of the Senate cannot be recorded when he knows very well how he wants to be recorded on a rollcall vote. On occasion, I have simply declined to come over here and have gone ahead and conducted the hearing, because people were here from out of town, had traveled many miles to be here, and had waited for hours, or even for days, to be heard, and I felt they were entitled to be heard and that some Senator should stay there and hear them.

I would hope very much that at least in such cases we could make it possible for the Senate to be a little more efficient, rather than delaying, holding up, and postponing the outcome of a vote while some Senator comes rushing over with his shirttail out, so to speak, to cast his vote.

I send the resolution to the desk and ask that it be referred to the Committee on Rules and Administration.

The PRESIDING OFFICER. The resolution will be received and appropriately referred.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT—AMENDMENTS

AMENDMENT NO. 1464

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

Mr. DOMINICK. Mr. President, along with Senator MCCLURE I am today again offering an amendment for printing, this time to H.R. 14832, the public debt limit bill, to permit American citizens to own gold beginning September 1, 1974.

An amendment permitting gold ownership as of the first of September was added by the Senate to the International Development Association bill on May 29. However, it is my understanding that the House International Finance Subcommittee of the Committee on Banking and Currency has deleted the gold ownership amendment to the IDA bill.

There is still a possibility that the full Committee on Banking and Currency will reinsert the gold ownership amendment, or that the Senate's amendment may be brought up as an amendment to the IDA bill on the House floor. However, as things now stand the gold ownership amendment, passed by the Senate on three separate occasions, will not be considered by the House.

Mr. President, I believe the Senate should reaffirm its determination to allow U.S. citizens to own gold by attaching an amendment to that effect to the public debt limit bill. I welcome the cosponsorship of my colleagues to the amendment.

AMENDMENTS NOS. 1465 AND 1466

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

Mr. BEALL. Mr. President, I am sending to the desk two amendments to H.R. 14832, legislation to provide for a temporary increase in the public debt limit. The first amendment is similar to S. 2347, the Historic Structures Tax Act which I introduced on August 3, 1973. The second amendment is identical to S. 3184, the Bicentennial Celebration Contribution Tax Credit Act which I introduced on March 19, 1974.

AMENDMENT NO. 1468

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

Mr. HATFIELD. Mr. President, I send to the desk an amendment to H.R. 14832, and ask that it be printed.

The purpose of this amendment is to increase the exclusion from gross income gained from the sale or exchange of residence of an individual who has attained the age of 65 from $20,000 to $30,000.

Since this exemption was granted by the Revenue Act of 1964, inflation has caused its dollar limitation to become out-dated. According to the Bureau of the Census, in 1963, the nationwide average sales price for newly constructed personal residences was $19,300 and the median sales price was $18,000. For 1972, the nationwide average sales price for new personal residences was $30,500 and the median sales price was $27,600. According to the National Association of Realtors, the nationwide median sales price for existing homes for January 1974 was $30,600.

Therefore, while an exclusion of $20,000 was appropriate in 1964, it seems evident that it is insufficient now, and an exclusion of $30,000 is in order if we are to maintain the original intent of the law. That intent was expressed in the Senate Finance Committee's report on the Revenue Act of 1964—Senate Report No. 830, 88th Congress, 2d session:

> The elderly person whose family has grown and who no longer has need for the family homestead . . . may desire to purchase a less expensive home or move to an apartment or to a rental property at another location. He may also require some or all of the funds obtained from the sale of the old residence to meet his and his wife's living expenses. Nevertheless, under present law, such an individual must tie up all of his investment from the old residence in a new residence, if he is to avoid taxation on any of the gain which may be involved.

To achieve the same purpose today, that is, to enable the senior citizen to avoid taxation on the sale of his home without putting all the investment from the old residence into the new, we need to increase the exclusion on the gain realized from the sale of the old residence.

I am informed by the Finance Committee staff that the Treasury Department estimates the revenue loss caused by adoption of this amendment to be less than $10 million.

I hope that other Senators will join me in sponsoring this amendment to help our senior citizens, many of whom are sorely beset by inflation, and that the Senate will act favorably on this amendment.

In closing, I would like to thank Mr. Art Ratcliffe of Myrtle Point, Oreg., for suggesting this change in the tax code, and Mr. Michael Stern of the Finance Committee staff for his assistance in researching the history of this provision and the effects of its amendment.

AMENDMENT NO. 1469

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

Mr. BEALL (for himself and Mr. MATHIAS) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

AMENDMENT NO. 1471

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

SOCIAL SECURITY INCREMENT FOR DELAYED RETIREMENT AMENDMENT

Mr. FONG. Mr. President, I am introducing an amendment to H.R. 14832, the debt limit bill, which would amend title II of the Social Security Act to provide a 6⅔ percent annual increment in benefits to individuals who delay their retirement beyond age 65.

Currently those who choose to remain in the work force after 65 are entitled to an annual increment of 1 percent. This provision, enacted in 1972, was welcome, but it does little more than recognize the social security taxes paid by those who work beyond age 65. It falls far short of real equality. It is relatively ineffective in expanding choices open to older Americans.

Provisions of my amendment are identical to those in S. 3386, which I introduced April 25, which bill has been cosponsored by the following 27 Members of the Senate: Mr. BEALL, Mr. BENNETT, Mr. BROCK, Mr. BROOKE, Mr. BUCKLEY, Mr. CRANSTON, Mr. CHURCH, Mr. COOK, Mr. DOLE, Mr. DOMENICI, Mr. EASTLAND, Mr. FANNIN, Mr. GURNEY, Mr. HANSEN, Mr. HART, Mr. HASKELL, Mr. INOUYE, Mr. MCCLURE, Mr. MCGEE, Mr. MOSS, Mr. PERCY, Mr. RANDOLPH, Mr. RIBICOFF, Mr. ROTH, Mr. STAFFORD, Mr. THURMOND, and Mr. TOWER.

The bipartisan sponsorship of S. 3386 was most gratifying to me. I sincerely hope that similar broad support will be given to the amendment I introduce today.

My amendment would expand the choices open to older Americans under the social security system by providing that persons choosing to delay retirement will qualify for higher benefits on the same percentage basis as benefits are now reduced for early retirement.

It provides for an increase of 6⅔ percent in benefits for each year between age 65 and 72 that an individual elects to delay his or her receipt of social security retirement benefits. For those who choose to wait until age 72, the mininimum increase in benefits will be 46⅔ percent.

Since continued employment after age 65 may also raise the retiree's average monthly wage for social security benefit calculations, the actual improvement in benefits at retirement may be higher than at the 6⅔ percent annual rate. The maximum increment for retirement at 72 could be substantially above 50 percent.

The purpose of the amendment is to make the social security system more flexible by giving the retiree more freedom in adapting its provisions to his or her personal problems. He or she will be able to elect the benefit approach which best suits individual need and desire. To maximize the choice, the bill provides a benefit increase of five-ninths of 1 percent for each month that an individual chooses to continue employment after age 65.

The proposed benefit increment is a first major step in correcting a serious inequity in social security which sharply penalizes the hundreds of thousands of persons who prefer to continue working or who must work after age 65. Together with flat dollar liberalization of the earnings test, which now reduces OASDI benefits by 50 percent of earnings over $2,400 a year, the amendment would move us toward complete freedom for the individual in his or her choice of time for retirement.

It would in no way interfere with or jeopardize the current right of a person to elect early retirement for social security benefit purposes.

As a simple matter of equity, the amendment would recognize the principle of flexibility on behalf of those who delay retirement in much the same way as the law now recognizes the right of persons who choose to retire between 62 and 65.

My original decision to propose a 6⅔ percent annual benefit increment was based on two considerations. The percentage is identical to the reduction for early retirement. As a matter of fiscal and legislative practicality, I believe it is probably the maximum increment percentage now acceptable.

If, instead the Congress were to authorize the full actuarial benefit increase which should be available if we assume full entitlement to social security benefits at age 65, I am informed the annual increment would be 12 percent. While this is a laudable objective, I do not be-

lieve we are quite ready to go that far at this time.

The first year cost to the social security system will be approximately $200 million, about one-half of costs for the actuarially determined 12 percent increment.

It would be my ultimate hope that eventually we would amend the Social Security Act to provide fully equitable consideration for those who decide to continue work after age 65. My proposal offers a beginning, but not necessarily an end.

I have long been disturbed by the high share of social security costs which are now in fact borne by working persons past 65. Older people who work are now actually paying roughly $5 billion a year as a hidden subsidy to those drawing benefits.

It is small wonder that older persons are increasingly unwilling to remain in the work force. This is because the actual return for continuing to work is not enough to impel him or her to continue. Not only does the full-time worker lose social security benefits, but he or she also must pay income taxes and social security taxes on earnings. When these are added to expenses incurred in going to the job, often little if any net gain from employment remains for the worker's own use.

The Nation's loss of productivity resulting from waste of skills and experience among older Americans is serious. Even more important is the economic and psychological loss to the individual which comes through disinvolvement from life's mainstream. There is ample evidence that retirement often is accepted most reluctantly because there is little practical choice in terms of economic advantage.

It is time that we counterbalance present incentives in society for early retirement with comparable incentives for later retirement. Without such balance, older Americans are denied full freedom of choice.

Comments from individuals and such distinguished organizations of older people as the American Association of Retired Persons and the National Retired Teachers Association convince me that older Americans both employed and retired—feel strongly that they should have the right to choose. This demands flexibility in social security along the lines that I now propose.

During recent years there has been a great deal of talk about need for a new national policy in aging. Despite some progress, and every step forward is good, we have not yet really come to grips with the challenges in our new era of aging.

Millions of words have been used in thousands of articles and meetings ranging from the White House Conferences of 1961 and 1971 to sessions in our smallest villages. In them all, there has been a call for action to give older Americans full freedom of choice—with honor, dignity, and self-respect. And yet too often our seniors find themselves treated as second-class citizens.

In examinations of need for a new national policy in aging—whether by authorities in medicine, economics, sociology, or other disciplines—one key element in our problem comes clear. There is need for a new look at retirement practices in this country. We need to reconsider obsession with the numbers game—our pursuit of retirement based solely on artificial chronological rules of age without regard for either actual abilities of older persons to participate in the Nation's productive forces or the desire of many for continued involvement in society's mainstream.

Deliberations by the real experts on aging—older persons themselves—have been no less emphatic about the need for new approaches to the question of retirement. We need to reinstate the principle that choices should be made by the individual in the light of individual abilities and individual desires.

No one would claim that this objective can be achieved through legislation alone. Education about the tremendous productive potential and the will for involvement among older persons may, indeed, be the most important element in solving the problem.

But there are some things that Congress can do. Perhaps most important will be decisions in Federal programs, such as social security, which will offer incentives for continued life-participation by older persons at least equal to current disincentives.

My amendment to provide higher social security benefit increments for those who choose to delay retirement until after 65 in my judgment is an essential step toward this objective. I urge its adoption now.

AMENDMENT NO. 1472

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

TEMPORARY INCREASE IN THE PUBLIC DEBT AMENDMENT

NATIONAL COMMISSION ON SOCIAL SECURITY AMENDMENT

Mr. FONG. Mr. President, I am introducing today the National Commission on Social Security Amendment to H.R. 14832, the debt limit bill.

Provisions of the amendment are identical to those in Senate Joint Resolution 48, introduced by me February 1, 1973 on behalf of myself and Senator FANNIN, to create a permanent, independent, bipartisan National Social Security Commission.

Careful reading of the recently released 1974 report by trustees for the Social Security Trust Funds strengthens my conviction that constant, imaginative review of social security benefits and financing by a permanent panel of qualified persons independent of the Social Security Administration is essential to reassure the people of the system's integrity and its ability to serve their needs. Questions raised in the trustees' reports show again that it is not enough—in the Nation's biggest business—to rely on a part-time advisory council which meets and reports at 4-year intervals, nor to look to the Social Security Administration alone for evaluations of the system's operation.

Most alarming in the trustees' report on the funds is its present conclusion that the old-age, survivors, and disability insurance programs are underfinanced by almost 3 percent on a long-range basis.

The report said:

> The long-range actuarial cost estimates for the old-age, survivors, and disability insurance program prepared in accordance with dynamic assumptions as to both benefits and taxable earnings show an actuarial balance of—2.98 percent of taxable payroll over the valuation period of 75 years, which substantially exceeds the acceptable limit of variation of 5 percent of the cost of the program (0.69 percent of taxable payroll).

I introduce this amendment out of conviction that the magnitude of the social security system and its individual impact on every man, woman, and child in America, directly and indirectly, as well as on millions yet unborn, demands no less than constant review of how it serves our people.

Independent of either administrative or legislative responsibilities, the National Social Security Commission, as a bipartisan watchdog on behalf of the people, would be charged with continuous review of social security's effectiveness, including:

First. Consideration of innovations which may strengthen the system's ability to help provide decent economic and health security for its beneficiaries without excessive tax burdens on wage-earners and their employers;

Second. Analysis of inequities within the system which may affect substantial numbers of its participants;

Third. Assurances of the system's fiscal integrity and its ability always to meet its obligation; and

Fourth. Determination of the system's effects, on other elements in our society, both private and public, through which Americans strive for economic well-being.

I urge prompt approval of the amendment by the Senate, the House of Representatives, and the President as a demonstration of congressional and administration concern for the day-to-day impact of the Social Security Act on all Americans and as a joint reassurance of intent that this impact will be of maximum benefit to all.

As I make this appeal, I give full recognition to the long record of excellent administration of social security by the Department of Health, Education, and Welfare. No less important has been the distinguished work of the Senate Committee on Finance and the House Committee on Ways and Means. In no way would the independent National Social Security Commission diminish or derogate their responsibilities. On the contrary, it would be a new and valuable source of help to them.

The National Social Security Commission would have a continuing responsibility to study, investigate, and review the Federal old-age, survivors, and disability insurance program and the health insurance programs which operate under authority of the Social Security Act.

At present, the Social Security Act provides for such an overview by the Advisory Council on Social Security, but only on an intermittent basis. This council would be eliminated under the amendment.

To rely on an Advisory Council, which holds a limited number of meetings during 1 year out of 4, as is now the case, is unfair to the American people, the Congress and the President. The almost inevitable dependence on the social security program's administrative agency by such a part-time panel, no matter how distinguished its membership, also leaves much to be desired.

Social security is too important, too big to be the object of part-time review.

The importance of the Commission's work, as proposed in the amendment, is underscored by the manner of appointment of its nine members and the provision that the Commission shall be bipartisan.

The Commission chairman and four members will be appointed, on a bipartisan basis, by the President with the advice and consent of the Senate. Two members each, no more than one from a single political party, will be appointed by the president pro tempore of the Senate and the Speaker of the House.

Members of the Commission shall be individuals of recognized standing and distinction who have demonstrated capacity to discharge the great responsibility which the amendment places upon it.

The Commission membership unquestionably should include recognized authorities in the fields of actuarial science, economics and other disciplines.

The National Social Security Commission, in short, would be a blue-ribbon panel capable of responding imaginatively and effectively to both specific and broad ramifications of social security. It should be staffed by persons able to give continuous attention to these ramifications.

In the past, I have often pointed out that social security in many respects is the biggest business in America. Current old-age, survivors and disability insurance and health insurance payments are going to approximately 30 million persons. Over 90 percent of the American people are covered. Everyone directly or indirectly participates in its financing.

These statistics alone suggest the importance of independent review by experts serving an ombudsman role on behalf of all the people.

The implications of social security, however, go far beyond the dollars in benefits and the taxes paid to provide such benefits. The system affects all efforts of individual Americans and groups to provide for economic security. It has an effect on private pensions, individual insurance and savings, health-care patterns, and on employment and retirement practices in our land.

At no time has there been an authoritative review of all of these elements which affect social security or are affected by it. I believe it is high time that we look at these questions. An independent, bipartisan National Social Security Commission would be expected to include these questions in its deliberations, investigations, and reports to the people, the Congress, and the President.

AMENDMENT NO. 1475

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

Mr. HATHAWAY submitted an amendment, intended to be proposed by him, to House bill 14832, supra.

AMENDMENT NO 1476

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

MINIMUM TAX AMENDMENT

Mr. CHURCH. Mr. President, I am submitting today an amendment to the Humphrey amendment to the temporary debt ceiling bill (H.R. 14832) which would establish a minimum tax of 10 percent on foreign source income of all American-based multinational corporations.

A little over a week ago, I submitted an amendment which would have established a minimum tax of 10 percent on the foreign source income of the multinational oil companies. Reflection since that time has convinced me that the same principles which argue for a minimum tax on overseas oil income also argue for such a tax on all overseas corporate income.

The situation existing today with regard to foreign source corporate income reminds me very much of the situation which existed when we passed the minimum tax provision for individuals, already in the code. At that time, it had become apparent to most of us that wealthy people, taking advantage of expensive tax advice, were often able to reduce their taxes to virtually zero, through the use of a large variety of tax sanctuaries. Rather than repeal these provisions, most of which were established for some legitimate purpose, we merely provided that whatever tax advantages a person claimed, he would still have to pay 10 percent of his income in the form of a minimum tax. We determined that this was the least we could require of any individual consistent with his responsibility to the support of this society. Equity demands that the same principle should be applicable to the taxation of corporations on their foreign income.

Another reason for this legislation stems from the fact that the multinational corporation today enjoys a distinct competitive advantage over corporations which operate only within the United States. A multinational corporation can credit directly against its U.S. tax liability all income taxes paid to foreign governments. In fact, we have learned during the course of our oil hearings, that some of these corporations credit payments which are really royalties merely by calling them income taxes. Meanwhile, the domestic corporation which pays State taxes can only deduct those taxes, as an ordinary business expense, on its Federal return. This minimum tax on foreign earnings would help equalize the overall tax burden between the huge multinational corporations and domestic business concerns.

Finally, when an American corporation ventures abroad, it takes with it the umbrella of protection provided by the Government of the United States. If its assets are nationalized overseas, the country which nationalizes them is subject to retaliation under the provisions of the Hickenlooper amendment. If a corporation is involved in a dispute with its host government, it often calls on the United States for assistance. Vast bureaucracies in the State, Commerce, and Treasury Departments are maintained for the sole purpose of giving advice and assistance to American companies operating abroad. All of these ties with the Government of the United States indicate the degree to which an American corporation is clothed with the benefits of American citizenship when it invests in a foreign country. In all fairness, it is not unreasonable to ask that these corporations pay their fair share of the cost of maintaining the Government which so protects them.

This bill would not add a cent to the tax bill of any corporation which is presently paying 10 percent or more of its overseas profits to the U.S. Treasury. It would only affect those corporations which through sophisticated tax arrangements, have managed thus far to avoid all, or virtually all, U.S. taxation on their foreign source earnings. However, it would enable the Treasury to realize approximately $1.2 billion; of this estimated amount, $700 million would be derived from the U.S. based multinational oil companies which now pay less than 1 percent of their foreign source earnings as income taxes to the U.S. Government. Thus the bill would constitute a significant revenue addition. It would also permit us to assist those most in need of tax relief, the low- and middle-income taxpayer, while minimizing the revenue losses resulting from such relief. At the same time, it is consistent with the basic premise of a progressive tax system: that the burden of increased taxes should fall primarily on those most able to pay. The proposed bill, therefore, is both equitable and reasonable, and I believe it merits favorable consideration by the Senate.

AMENDMENT NO. 1478

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

Mr. STEVENSON. Mr. President, on behalf of myself and the Senator from New York (Mr. JAVITS), I introduce an amendment to correct what I regard as a serious tax inequity affecting the publishing industry. The bill, which is designed to insure uniform application to all business products of a provision of the Federal income tax law covering research and development costs, is identical to H.R. 13064 which in April of this year was introduced in the House by Congressman COLLIER and Congressman ROSTENKOWSKI.

The bill provides that taxpayers engaged in the publishing business have the same option as other business taxpayers currently to deduct research or experimental expenditures incurred in developing or improving their products.

The bill is necessary because in September, 1973, the Internal Revenue Service published a ruling—Revenue Ruling 73-395—which interprets the Internal Revenue Code in a manner that would retroactively deny publishers the option to deduct prepublication expenditures incurred for the writing and editing of textbooks and the design and artwork of visual teaching aids. This ruling held, for the first time, that such costs do not con-

stitute research or experimental expenditures under section 174 of the code.

The problem is compounded by the fact that this ruling was issued without notice to, or an opportunity for a hearing for, representatives of the publishing industry.

The publishing industry maintains that it has been a long-established tax accounting practice of publishers, generally accepted by the Internal Revenue Service on audit, to deduct such costs currently. The Service has not denied that assertion. The industry also maintains that the weight of authority in the accounting profession calls for the current deduction of such expenditures for financial accounting purposes. Many accounting firms insist on current expensing of such costs as a condition to certifying financial statements of publishers. Consequently, the ruling would require a tax accounting practice in conflict with the financial accounting standards required of that industry.

The new ruling has a very definite bias against education, the intellectual arts and freedom of communication through the printed word. Although the tax law has been interpreted by the IRS to allow current deduction of similar preproduction costs for the SST, television sets, computer software and a wide variety of other products, the ruling denies the same treatment to publishers of text and reference books. My staff has been unable to find any material in the legislative history of these tax laws which justifies this position. I cannot believe Congress intended to deny current deductions for expenditures to improve textbooks and visual teaching aids when research expenses to improve the chalk or ink used in the classroom are clearly deductible under section 174. If left standing, the ruling would increase the costs of improving books and developing new educational materials, thereby increasing the price of such products. Increased prices would add to the already severe inflationary pressures that threaten our Nation's educational system and the students it serves.

This matter was first brought to my attention by Encyclopaedia Britannica, Inc., a corporation headquartered in Chicago, whose encyclopedia is one of the primary reference works in the English language. However, the problem is one which adversely affects the entire publishing industry. Remedial legislation is endorsed by the Association of American Publishers which represents the publishers of approximately 85 percent of the general books, textbooks, visual aids, and educational materials published in the United States. The president of the AAP, Mr. Townsend Hoopes, has stated that the "result of the Internal Revenue Service's position is to penalize every citizen who reads."

Mr. Hoopes also stated that:

> It is indeed unfortunate that the nation's educational system and the students it serves will be more adversely affected by the ruling than any other part of our society.

For years prior to 1954, it was the administrative practice of the Internal Revenue Service to permit the current deduction of expenditures for research and development even though a strict interpretation of the tax law by the courts might have required capitalization of such expenses. One reason for current deductibility is that such expenditures generally are recurrent expenses of an ongoing business. Another reason is the difficulty of assigning the cost of such research to particular projects. A further reason is the speculative nature of such costs and the difficulty of determining whether the expenditures result in a particular product with a determinable useful life.

In 1954, section 174 was enacted to give a statutory basis for this long-standing Internal Revenue Service administrative practice. The accompanying report of the Committee on Finance stated that the purpose of the provision was to "eliminate uncertainty and to encourage taxpayers to carry on research and experimentation." Thus, the provision had the dual purpose of simplifying the administration of the tax law and of providing a positive incentive for research and experimentation designed to improve existing products or to create new products.

The statutory provisions do not define in any detail what constitutes "research or experimental expenditures." The Treasury regulations incorporate detailed definitional rules, most of which are based on the legislative history of section 174. However, one of these regulatory rules, when interpreted, as in this ruling, to exclude research and experimental expenditures to improve or develop educational products, has no foundation in the legislative history. This regulatory rule provides that the term "research or experimental expenditures" does not include expenditures for "research in connection with literary, historical or similar products." The regulatory exclusion of "literary, historical or similar projects" should be limited, for example, to preclude the amateur novelist from deducting his essentially personal expenditures in the guise of business research expenses. This would be in accord with the judicial decisions prior to 1954. Those decisions held that an author who was not in the trade or business of being a writer could not deduct, as "trade or business" expenses, the expenses incurred in writing and publishing a book.

Discussing the liberal intent of section 174, the United States Supreme Court held, in Snow against Commissioner of Internal Revenue, decided in May of this year, that research expenses are deductible under section 174 if they are incurred "in connection with" a trade or business even though the taxpayer has not yet reached the state of "carrying on" a trade or business for purposes of deduction under the general trade or business expense rules of section 162. The Supreme Court emphasized that discrimination against new, oncoming business enterprises would defeat the congressional purpose to encourage research and experimentation. The Court stated:

> Congress may at times in its wisdom discriminate taxwise between various kinds of business, between old and oncoming business and the like. But we would defeat the congressional purpose somewhat to equalize the tax benefits of the ongoing companies and those that are upcoming and about to reach the market by perpetuating the discrimination created below and urged upon us here.
>
> We read § 174 . . . 'to encourage expenditure for research and experimentation.'

Similarly, to allow the Revenue Service to exclude textbooks and visual teaching aids from the scope of section 174 would defeat the congressional purpose and would perpetuate the discrimination created by Revenue Ruling 73–395.

Revenue Ruling 73–395 not only discriminates against the publishing industry in general, but its retroactive application discriminates unfairly against particular publishers whose prior tax years are still under audit and whose reliance upon accepted tax accounting practice led them to commit themselves to make substantial financial outlays for research and experimentation for the improvement of their existing products and the development of new products.

Publishers believe that the Internal Revenue Service, when it published Revenue Ruling 73–395, did not realize that the ruling was contrary to long-established tax and financial accounting practice in the publishing industry and to the Service's own administrative practice. If the Service had knowledge of such facts, I doubt that the Service would have published the new ruling without notice to, and an opportunity for comment by, affected taxpayers. If there had been notice and hearing, I doubt that the Service would have adhered to its position. Even if it had, I feel confident that this drastic change would have been made effective only for future years because of the unfairness of retroactive rules, particularly as among competing taxpayers.

That the Service's left hand did not know what its right hand was doing is buttressed by recent technical changes in the inventory regulations. These changes—called the "full-absorption" inventory rules—permit any taxpayer, including publishers, to choose to include research and development expenses in inventory. However, the recent IRS ruling would deny publishers the right to inventory such costs, and thus is in conflict with the regulations.

Under this bill, the rules of present law establishing the cutoff point between development expenses covered by section 174, and production expenses not so covered, would apply to publishers just as they do to all other taxpayers.

Since the Service has not suspended its recent ruling pending study of the matter, remedial legislation is the proper recourse to correct an urgent industry problem. The pernicious effects of the ruling, born apparently from ignorance, ought not be allowed by Congress to be perpetuated.

We have today written Commissioner Alexander concerning this matter. I ask unanimous consent that a copy of our letter to him be reprinted at this point in the RECORD together with a copy of the amendment.

There being no objection, the letter

and amendment were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., June 18, 1974.

Commissioner DONALD C. ALEXANDER,
Internal Revenue Service,
Washington, D.C.

DEAR COMMISSIONER ALEXANDER: We have today introduced in the Senate a bill identical to H.R. 13064, to amend section 174 of the Internal Revenue Code to insure its uniform application to business products.

The bill would reverse the result of Revenue Ruling 73-395 which held that prepublication expenditures for the writing and editing of textbooks and the design and artwork of visual teaching aids do not constitute research or experimental expenditures under section 174, and that such expenses must be capitalized. As a policy matter, I am surprised that the Internal Revenue Service would interpret section 174 to exclude development costs for textbooks and visual teaching aids when development expenses to improve the chalk or ink used in the classroom are clearly deductible under section 174.

I agree with the observation made by you in your 1955 article in the Tax Law Review that section 174 should not be construed as denying deduction of outlays for research which meet the trade or business test but are not expended for scientific or industrial purposes. The experimental, technical and innovative efforts required to improve textbooks and reference works for the nation's educational system are more essential to our society than the expenditures to produce the Trash-Away incinerator which the Supreme Court recently held were deductible in the *Snow* case.

However, aside from the policy considerations as to the proper interpretation of section 174, we are deeply concerned that, as a part of the practical administration of our tax laws, the Service would attempt to compel a change in an established tax accounting practice of the publishing industry without notice to, or an opportunity for a hearing by, representatives of the publishing industry. In particular, the retroactive nature of the attempted change is troubling.

We are advised by representatives of the Association of American Publishers that it has been a long established tax accounting practice of publishers, generally accepted by the Internal Revenue Service on audit, currently to deduct pre-publication costs for the development of textbooks and teaching aids. Although some publishers capitalize certain costs, it appears that most publishers currently deduct almost all of their pre-publication development costs.

We would appreciate advice, at your earliest opportunity, as to whether the National Office was aware of the publishing industry's tax accounting practice when the Service published Revenue Ruling 73-395. If the National Office had been aware of such practices, would it be in accord with National Office policy to compel a retroactive change in this industry's accounting practice without notice and an opportunity for a hearing? If not, and if the National Office is satisfied that the effect of Revenue Ruling 73-395 is to compel such a retroactive change in industry practice, does the Service intend to take any corrective action?

We look forward to your response.

Sincerely yours,

ADLAI E. STEVENSON III,
JACOB K. JAVITS

AMENDMENT NO. 1478

That section 174 of the Internal Revenue Code of 1954 (relating to research and experimental expenditures) is amended—

(1) by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) Nature of Product Developed or Improved. Any expenditure paid or incurred by a taxpayer in connection with his trade or business for the development or improvement of a product shall be treated as a research or experimental expenditure irrespective of the nature of such product and irrespective of whether the product constitutes the result of research on a literary, historical, or similar project."; and

(2) by adding at the end of subsection (a) (3) thereof the following new sentence: "The method provided in this subsection shall include a deduction from gross receipts effected by treating such expenditures as an element of cost of goods sold.".

SEC. 2. EFFECTIVE DATE.—The amendments made by the first section of this Act shall apply—

(1) to any taxable year ending on or after the date of the enactment of this Act, and

(2) to any taxable year ending before such date, if the time for filing claim for credit or refund of overpayment of income tax for such year has not expired on such date.

EXPORT-IMPORT BANK AUTHORITY BILL—AMENDMENT

AMENDMENT NO. 1467

(Ordered to be printed, and referred to the Committee on Banking, Housing and Urban Affairs.)

Mr. SCHWEIKER. Mr. President, I am submitting today an amendment to S. 3660, the new Export-Import Bank authority bill. My amendment would absolutely prohibit any Export-Import Bank investment in fossil fuel energy research exploration, or production activities in Communist countries. It is intended to insure that the Eximbank does not, directly or indirectly, finance a multi-billion dollar Siberian energy deal.

I support the basic thrust of S. 3660, and I think the four basic points in this bill go four-fifths of the way toward protecting our national interest in Eximbank transactions. Ever since I obtained a Comptroller General's ruling last March, confirming my belief that Presidential national interest determinations are required for each Communist country transaction, I have been fighting for bank compliance with this requirement. I had the privilege of testifying before Senator STEVENSON's subcommittee prior to its preparation of this bill, and I am pleased that the majority of my basic proposals are incorporated in this measure.

Unfortunately, S. 3660 does not contain any new protection against Eximbank subsidy of the Siberian energy deal which is now in the planning stages. I recognize that the $50 million ceiling on transactions without congressional approval is theoretically designed to offer some protection. But it is clearly only theoretical protection, and in practice it is completely insufficient protection. Indeed, under S. 3660, Congress would be powerless to stop the only Russian energy proposal which has been submitted to the Eximbank to date—the Yakutsk energy exploration project, which involves $49.5 million of Eximbank financing.

So what we have, Mr. President, is a bill theoretically intended to prohibit a class of transactions by means of a $50 million ceiling—when the only transaction of that class yet considered is for $49.5 million.

I am sure the committee did not intend this result. I am sure the Senate does not want to endorse a Russian energy deal. And I therefore hope the amendment I introduce today, which would absolutely and unconditionally prohibit any Eximbank subsidy of a Russian energy deal, will be adopted by the full Senate.

If the American taxpayers are going to subsidize energy development with 6-percent and 7-percent loans, the money should be invested here, not in Siberia. My amendment covers only the exploration and production of fossil fuels, including oil, coal, and natural gas, which has been hampered in this country by equipment shortages and tight capital. I have previously inserted in the RECORD evidence that low interest Eximbank subsidies of overseas energy operations have created equipment shortages, crippling energy development activities in this country. My amendment would end that kind of foreign subsidy against our national interest. I believe the American taxpayer is entitled to demand that such subsidies be ended.

In conclusion, I am not opposed to East-West trade, and my amendment will not stop East-West trade. S. 3660 goes four-fifths of the way toward protecting our national interest—my amendment simply insures 100-percent protection for our national interest, by prohibiting a multibillion-dollar Russian energy deal. I urge adoption of this amendment.

AMENDMENT OF TITLE II OF THE COMMUNICATIONS ACT OF 1934—AMENDMENT

AMENDMENT NO. 1470

(Ordered to be printed, and referred to the Committee on Commerce.)

Mr. GRAVEL submitted an amendment, intended to be proposed by him, to the bill (S. 1218) to amend title II of the Communications Act of 1934 to authorize common carriers subject to such title to provide certain free or reduced rate service for individuals who are deaf or hard of hearing.

AMENDMENT OF TITLE VII OF THE OLDER AMERICANS ACT—AMENDMENTS

AMENDMENTS NOS. 1473 AND 1474

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

Mr. BEALL submitted two amendments, intended to be proposed by him, to the bill (H.R. 11105) to amend title VII of the Older Americans Act relating to the nutrition program for the Elderly to provide authorization of appropriations, and for other purposes.

VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT OF 1973—AMENDMENTS

AMENDMENT NO. 1477

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

Mr. HOLLINGS submitted amendments, intended to be proposed by him, to the bill (S. 2784) to amend title 38, United States Code, to increase the vocational rehabilitation subsistence allowance, educational assistance allowances, and the special training allowances paid to eligible veterans and persons under chapters 31, 34, and 35 of such title; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34 of such title; to improve and expand the veteran-student services program; to establish a veterans education loan program for veterans eligible for benefits under chapter 34 of such title; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans' Employment Service and by providing for an action plan for the employment of disabled and Vietnam-era veterans; to make improvements in the educational assistance program; to recodify and expand veterans' reemployment rights; to make improvements in the administration of educational benefits; and for other purposes.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 1445

At the request of Mr. DOMENICI, the Senator from Colorado (Mr. DOMINICK) was added as a cosponsor of amendment No. 1445, intended to be proposed by him to H.R. 14832, an act to provide for a temporary increase in the public debt limit.

NOTICE OF HEARING ON CHANGING VETERANS DAY

Mr. HRUSKA. Mr. President, on behalf of the Standing Subcommittee on Federal Charters, Holidays, and Celebrations of the Committee on the Judiciary, I desire to give notice that the subcommittee will hold a public hearing on July 11, 1974, on the following general bills which have for their purpose designating November 11 of each year as Veterans' Day and to make such a day a legal public holiday: S. 41, S. 552, S. 618, S. 2882, S. 2901, and S. 3079.

The hearing will commence at 10 a.m. in room 2228, Dirksen Office Building on July 11. Persons desiring to testify or submit statements should notify Thomas B. Collins, counsel, 2226 Dirksen Office Building on or before July 8, 1974.

The subcommittee consists of the Senator from Arkansas (Mr. MCCLELLAN) and myself, chairman.

ANNOUNCEMENT OF JOINT HEARINGS BY DISTRICT OF COLUMBIA COMMITTEE AND A SUBCOMMITTEE OF JUDICIARY COMMITTEE ON WASHINGTON, D.C., AREA RAIL COMMUTER PROBLEMS

Mr. MATHIAS. Mr. President, a joint hearing will be held by the District of Columbia Committee and a subcommittee of the Judiciary Committee on S. 2225, a bill to require under the Washington Area Transit Authority Compact, the inclusion of rail commuter service in the mass transit plan, on Thursday, June 27, 1974, at 9:30 a.m. in room 6226, Dirksen Senate Office Building. Persons wishing to present testimony should contact Mr. Michael Smith, minority professional staff member, District of Columbia Committee, 6222 Dirksen Senate Office Building, by the close of business on Tuesday, June 25, 1974.

NOTICE OF HEARINGS ON ORGANIZED CRIME

Mr. JACKSON. Mr. President, as chairman of the Senate Permanent Subcommittee on Investigations, I wish to announce that the subcommittee will hold hearings June 25 and 26 in its continuing inquiry into the role of organized crime in the billion dollar stolen securities racket.

In these hearings, representatives of major banks and brokerage houses will testify on how the financial community is trying to control the traffic in stolen, bogus and counterfeit securities.

The subcommittee will also receive testimony from persons who are using computer technology to combat the stolen securities racket.

The hearing will be at 10 a.m. in room 1202 of the Dirksen Building on Tuesday and in room 3302 of the Dirksen Building on Wednesday.

Since June 8, 1971, when hearings were first held on the role of organized crime in stolen securities and related frauds, the subcommittee has met 26 days on this subject and heard 1,739 pages of testimony from 88 witnesses. Some 153 exhibits have been received in connection with testimony which has been reprinted in seven volumes.

In previous hearings, the subcommittee has shown how organized crime elements have penetrated the Nation's financial community. Witnesses, some with connections in organized crime, have informed Senators how stolen and bogus securities are traded, sold for cash or used as collateral in loan transactions.

One estimate is that the total dollar value unaccounted for securities is $50 billion.

The uses of stolen and counterfeit securities are varied. But the purposes are always the same. They are either to convert them to cash or to establish credit or the appearance of solvency and substantial assets.

In using stolen securities in applying for a loan or in simply selling them outright, the criminal most often assumes a false identity. Usually he establishes a relationship of legitimate dealings with a financial house and then, after gaining the confidence of the institution, he negotiates a sizable transaction and enjoys a big profit. In this manner, the criminal turns the time tested banker's rule of "know your customer" against the bank itself.

The organized crime operative would prefer to sell the security for its face value. But he must weigh the risk involved in selling. Often it is safer for him to use securities as collateral in a loan and then take the cash to finance loan sharking and gambling and other organized crime pursuits.

In other situations, organized crime may "rent" stolen securities to a legitimate businessman who needs cash and plans to use the securities as collateral for a loan.

One witness cited an example of a businessman who "rented" $1.25 million in stolen securities from a gangster for $70,000. The criminal was not directly exposed and, while his return was nowhere near the face value of the bonds, the profit was still substantial, the risk not very great and, in any event, there was nothing to prevent him from "renting" the same set of certificates again and again.

Another use of stolen securities is for organized crime to provide stolen securities to businessmen who use the certificates to bolster a sagging financial institution. In this procedure, a businessman calls in an accounting firm and presents among his assets these "rented" securities. He obtains a certified statement of his apparently sound business and, on the basis of this statement, is able to win a fresh line of credit.

This method can also be used by financial institutions such as insurance companies and brokerage houses. Equity funding is a case in point. It is anyone's guess as to just how many stolen or counterfeit or otherwise fraudulent securities are currently in insurance company or pension fund portfolios. Moreover, there are no regulatory bodies of either the financial community or of government to detect bogus or stolen securities used in this manner.

Spokesmen for the financial community testified early in this investigation that they were aware of the traffic in stolen securities and the role of organized crime in this racket. They said, however, that they were taking steps to control the problem.

Now, in next week's hearings, Senators will inquire of representatives of major banks and brokerage houses if the steps they have taken have been successful.

A review of previous testimony demonstrates the financial community clearly understood the stolen securities racket. As early as June of 1971, for example, when hearings were first held on this subject, it was readily apparent that, while there was little public awareness of the traffic in stolen securities, Wall Street spokesmen and others knew very well the dimensions of the problem and what a serious threat to our economy it poses.

Officials of banks and brokerage houses testified about the entry of organized crime into the stolen securities field and the need to improve enforcement procedures and the system for reporting unaccounted for securities. On the law enforcement level, investigators expanded their efforts in this relatively new criminal activity. For example, Murray J. Gross, assistant district attorney of New York County, testified concerning the work he had done from 1966 to 1971 in heading up his office's investigation of the traffic in stolen securities.

Mr. Gross said he viewed the situation on Wall Street as:

A free-for-all . . . where everyone is stealing, be it the messenger, be it the clerk or even supervisory personnel.

Mr. Gross said the illicit traffic in securities was growing rapidly. He said that in 1966 reported thefts of securities was $9.1 million. He estimated year-end 1971 reported securities thefts would total $100 million.

Mr. Gross said organized crime used the securities field as a source of substantial income. He described organized crime's entry into Wall Street this way:

. . . they [organized crime] found they could use the traditional techniques that are so successful in other areas of criminality, extortion, robbery, intimidation, counterfeiting, embezzlement, simple theft and even arson, were more than able to breach the flimsy fortress of Wall Street.

Mr. Gross said organized crime has a virtual monopoly on the disposition of stolen securities. He said that in earlier days the potential securities thief was deterred from his crime because he did not know how to profit from having someone else's securities. But, with the arrival on the scene of organized crime, many opportunities became available for the profitable disposition of stolen stocks, bonds and other negotiable paper.

Independent inquiry by the Investigations Subcommittee, as well as the testimony of other witnesses, corroborated much of Mr. Gross' assertions. Moreover, subcommittee investigators have found that organized crime, with its national and international connections, can and does have an outlet for the sale and other use of all manner of stolen securities.

But organized crime must have the securities before it can move them—and for that the job relies on airport thievery of the U.S. mail, on burglary from homes and businesses and, in the instance of financial houses, on an agent known as "the man in the cage"; that is, someone employed in the financial house who will steal.

Inducements to the "man in the cage" kind of thievery are varied. A brokerage house employee might receive an offer from organized crime figures; or he might be under pressure from an impatient loan shark or bookmaker.

Many witnesses—Mr. Gross and other law enforcement officers, as well as persons associated with organized crime—testified that there was no shortage of financial house employees willing to steal securities.

In turn, witnesses told Senators that the thief's mission was made much easier by the almost casual handling of securities on Wall Street and elsewhere.

The way securities are processed and filed in brokerage houses was an issue touched on by representatives from Merrill Lynch, Pierce, Fenner & Smith, the largest firm in the securities industry. Speaking for Merrill Lynch at the June 1971 hearings were Donald T. Regan, chairman of the board; and Gerard J. McDavitt, manager of the protection services department.

Mr. Regan said securities thefts had risen dramatically recently as volume of transactions had increased and as criminals had become more sophisticated in their knowledge about how to profit from stolen securities.

Mr. Regan said that to combat stealing by employees Merrill Lynch had set up a security clearance system to screen the backgrounds of potential workers. In addition, he said, Merrill Lynch had strengthened its internal security procedures and had already noted improvements in controlling securities thefts. But, he said, the entire securities industry would have to work together, on a self-regulatory basis, to utilize "new means to fight organized crime."

Mr. Regan recommended a series of actions all financial houses should take to improve controls over securities thefts and fraudulent transactions based on these documents. He proposed that all stock certificates given to customers bear the customer's name and that the practice of endorsing and passing to customers street-name certificates should be ended.

Mr. Regan said banks and brokerage firms should be obligated to report missing securities promptly, not only to the FBI as was required, but also to the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation and that these agencies should exchange information.

Urging that the theft of securities be made a Federal offense, Mr. Regan went on to say that it "is a very rare event" when securities thieves or the securities themselves, or both, do not cross State lines when these negotiable documents are stolen.

Mr. Regan also proposed the eventual elimination of stock certificates and the uniform use of a "machine-readable certificate, to be followed by a completely computerized statement."

Mr. Regan added:

People now accept computer printouts as their bank statements without challenging their general validity. They do not go to the bank to see their money stowed safely somewhere in a plexiglass box.

The same kind of printout could satisfy holders of securities, although, in another illustration of the reach of this business into other people's backyards, the legal profession and fiduciaries, as well as bankers, would all have to adapt to this change.

At the hearings, I questioned Mr. Regan about Merrill Lynch's position on the need for better record keeping in brokerage houses. Mr. Regan agreed that a computerized data bank was called for.

He said his firm had subscribed to a data bank service known as Securities Validation System but that because firms were not required to join the system it was not as successful as it might be.

The point I was driving at, and a question many people ask when they first learn of the extent of the traffic in stolen securities, is this: Why don't the financial houses keep better track of where their securities are? Why don't they report these thefts to law enforcement authorities just the way auto owners report car thefts?

The answer is that records are inadequate concerning where individual securities are at any given moment. Racketeers know this and exploit it. They know there is little likelihood that, first, the securities they hold will be promptly reported stolen and, second, that the bank or brokerage house will ever bother to check on the authenticity of securities which come to them.

Spokesmen for the financial community have told the subcommittee that the banks and brokerage houses are trying to improve record keeping practices. But progress has been slow. With some elements of the financial world, progress has also been reluctant.

The first important steps forward were in early 1969 in the midst of high volume trading, shortage of trained back office personnel and the collapse and merger of several major brokerage houses. At the time the financial community was faced with what is commonly known today as the back office crisis.

During this period of confusion, a unique type of organization was created called the Joint Bank Securities Industry Committee on Securities Protection. The committee was formed to review and act upon the latest information related to organized crime and unorganized crime in securities thefts.

The committee was comprised of major banking and securities firms, the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers and the Association of Stock Exchange Firms.

The Joint Bank Securities Industry Committee on Securities Protection developed the concept of a centralized data base structure of reported lost, stolen and missing securities information.

It was hoped that with an easily accessible centralized data base brokers and banks throughout the Nation would have a tool to enable them to frustrate thieves by quickly determining the authenticity of any given stock certificate.

After it was found that the National Crime Information Center—NCIC—maintained by the FBI could not provide the centralized data facilities required by the securities industry, proposals were sought from commercial institutions.

In August 1970, a firm known as Sci-Tek, Inc., was selected to provide the computerized service. Sci-Tek developed the securities validation system, a computerized system which was made available to all members of the financial community to report and confirm the authenticity of lost, stolen or missing securities.

Using Telex, Dictaphone and other communications devices, brokerage houses, banks and other financial institutions could, for the first time, find out almost immediately the status of specific securities which had been reported missing to Sci-Tek.

By June 1, 1971, the data base of Sci-Tek's securities validation system had some 11,000 individual securities listed with a total value of $100 million. About 25 financial houses were participating in the system.

At that time, with an admittedly limited sampling, officials of the Securities Validation System came before the Investigations Subcommittee and estimated that the total worth of stolen, missing or lost securities came to $1.2 billion.

A year went by. In the summer of 1972,

the Securities Validation System was now formulating its projections on a data base of 169,000 individual securities with 120 financial houses taking part in the service. The total stolen, lost or missing securities figure was now $1.8 billion.

Another year passed. Some 252 financial houses were contributing information to the Securities Validation System. Officials estimated they were now operating a data base that approximated 10 percent of the total dollar value of stolen, lost, or missing securities. And on that basis Securities Validation System analysts projected a total dollar value in 1973 of $50 billion in unaccounted for securities. This projection was based on $5.3 billion in reported missing securities which were specifically listed in the data bank.

This figure, massive by any measure, included the total dollar value of stolen, lost or missing Federal, State, municipal and corporate securities.

The chairman of the board of Securities Validation System is W. Henry du Pont. He testified before the Investigations Subcommittee on June 29, 1973.

Concerning the $50 billion estimate of stolen, lost, or missing securities, Mr. du Pont said that Securities Validation System statisticians had arrived at that figure after careful assessment of reports and inquiries which were coming into the system center at the rate of 5,000 a month.

Mr. du Pont pointed out that while 5,000 a month may seem like a large number the securities validation system could handle many more requests for information and much more data could be fed into the computer.

Many financial institutions do not use the system, Mr. du Pont said, because their officers were apathetic or because they did not wish to disturb the holder in due course status. This attitude among brokers and bankers was reflected several times in the course of the subcommittee inquiry. In addition, witnesses asserted that the financial community in the United States—and worldwide as well—is cautious by nature, often unwilling to adopt new techniques and face new problems.

Preliminary staff inquiry in preparation for the June 25 and 26 hearings has not turned up optimistic news in connection with the computerized approach to combating stolen securities racketeers.

Instead, the staff has found that the financial community—brokers, bankers, lenders, investors—are still not using the securities validation system at a level anywhere near its capacity. And because they are not using it, because the system does not have the opportunity to record most missing securities, it is not yet a viable weapon in the fight against the stolen securities racket.

Mr. du Pont will testify during next week's hearing as to the future of the securities validation system and what steps he thinks should be taken to expand its use in the financial community.

One of the points the subcommittee, as well as the entire Congress, may wish to consider is the assertion made by Donald T. Regan, chairman of the board of Merrill Lynch. Mr. Regan, as I said earlier, testified before the Investigations Subcommittee some 3 years ago to the effect that until the securities validation System is mandatory, until all banks and brokerages begin prompt and accurate reporting to it, the service will never be completely successful.

There are some observers who say that financial institutions themselves will not voluntarily cooperate with services such as the securities validation system because to do so would open them up to serious monetary losses. These losses would result in part from a disruption of the holder in due course concept and this issue will be examined in next week's questioning of witnesses from financial houses.

One of those persons who is critical of the willingness—or lack of willingness—of the financial houses to control the securities thefts racket is Gerald Martin Zelmanowitz, a former key operative for organized crime, a brilliant financier who represented the mob in high finance transactions in banking circles in foreign capitals like Geneva and Brussels.

Zelmanowitz took millions of dollars in stolen securities, obtained by organized crime, and cleansed them for the mob in transactions with financiers around the world. In his appearance before the subcommittee July 13, 1973, Zelmanowitz was asked about the extent of fraudulent securities trafficking and why the legitimate financial institutions will not try harder to control this racket.

Here is what Zelmanowitz said:

> The biggest single problem is that there are so many securities right now in the vaults [of reputable financial houses] and pledged against and inside corporate structures that to expose them on your own would cause a downfall of half the brokerage firms. No one likes to look in the wallet and find out that the $1,000 they have there is counterfeit.
>
> The average feeling would be to pass it off to the next man and let him suffer the $1,000 loss. You have the problem of trying to get exposure first and policing second. Brokerage firms are reluctant to have you investigate or pass legislation or take the policing duties away from them directly because exposure will take place.
>
> God knows what is in the banks. I know of millions myself that have never been exposed, that are lying there on the part of corporate balance sheets and statements. I don't know what effect it would have on the economy. Of course, it would be disastrous.
>
> If it was all exposed and if all the bad securities in Europe and the United States were shown today, you are not wrong when you say $50 billion, but what would happen to the economy?
>
> You can take a match and burn it up and start from scratch. . . . It starts with people, really. The man sitting in the brokerage house, the better policing of the people you originally hire. That is probably your first key.

These and other issues involving the traffic in stolen securities will be examined when representatives of major banks and brokerage houses testify next week.

NOTICE OF HEARINGS ON INTELLIGENCE-GATHERING ACTIVITIES IN THE FIELD OF ORGANIZED CRIME

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. EASTLAND, the chairman of the Subcommittee on FBI Oversight of the Judiciary Committee, I wish to announce the holding of hearings on June 25, 1974, in room 2228 Dirksen Senate Office Building, at 10:30 a.m. on the subject of the legal basis for the FBI's authority to conduct intelligence-gathering activities in the field of organized crime. FBI Director Clarence M. Kelley and Assistant Director William V. Cleveland are scheduled witnesses.

ADDITIONAL STATEMENTS

SUMMARIZATION OF THE MILITARY PROCUREMENT AUTHORIZATION BILL

Mr. STENNIS. Mr. President, because we were pressed for time on Tuesday, June 11, when the Senate passed the military procurement authorization bill for fiscal 1975, I did not try to summarize the bill before the Senate voted.

I want the record to show, however, that the bill approved by the Senate would reduce the requests of the Department of Defense by nearly $1.3 billion—a cut of about 5.5 percent.

Here, in round numbers, are the totals specifically authorized by the Senate for military procurement and for defense research, development, test, and evaluation:

	Administration request	*Senate bill*
Procurement	$13.8	$12.9
R.D.T. & E.	9.3	8.9
Totals	23.1	21.8

As noted, the House has approved a $22.6 billion version of the bill, and differences will be settled in conference.

These totals do not fully tell the story however. In addition to these specific authorizations for procurement and R. & D., the Senate-approved bill recommended reductions in strengths for the services—uniformed and civilian—at the end of fiscal 1975. The bill passed by the Senate would cut the uniformed, active duty strength of each of the services by 2 percent. That is a total of about 49,000 distributed according to the following table:

ACTIVE DUTY MILITARY PERSONNEL STRENGTH

[End fiscal year 1975 strength in thousands]

	DOD request	Committee recommended	Reduction from request	Percent
Army	785.0	768.3	−16.7	2
Navy	540.4	527.6	−13.4	2
Marine Corps	196.4	192.8	−3.6	2
Air Force	630.3	615.0	−15.3	2
Total	2,152.1	2,103.1	−49.0	2

The bill's provision on civilian employees, included this year for the first time, would cut the proposed civilian employment at the end of fiscal 1975 by an average of 4 percent as set forth in the following table:

CIVILIAN EMPLOYEE STRENGTH

[End fiscal year 1975 strength in thousands]

	DOD request	Committee recommended	Reduction from request	Percent
Army	358.7	335.4	−23.3	−6
Navy-Marine Corps	323.5	313.2	−10.3	−3
Air Force	269.7	261.3	−8.4	−4
Defense agencies	75.4	72.8	−2.6	−3
Total	1,027.0	982.7	−44.6	−4

The strength proposed by the Depart-

ment of Defense contemplated adding more new positions, and this civilian manpower shows a sizable turnover. Consequently, there need be no firings or reductions in force. These civilian manpower cuts can easily be accommodated by attrition and by not creating new positions.

When fully effective, these reductions in uniformed and civilian manpower would save about $1.2 billion annually. Slightly offsetting these reductions, however, were recommendations for military Reserve strengths which were, in some instances, above requested levels to take full advantage of favorable recruiting experience:

RESERVE PERSONNEL AUTHORIZATION CHART

	Congress authorized in fiscal year 1973	Congress authorized in fiscal year 1974	Requested in budget fiscal year 1975	Senate action
Army Guard	402,333	379,144	379,848	390,000
Army Reserve	261,300	232,591	215,842	220,000
Naval Reserve	129,000	119,231	107,526	110,000
Marine Reserve	45,016	39,735	36,703	36,703
Air National Guard	87,614	92,291	89,128	93,412
Air Force Reserve	51,296	49,773	51,319	51,319
Total, DOD	976,559	912,765	880,366	901,434
Coast Guard	11,800	11,300	11,700	11,700

We estimate the net effect of all these Senate-approved manpower actions, when fully effective, would be annual savings of about $1 billion. Those savings are in addition to the nearly $1.3 billion in specific cuts mentioned previously.

In past years, this military procurement bill has provided authorization for military allies who fought with our forces in Indochina. Now this program has evolved into a military aid program for one nation—South Vietnam.

The Senate bill would reduce administration requests, for this purpose, from $1.6 billion to $900 million. It would also tighten the administration of the program by:

Setting up a regular, separate appropriation for this assistance—a step which will permit regular accounting procedures and followup including GAO audit;

Requiring that the Secretary of Defense approve all obligations in this account and that obligations be charged when provided; and

Clearly defining the valuation procedures for obligations of assistance in this account.

In addition, I have strongly suggested to the White House and the Pentagon that a highly competent individual of top reputation be given full authority to run this program here and in Vietnam. I have been encouraged to believe that this suggestion will be followed. I shall continue to pursue the matter.

Up to this point, Mr. President, I have cited provisions in the military procurement bill which reduce administration requests. I must now mention an amendment, added to the bill on the Senate floor, which would materially increase costs.

The amendment, sponsored by the Senator from Indiana, Mr. HARTKE, would permit military retirees who retired prior to January 1, 1972, to recompute their retirement pay, at age 60, at pay scales in effect as of that date. This amendment would cost the Defense Department $300 million in the first year and a total of $16 billion by the time all those eligible had passed out of the retirement system.

I believe that is an accurate summary, in dollars and cents, of the bill passed here on June 11. There were, in addition, language amendments adopted in committee and on the floor, which dealt with important military policies including the nonnuclear potential of NATO, the operations of the CIA, and the export of U.S. technology. All the amendments—more than 30 of them—must be dealt with in the forthcoming Senate-House conference.

All in all, I think the Senate has passed a good bill—one which meets the demands of the times. By that I mean that the bill will provide military strength—ships, planes, missiles, as well as manpower—if they should be needed. That level of strength will also give necessary support to our negotiators who seek agreements to limit troop levels, weapon stockpiles, and so forth.

We can also take satisfaction from the fact that this important authorization bill has passed the Senate and House and is on its way to conference well before the end of the fiscal year. That will help assure a more efficient administration of these funds, assuming that the appropriations bill is passed in a timely way which I am sure will be the case.

In closing, I would like to say a word or two of caution to the Pentagon and the military services. Perhaps it would be more accurate to say that the Senate itself, by its actions on this bill, has already given the warnings, and I am simply restating them here.

In any event, I think the 1-vote margin, by which the Senate rejected a further cut in the $900 million in military aid for Vietnam, speaks very loudly.

It says to me that many here in the Senate are skeptical about this aid program. I hope the Defense Department—and the South Vietnamese—will act to put this program on a businesslike basis and get a dollar in value for every dollar expended.

I think there is a message, too, in the 2-vote margin by which the Senate defeated an amendment which would have required the withdrawal of 76,000 U.S. troops from oversea.

It seems clear to me that the services are being told to act in this area—to heed the suggestions of our Armed Services Committee—and to reduce support troops and headquarters echelons where that can be done without impairing military effectiveness.

If the services do not act I believe it is just as clear that steps will be taken in the Congress to require such action.

I hope these messages will not be lost on the Defense Department.

THE NATIONAL WILDERNESS PRESERVATION SYSTEM

Mr. AIKEN. Mr. President, on Thursday of last week, the President submitted a message to the Congress recommending that 15 new areas be added to the National Wilderness Preservation System.

The proposed additions are in national parks and national wildlife refuges and comprise more than 6 million acres.

I am certain that the Congress will give careful consideration to the President's recommendations.

In his message, the President made reference to legislation before the Congress concerning the designation of certain areas as wilderness in the eastern national forests.

The President noted that on May 31, the Senate passed a bill which would designate certain wilderness areas in the Eastern United States.

The bill to which the President made reference—S. 3433—was the work product of the Committee on Agriculture and Forestry and the Committee on Interior and Insular Affairs.

The bill combined major provisions of S. 22, as reported by the Committee on Agriculture and Forestry, and S. 316, as reported by the Committee on Interior and Insular Affairs.

The Senate passed S. 3433 with the inclusion of certain amendments offered by the chairman of the Committee on Interior and Insular Affairs.

The amendments reflected the concerns of several western Senators and were accepted by the chairman of the Committee on Agriculture and Forestry and by myself, as floor manager of the bill.

The Senate is united in the effort to provide a truly national system of wilderness areas, extend wilderness protection to the eastern national forests, and assure citizens in the East of an opportunity for access to wilderness areas.

However, in his message of last Thursday, the President stated his belief that S. 3433 was "inadequate" and urged the passage of the administration's proposed legislation on eastern wilderness areas.

The President was mistaken in his characterization of S. 3433.

S. 3433 is not only adequate, but is far superior to the administration's proposal in the areas designated and the protection afforded such areas.

S. 3433 designates 19 areas as "instant" wilderness areas within the National Wilderness Preservation System.

The bill also designates 40 additional areas to be preserved and studied for possible inclusion in the National Wilderness Preservation System.

In contrast, the administration's proposal—now embodied in H.R. 10469—designates 16 instant areas and 37 study areas.

S. 3433 also has management standards which are more strict than the standards in the administration's proposal.

S. 3433 prohibits timber stand modification except for the limited purposes of controlling fire, insects, and diseases.

The administration's bill contains no comparable provision.

S. 3433 withdraws, subject to valid existing rights, federally owned lands within instant wilderness areas and wilderness study areas from all forms of appropriation under the mining laws and from disposition under all laws pertaining to mineral leasing.

The administration's proposal on mining pertains only to instant wilderness areas.

S. 3433 provides that grazing within any wilderness area may be continued under permits consistent with the purposes of the bill.

Under the administration's proposal, grazing would continue until the termination of existing permits.

S. 3433 provides that wilderness study areas shall be managed to protect their wilderness potential while being reviewed and for a period of not less than three full Congresses from the date the President submits his recommendation concerning a particular study area.

In contrast, the protection afforded wilderness study areas under the administration's bill would expire upon the President's determination that a particular study area should not be included in the National Wilderness Preservation System.

S. 3433 also contains provisions requiring the development of a management plan for each wilderness area and wilderness study area.

Also, S. 3433 contains provisions designed to assure greater citizen participation in the review of wilderness study areas.

The administration's bill contains neither of these features.

I am sure that there is much support for adding 6 million additional acres to the national wilderness preservation system.

These recommendations will have to be reviewed by the appropriate committee of the Congress, but this review should not hold up consideration of the legislation to create for the first time eastern national forest wilderness areas, which has already passed the Senate and is now before the House Interior Committee.

In fact, I know of no surer way to kill eastern wilderness legislation than to take time to consider the addition of these new 6 million acres to the wilderness preservation system before acting on S. 3433.

We have to act now on S. 3433 and then duly consider the President's recommendations as presented in his message to the Congress last week.

In conclusion, S. 3433, as passed by the Senate through the cooperative efforts of the Committee on Interior and Insular Affairs and the Committee on Agriculture and Forestry, presents a great opportunity for the country to attain—this year—a system of wilderness areas in the eastern national forests.

Instead of characterizing the bill as "inadequate," I hope the administration will lend its efforts to the enactment of S. 3433 without further complications.

ASSISTANCE TO HANDICAPPED CHILDREN

Mr. BEALL. Mr. President, the Baltimore Sun recently did an editorial commending my colleague, Senator MATHIAS, for his amendment providing assistance to handicapped children.

I was pleased to cosponsor this amendment with Senator MATHIAS and I believe it to be one of the more important amendments before the House-Senate Conference Committee, which is presently meeting to work out the differences between the bills as passed by the House and the Senate.

Handicapped children have often been neglected by society and the education system. The recent court decision in Maryland and the growing number of court decisions throughout the country are requiring additional assistance on behalf of such children. The legislation would create a system of entitlement based on $15 per student in average daily attendance. If fully funded, the amendment would mean $12.1 million to my State and would certainly be of considerable help to the school districts as they attempt to comply with the court orders and to do justice for our handicapped children. As a conferee on this measure, I will do everything I can to see that this amendment is retained.

I ask unanimous consent that this editorial rightfully commending my colleague for his leadership, be printed in the RECORD.

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

[From the Baltimore Sun, June 2, 1974]

MATHIAS AND HANDICAPPED CHILDREN

Many Americans still find it easy to overlook the needs of the less fortunate, including handicapped children. Maryland provides special education for only 60 per cent of its physically handicapped children and only 9 per cent of its emotionally disturbed children. Other states do better or worse, but the overall situation is generally grim. Some hope has been provided for Maryland handicapped children through a decision by a Baltimore county circuit judge who decreed the state must establish and enforce standards for special education for the children. But little can be done without money.

Thus one of the more important features of the aid-to-education bill passed recently by the Senate is an amendment introduced by Maryland's Senator Mathias which would authorize $631 million for special education for the handicapped. Senate passage of the amendment is no guarantee of anything, of course: The bill now goes to the Senate-House conference committee which will work out a final version and after that it is still subject to veto by President Nixon—who does not like some features of the Senate measure. Finally, an authorization is only a kind of ceiling, and dollars will not go to the schools until appropriation bills are approved.

But it is heartening that the Mathias amendment—along with other amendments which would provide educational help for other categories of deprived children and adults—has gone as far as it has. The amendment was, of course, relatively little-noticed in the agitation over an anti-busing amendment. Marylanders—and Americans—should be pleased that Senator Mathias chose to notice the plight of the handicapped children, a group that is so easily overlooked.

JUDGE ARNOLD BAUMAN'S RESIGNATION

Mr. McGEE. Mr. President, from time to time in recent weeks I have commented on the continuing problem created by this Government's failure to adjust the salaries of its higher ranking officers and employees in each of its three branches.

Later this week, the Committee on Post Office and Civil Service will begin a new series of hearings on the question of pay levels for those in the Executive Schedule, as well as for those in positions of comparable responsibility in the legislative and judicial branches.

Just recently, a pointed example of the problem arose with the resignation from the bench of U.S. District Court Judge Arnold Bauman of New York. Mr. President, I ask unanimous consent that a news report taken from the June 7, 1974, edition of the Washington Post which refers to Judge Bauman's resignation be printed in the RECORD, along with a copy of Judge Bauman's letter of resignation.

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

[From the Washington Post, June 7, 1974]

JUDGE QUITS: $40,000 NOT ENOUGH TO LIVE

NEW YORK, June 6—A judge in U.S. District Court in Manhattan formally announced today that he is resigning from his $40,000-a-year job because he can't keep pace with the high cost of living.

In a letter to President Nixon, Judge Arnold Bauman said inflation "has resulted in a substantial reduction in my real income and has constrained me to conclude I can no longer continue."

Bauman, 59, who lives in suburban Rye, N.Y., has been on the federal court bench for 2½ years. His resignation will be effective in August, when he plans to return to private law practice.

U.S. DISTRICT COURT,
New York, N.Y., June 6, 1974.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: It is with the utmost reluctance that I herewith tender my resignation as a United States District Judge for the Southern District of New York effective as of August 15, 1974.

Needless to say, when I accepted this high office it was my intention to serve for the rest of my life. Almost exactly coincidentally, there started an unforeseen, precipitous inflation, which in the last two years has resulted in a substantial reduction in my real income and has constrained me to conclude that I can no longer continue.

Other than the Congress, Presidential appointees in the executive branch and Federal Judges, I am unaware of any group of employed citizens whose income has not increased in the last five years, at the very least to the extent of keeping pace with the cost of living. For reasons I am at a loss to understand, the Congress has rejected opportunities to correct this unfortunate state of affairs. Hence, the future appears bleak and the problem, for me, is insoluble.

Federal Judges do not have available income from the practice of professions or the conduct of business. They do not assume their offices for limited periods anticipating their return to private life and its lucrative pursuits. As such their problems are unique and require special and speedy consideration and action. I hope, therefore, that you will impress upon the Congress the need for a prompt solution of this situation.

Serving as a Federal Judge has afforded a satisfying opportunity for public service for which I am grateful to you. I have never known a group so dedicated, so able and so unswerving in the pursuit of excellence as my colleagues on the Federal Bench. I shall treasure the memories of our association. My one hope is that my action may have some effect in alleviating their increasingly difficult condition.

Respectfully yours,

ARNOLD BAUMAN.

SANTA FE TRAIL CENTER DEDICATION

Mr. DOLE. Mr. President, on June 2 it was my privilege to attend dedication ceremonies for Kansas' newest and one of America's finest historical preservation centers.

The Santa Fe Trail Center Museum and Cultural Center in Larned, Kans., is an outstanding facility for the preservation, study, and display of the history of one of America's most significant pathways of growth and development. The only museum on the Santa Fe Trail, Larned's center will be a tourist and educational attraction for the entire Midwest. And in conjunction with the Fort Larned historic site only 3 miles away, the area will assume an importance unmatched by any other along the entire distance of the trail.

Attended by an audience of some 1,000 persons, the dedication ceremonies for the $400,000 privately-funded center were keynoted by former Secretary of the Interior Walter Hickel, who, despite his famous association with the State of Alaska, is no stranger to this area of Kansas. Wally is a native of Claflin, and the center's dedication was something of a Hickel family reunion between Wally and seven of his nine brothers and sisters who were present.

The whole day was a great success, and the center—with the enthusiastic support of the entire area—is off to a fast start on what promises to be a highly rewarding job of serving the American people's interest in seeing our history preserved and perpetuated for the benefit of present and future generations.

If other Senators might want to furnish additional information to their constituents who are interested in our frontier history, I ask unanimous consent that a number of descriptive articles from the Larned Tiller and Toiler, as well as Governor Hickel's dedicatory remarks, be printed in the RECORD.

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

TRAIL CENTER: HELPING AMERICA REFIND PURPOSE

The Santa Fe Trail Center museum and cultural center was dedicated Sunday as a signpost on the Plains that may help America refind its purpose in showing mankind how to live.

Former Secretary of Interior Walter J. Hickel, in a stirring talk that drew him a standing ovation, said: "You here have demonstrated on this site that there are Americans with values that go way beyond personal gain. This museum is a triumph of those who understand personal fulfillment and the love of something greater than themselves."

The $400,000 center, 2½ miles west of Larned, was built with funds donated by area residents and businesses. It is the only museum along the historic Santa Fe Trail. It will depict the economic development, cultural growth and the lives of people during the century of the trail.

Glee Smith Jr., master of ceremonies, said the Trail Center along with Fort Larned National Historic Site three miles farther west, "should make not only one of the outstanding tourist attractions of the Midwest, but one of the most significant historical sites for scholarly research, for visitations to see artifacts and to study literature concerned with the Santa Fe Trail."

Hundred of residents from Pawnee and adjoining counties as well as many legislators and state officials were on hand for the two-hour ceremony. The visitors included officials of the Kansas Historical Society and Museum, Topeka.

They toured the center's various galleries and viewed the courtyard with its plants, trees and shrubs. Historical items will be placed in the galleries at a later date.

Hickel flew from Alaska to Kansas to make the dedication speech. He was secretary of Interior for two years in the Richard Nixon administration. He left in 1970 after a falling out with the President. He said he saw trouble brewing in the "isolation of the President from the real feeling of America" by the President's personal staff.

"America is searching," said Hickel, who is seeking a second term as governor of Alaska. "We are at a time of questioning. Our purpose as a nation and our values as individuals are being challenged . . . It's coming from ourselves . . . The people are somewhat adrift. We are looking for leadership. And that leadership goes to all levels. It shows that you have it here in what you have done. As in few other times in our history," Hickel said, "we need someone who will inspire us and point the way.

"This is why what you have accomplished here is really important to America as a whole. Here on the old Santa Fe Trail is hope . . . a signpost to the answers we seek. For it's time we Americans studied our past to better understand and judge what's going to happen."

He said a strong nation is rooted in a culture and that America, a leader in almost every field of endeavor, has been slow in claiming a culture.

"You have demonstrated on this site that there are Americans with values that go beyond personal gain. . . . Wealth, after all, is all in the mind. Material things aren't wealth. Happiness is. And one of the keys to a secure and happy nation is a culture that people can call their own.

"Cultures don't just happen. Someone has to make them happen. That means someone has to care.

"You at this ceremony and hundreds of others who have worked with you and contributed to this building are examples of what caring is all about and how to create this culture America so urgently needs."

He said the nation can't build a culture on economics alone, that there must be a middle ground of public concern for the land, water, air, forests and the rolling plains.

Now that the world is turning to America for food, Hickel said "the farming communities of America will have their voice heard with much greater strength in the halls of government, where it should be heard.

"And I believe that voice will be calling America back to its greatness. . . . You will help call us all back to the values with which we started and help point the way to the opportunities ahead.

"Believe me, America will listen, because America is ready to listen."

Hickel stated, "I do not see our destiny as a nation in terms of power—I see it in terms of showing mankind how to live. . . . The challenge to us, our distant hope, is to learn not to exploit the world, but to humanize it."

He predicted that Americans will be prouder than ever before of this country by the year 2000.

"America will be getting down to the business of fulfilling the destiny we were founded for in the first place—to be a pattern for mankind.

"Perhaps even more important," he added, "That culture will be fashioned in the decisions and examples we set in our own lives during this decisive moment in the shaping of America."

That culture will be preserved, he said, "in the Santa Fe Trail Museum and in many other such museums built by people who care."

Prior to his dedication talk, the seven principal donors were recognized.

They are Irma I. Smith of Macksville, Mrs. Bobbie Victor Wallace, Mrs. Isabel Campbell, both of Larned; Dr. and Mrs. Harold Davis of Florida, Alice Schnack McNamara, the John D. Jordaan Foundation, and the First National and First State banks of Larned.

Mrs. Campbell is president of the Fort Larned Historical Society which sponsored the fund drive for the Trail Center.

[From the Larned (Kans.) Tiller and Toiler, May 31, 1974]

SUNDAY IS SANTA FE TRAIL CENTER DAY IN LARNED

"All kinds of things happen when a very small Midwestern town plans a very big celebration of national interest," author Vana Earle wrote about Larned several years ago.

The occasion then for another "Big Day in Larned" was the Golden Anniversary party by the Federal Land Bank System in Larned March 27, 1967.

There have been other "Big Days" before and since. The most recent, in 1972, the dedication of Fort Larned National Historic Site—the best preserved western fort of its kind in the nation.

Sunday another "Big Day" comes to Larned without the many celebrated movie and television stars of the past, without the floats and the bands, the community this time dramatizes its brawling beginning and that of the West in more quiet splendor.

This day is Santa Fe Trail Center Day. Former Interior Secretary Walter J. Hickel will dedicate the $400,000 library and museum in ceremonies beginning at 3 p.m. The center, built with private funds, is 2½ miles west of Larned on U.S. 156.

The center will be dedicated to the recognition of the agricultural and economic development of the early West, including depictions of everyday activities of early pioneers along the Santa Fe Trail.

Prior to the dedication, all Kansans and visitors are invited to a pre-dedication beef dinner in the Trail Center at 1 p.m. Tickets are available at Larned, Macksville and Burdett banks.

Former State Sen. Glee Smith will be master of ceremonies.

A dinner will be held Saturday night honoring donors, guests and other persons responsible for years of effort and planning that led to construction of the Trail Center. This will be held at the Harvest Inn at 7 p.m.

Special honor will be accorded those who contributed $25,000 or more. These included Mr. and Mrs. Harold C. Campbell, Dr. and Mrs. Harold E. Davis, First National Bank and Trust Co., First State Bank of Larned, John D. Jordaan Foundation, Alice Schnack McNamara, Irma I. Smith and Bobbie Victor Wallace.

Hickel, former governor of Alaska and a native of Claflin, Kan., was active in planning and development of Fort Larned National Historic site, three miles west of the Trail Center.

The fort, now undergoing renovation by the National Park Service, concentrates on military history and is operated by the National Park Service.

The Trail Center will be operated by the Fort Larned Historical Society and is the only facility of its kind telling the history of the Santa Fe Trail. Directed by Bill Pitts, historian and curator, the center's research laboratory, library and museum facilities will be made available to visiting researchers.

The Trail Center and Fort Larned, in complementing each other, are expected to be the state's largest tourist attractions within a few years, park service experts predict. Annual visitations already exceed 40,000.

U.S. Sen. Bob Dole and Congressman Keith Sebelius announced plans to attend the dedication. The new facility will be open to the public free of charge Saturday and Sunday.

"The Santa Fe Trail Center will concentrate its efforts in the interpretation of agricultural and economic development of the early west and the every-day lives of people involved in this noble effort," said Mrs. Isabel Campbell, president of the Fort Larned historical Society.

"We can think of no better way to recognize the efforts of these early pioneers than to establish this museum, library, research and study center for present and future scholars."

Funds for the center were raised by public subscription in 1972–73 and general contractor for the work was Fraser Construction of Larned.

Several Kansas newspapers plan to cover Sunday's dedication with reporter-photographer teams. In addition, television stations in Great Bend and Wichita will have camera crews here for filming of portions of the ceremony.

ADDRESS BY WALTER J. HICKEL, DEDICATION CEREMONY, SANTA FE TRAIL CENTER

This is a great moment for the west and a great moment for America as a whole.

It is a privilege to have a part in it.

America is searching.

We are in a time of questioning.

Our purpose as a nation and our values as individuals are being challenged.

The challenge is not so much from people in Europe, Asia, and Africa, or even Russia and China.

It is coming from ourselves.

Our society is in crisis.

Government is spending its time and energy solving its own problems.

And the people are somewhat adrift.

We have known greatness. And we have greatness within us.

But we are looking for leadership.

As in few other times in our history, we need someone who will inspire us and point the way.

This is why what you have accomplished here is of importance to America as a whole.

Here on the old Santa Fe Trail is a hope. . . . a signpost to the answers we seek.

For it's time we Americans studied our past to better understand who we are.

It's time we looked at what happened to better understand what's going to happen.

From the very beginning this nation of ours was a nation of searchers.

We are not content with the mediocre.

Our spirits are restless unless we have found a great calling.

And the story that is told within these walls is of earlier generations who also were searching.

There are many messages here for us today.

Above all, there is a message in what you, the people of Larned, have accomplished.

The strong nation is the nation rooted in a culture.

Yet in many respects, except for certain notable exceptions, we haven't even begun to create a culture in this nation of ours.

Cultures don't just happen. Somebody has to make them happen. That means, somebody has to care.

You at this ceremony and hundreds of others who have worked with you and contributed to this building are an example of the caring that is needed to create the culture America so urgently needs.

You may ask, why is America—so quick to lead in almost every field of endeavor—so slow in claiming a culture?

In part the answer is this.

At the turn of the century we somewhat lost our way.

As we moved from an agricultural to an industrial society, and in the struggle to wage and win two World Wars, the material side of life became dominant.

We became the world's greatest industrial power, and we confused industrial output with national purpose.

In fact, we began to confuse free enterprise with free society.

Enterprise—meaning some kind of business—is vital to our national well-being.

But it isn't the total wheel of life.

This nation was founded as a free society and enterprise was—and is—one of the most important freedoms.

But you cannot build a culture on economics alone.

While other civilizations were preserving their old, our tendency was to bulldoze away the past.

There is nothing big enough in this country to fit a Michelangelo.

So how can there be a Michelangelo? How can he come forward?

He cannot do a mural in a steel and glass courthouse that will last only a few years.

But you here have demonstrated on this site that there are Americans with values that go beyond personal gain.

This museum is a triumph of those who understand personal fulfillment and the love of something greater than themselves.

Wealth, after all, is all in the mind.

Material things aren't wealth. Happiness is.

And one of the keys to a secure and happy nation is a culture that the people call their own.

In the years ahead, hundreds of thousands of Americans will retrace the old Santa Fe Trail as they come to visit this museum.

Here they will find the roots of the old west, not as glamorized by Hollywood, but as recorded in the lives and writings of real men and women.

It is not the story of a perfect age in which people had all the answers.

Many mistakes were made.

One hundred years ago as the newcomers and the proud leaders of the Indian nations came into conflict, battles were fought and lives were lost.

But in those struggles, lessons were learned that should be heeded today.

I, for one, am a great admirer of the Indian people.

Where some people say the American Indian has much to learn. I say he has much to teach.

Especially in this age of public concern for the land, the water, and the air, the forests and the rolling plains.

In this new era where we have come to respect both the benefits and the needs of nature, we would do well to heed the approach and philosophy of the American Indian.

And yet the pioneer settlers carried with them a message too.

Their vision was of plowed lands and great harvests to feed communities much greater than themselves.

And it is somewhere in the balance between these two approaches—these two early American cultures—that modern America must find its way.

There is no question in my mind that God meant America to be a nation of the soil.

The unique piece of real estate that is the United States, with the depth and richness of its land, makes the destiny of our farming community one of America's greatest hopes.

If we care for the land, America will always be a breadbasket for the world.

It's true that our farmers have lived through a famine of public apathy.

But now the world is turning to us for food. With wise management we could feed a billion people.

As a result the farming community of America will have its voice be heard with much greater strength in the halls of government.

And I believe that voice will be calling America back to greatness.

Drawing on the heritage of all races who have lived, loved, bled, farmed, struggled, and died on this land, the depth and strength of America's plains will be heeded.

You will help call us back to the values with which we started and help point the way to the opportunities ahead.

America will listen, because she is ready to listen.

After all, America didn't start off as a country—it began as a cause.

The principle of why America was born is in the heart of every human, regardless of nationality.

There wasn't any hate in it. There was hope.

True patriotism to our founding fathers was not a narrow thing.

It meant loyalty to the cause of humanity.

This was a new and young idea in 1776. It had never been tried before.

It is interesting to me that so many of those who started America—and those who ventured along the Santa Fe Trail—were young men and women in their twenties and thirties.

They had a sense of future.

Somehow that idea is still as young and as new as it was in the time of those pioneers on the frontier.

Today the young of all ages must help this country re-find its original purpose.

Because the world has never needed America as much as it does today.

America the idea, America the dream, America the philosophy.

We must have a great vision.

We must have great leadership.

We must have a desire to work.

We will never solve our problems, or re-find our sense of purpose with money alone. . . . It takes a sense of rebirth.

And rebirth is what America is all about.

I do not see our destiny as a nation in terms of power—I see it in terms of showing mankind how to live.

For by choice we are a mongrel nation.

The challenge to us . . . our distant hope . . . . is to learn not to exploit the world, but to humanize it.

I predict that in the remainder of this century—between now and the year 2000—we are going to be prouder to be Americans than ever before.

America will be getting down to the business of fulfilling the destiny we were founded for in the first place—to be a pattern for mankind.

If that is the driving force behind our search, we will indeed leave a great culture for future generations to inherit.

It will be preserved here in the Santa Fe trail museum and in many other such monuments built by people who cared.

But perhaps even more important, that culture will be fashioned in the decisions and examples we set in our own lives during this decisive moment in the shaping of America.

Thank you.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the birth of the United States was announced by a profound human rights document—the Declaration of Independence. Since that time the United States has championed the cause of human rights both here and abroad.

Indeed, it was effective American leadership at the San Francisco Confer-

ence in 1945 that resulted in a strong human rights section in the Charter of the United Nations. Our delegates recognized that the denial of human rights and human dignity creates a prime source of potential conflict and a threat to international peace.

A quarter century ago the United States also lent its leadership to the drafting of the Genocide Convention, which was the first human rights document to be endorsed by the U.N. General Assembly. Today, the United States stands with the Union of South Africa as the only charter members of the United Nations that have not ratified this convention.

The responsibility for this failure rests with this Chamber. This inaction has proven an embarrassment to our diplomats and allies and a delight to our enemies.

Mr. President, the cause of human rights and the promotion of international peace are interlocked. It is imperative that the United States regain its initiative in this vital field by ratifying the Genocide Convention now.

PERSECUTION OF UKRAINIAN AMERICANS

Mr. YOUNG. Mr. President, many Ukrainian Americans, including some personal friends of mine, have expressed to me their distress over the torture and other inhumane treatment being suffered by two political prisoners at the hands of their Russian captors.

They are Valentyn Moroz, a 38-year-old historian, who is being systematically beaten and tortured as a common criminal in the Vladimir Prison in the Russian Republic, and Leonid Plyushck, 34-year-old mathematician and cybernetics specialist, who is being held in the "psychiatric ward" in the city of Dnipropetrovsk, in the Ukraine. I am told the latter is near death.

The two prisoners, both young Ukrainian intellectuals, are representative of a new wave of persecution all over the Ukraine. I understand over 200 Urkainian poets, professors, writers, scientists, and scholars have been arrested for defending the culture and language of their people.

Mr. President, I have been asked by Dr. Anthony Zukowsky, a physician at Steele, N. Dak., who is the State president of the Ukrainian Congress Committee of America, as well as heritage chairman of all nationalities in my State, to bring this deplorable situation to the attention of the Senate.

I hope somehow, some way, the Soviet Government can be persuaded to release these two young men, and permit them to receive proper medical attention which is being denied them in their own country.

KISSINGER'S "NEW DIALOG" WITH LATIN AMERICA

Mr. McGEE. Mr. President, in the April 20, 1974, publication of Saturday Review/World there apepared an article written by Alan Riding on Secretary of State Henry Kissinger's "New Dialog" with Latin America.

I have had the opportunity to accompany Secretary of State Kissinger to three meetings which have an important bearing on the future of United States-Latin American relations. The first was to Panama City where the Secretary signed the Declaration of Principles with Panamanian Foreign Minister Juan Tack outlining the framework in which a new Panama Canal Treaty will be negotiated.

The second was the Foreign Ministers' meeting in Mexico City. The third was the OAS foreign ministers' meeting in Atlanta, Ga.

All three events symbolize the importance the Secretary attaches to a closer relationship with Latin American nations—a relationship which rejects the paternalism of the past.

It is to the Secretary's credit that significant psychological breakthroughs have been achieved in United States-Latin American relations. I am confident the Secretary will continue to build upon this new relationship. Those of us who have voiced concern over the past direction of United States-Latin American policy commend the Secretary for his foresight and wisdom in seeking a more viable and equitable relationship with our neighbors to the South.

I ask unanimous consent that the article be printed in the RECORD.

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

LATIN AMERICA: FOUR REPORTS—KISSINGER'S "NEW DIALOG"

(By Alan Riding)

(United States relations with Latin America, long chilled by mistrust and clumsy diplomacy, are thawing out in the warm glow of Henry Kissinger's new inter-American dialog.)

The sad truth about U.S.-Latin American relations is that ten decades of intercontinental conferences, "new dialogues," and proclamations of friendship have done little to redress the hemispheric imbalance: Latin America remains poor and frustrated; the United States remains rich and powerful.

Everything else follows from this. U.S. programs of trade and aid are merely frosting on the cake. The reality is that forty years of "good neighborliness" have not enabled a single Latin American nation to step out of poverty and underdevelopment.

Any "new relationship"—and the possibility is once again being aired—must therefore be based on a realistic appraisal of the basic relationship between the United States and Latin America. And if the Latins want to get rich and the Americans want to stay rich, the conclusion may well be that their interests are incompatible. To change the relationship, a clash of interests may therefore be inevitable.

Traditionally, Washington's policy toward the southern continent has consisted of negligent paternalism. And by constantly asking for a "new relationship" and complaining that "the United States doesn't care," Latin America has only encouraged this paternalism. Talking from a position of weakness, Latin America has only obtained reluctant charity; talking from a position of strength, Washington has only responded to threats to its interests.

To smooth over the wrinkles in this traditional relationship, endless numbers of inter-American organizations and committees have been created. Almost monthly, one or the other produces yet another study or resolution or declaration on the state of relations between the regions. But the names and acronyms—OAS, ECLA, CIAP, CECLA, CIES, CECON, and so on—are important only as symbols of mounting frustration for the continent's governments. There are some diplomats who have spent their working lives going from one of these committees to another. Eventually, their vision of reality also wrinkles beyond recognition.

But once the organizations and the reports are set aside—so repetitive, so depressing; so accurate, yet so irrelevant—Washington's policy toward Latin America can be seen in all its simplicity and nakedness: It involves maintaining the continent generally within Washington's sphere of influence, preventing the emergence of leftist regimes, protecting U.S. investments, developing a market for U.S. exports, and securing the region as a fount of raw materials. Liberalism apart, there is nothing wrong with this. Washington defends its interests as it sees them—and it softens the blow with some charity and rhetoric.

The Alliance for Progress, launched with such flair by President Kennedy in 1961, fell perfectly into this pattern. It was realism wrapped in goodwill. Once the CIA-guided invasion of Cuba had collapsed on the Bay of Pigs, Washington accepted the permanence of Fidel Castro and sought to neutralize his influence through the Alliance for Progress. Right-wing dictatorships therefore were frowned upon, democracies were bolstered, and economic and social reform was encouraged. This prong of the alliance was aimed at defusing popular unrest. The other prong—that of sharing the grim secrets of counter-insurgency with Latin America's armies and police forces—was to prevent this popular unrest from taking political shape.

Throughout the Sixties, U.S. advisers therefore helped Latin American governments to fight the extreme Left until the guerrillas of the continent were virtually exterminated. And as the ruling oligarchies modernized themselves to face the new challenges of the masses, Washington found that it could relax its vigil over the continent and concentrate on the problems of Southeast Asia. The Alliance for Progress consequently lost impetus and resources.

But there were occasional problems that required attention. In April 1964 Brazil's left-leaning government of President Joao Goulart was ousted with Washington's blessing. A few months later the defeat of the Marxist Salvador Allende in Chile's presidential elections was assisted by U.S. funds. In 1965 the Dominican Republic was invaded by U.S. Marines "to prevent another Cuba." And in 1968 a leftist military regime in Peru was boycotted—though it could not be ousted—after it had nationalized a major U.S. oil company. The collapse of the leftist regime of Gen. Juan José Torres in Bolivia in 1971, however, was a relief to Washington. And the successful termination of its campaign against the Allende government in Chile between November 1970 and September 1973 was toasted with champagne in Washington.

But none of these "occasional problems" were sufficient to alter U.S. policy toward the continent. In fact, in October 1969, in his only major speech on Latin America, President Nixon felt so confident about the region that he formally buried the Alliance for Progress and announced the start of a "more mature" relationship based on trade, not aid. Two years later this new maturity meant burdening Latin American products with a 10 percent import surcharge even though the continent had a huge trade deficit with the United States. But in November 1971 Mr. Nixon dispatched his special assistant, Robert Finch, around the continent to "confirm" his goodwill. And in May of last year, the then—Secretary of State William Rogers traveled Latin America to announce his stillborn "new relationship."

Now, with Henry Kissinger (who was quoted as once having characterized Latin America as "a dagger pointing at the heart of the Antarctic") in the State Department, the proclamation of yet another "new dialogue" is echoing over the bones of the decades-old "special relationship." And to this end, Dr. Kissinger met the foreign ministers of Latin America and of the Caribbean—of all except Cuba—in Mexico City in February and meets them again this month in Atlanta, Georgia.

But Dr. Kissinger is not a man given to political romanticism. This "new dialogue" is therefore different because it starts from a premise of realism rather than guilt. The words are the same, but the mood reflects a change in the basic relationship between the United States and Latin America. Washington has begun shaping a new policy toward Latin America because suddenly it has an interest to defend. And Latin America is responding differently to the invitation of a "new relationship" because suddenly it has acquired relative strength.

The change can be explained in one phrase: the energy crisis. It is, of course, an oversimplification, but the impact of the energy crisis on the attitudes and policies of the United States and Latin America threatens to transform the basic relationship between the two regions more than do any number of conferences and declarations.

For many Latin American countries, the hike in world oil prices has meant serious short-term economic problems, not least through increased inflationary pressures. But it has also left another mark. Many governments are now becoming aware that the terms of trade for their raw-material exports might also be altered dramatically if they follow the Arab example and join forces to push up world prices.

In a sense, Latin America has been preparing for such an action for over a decade. The mounting disillusionment with inter-American and even international forums has slowly pushed Latin America into the Third World camp of militancy. Only a few countries of the region are encompassed by the political nonaligned nations movement, but governments with the most divergent ideologies—such as Brazil and Peru—stand together on most world economic issues. In their relations with the United States, Latin American governments disagree on such political questions as Cuba, but they face Washington as a lboc on trade, investment and monetary issues.

From Dr. Kissinger's global perspective, the danger that Third World producers' cartels may spread from oil to other key raw materials is therefore apparent. And if they do spread, the industrialized world will be convulsed even more than now. Latin America thus takes on strategic significance: By wooing the continent, the United States not only would divide and weaken the Third World but also would assure itself a continued supply of cheap raw materials.

As with the Alliance for Progress, the first coherent U.S. policy toward Latin America in thirteen years has grown out of necessity and self-interest rather than goodwill and justice.

Though he is by no means a specialist in Latin American affairs, Dr. Kissinger nevertheless has found a place for the continent in his global pattern of power. And once his Atlantic Community had been rejected by a restive Western Europe, his concept of a Western Hemisphere Community's linking the United States and Latin America seemed all the more necessary. Ideally, such a community—a concept of mutual obligations and understanding rather than a juridical body—would bring Latin America closer to Washington and would separate the continent from the Third World.

The community idea was launched in Dr. Kissinger's masterly opening statement to the Mexico City Foreign Ministers' Conference on February 21.

He began by stressing the interdependence of world regions today and the need for collaboration and cooperation between "consumers and producers, the affluent and the poor, the free and the oppressed, the mighty and the weak." Then came the acorn. "So let us begin in this hemisphere. . . . The world community which we seek to build should have a Western Hemisphere Community as one of its central pillars." Soon "our community" already seemed to exist. "We must renew our political commitment to a Western Hemisphere system," he went on. "In this way, the Western Hemisphere Community can make its voice and interests felt in the world."

As proof of Washington's goodwill, he cited the February 7 Agreement of Principles for a new canal treaty signed by the United States and Panama and the February 19 agreement on compensation to expropriated U.S. companies signed with Peru. The other point of friction—Cuba—he refused to discuss, but he left broad hints that Washington's policy toward the island was under review. For the future, he proposed a mechanism for settling disputes between U.S. companies and Latin American governments without involving Washington, and he suggested an "equitable interim accord" for resolving the problem of U.S. fishing boats arrested inside the 200-mile territorial waters claimed by several Pacific-coast nations.

"But we cannot achieve our goals by remedying specific grievances," he said. "A special community can emerge only if we infuse it with life and substance." Wisely, he chose to be vague on the details, but the concept was clear. Members of the community would assume an obligation to consult at regular intervals and, in effect, to take no unilateral measures (such as joining raw-material producers' cartels) to harm the spirit of the community.

The reaction of Latin America was immediately negative. Most large countries prefer to deal bilaterally, rather than *en bloc*, with Washington. A few minutes before Dr. Kissinger had spoken, Mexico's President Luis Echeverría had also declared categorically that "Latin America forms part of the Third World." Brazil, supposedly Washington's closest ally on the continent, had already succeeded in sinking Dr. Kissinger's proposal for an energy debate for fear of offending the Arab oil producers that supply two-thirds of its oil needs. Venezuela, the continent's major oil exporter, felt under seige from Washington for its solidarity with the Arabs and responded by urging the producers of copper, bauxite, iron ore, manganese, and other key raw materials to follow the example of the Arabs. Argentina, which is currently strengthening its ties with Western Europe, was not interested in the community. Peru's left-leaning military rulers felt that they had little in common with Washington.

Even smaller countries were suspicious. Guyana's highly lucid foreign minister, Shridath S. Ramphal, asked how a Western Hemisphere Community could exist between one superpower and twenty-four poor nations and without the inclusion of Cuba or Canada.

But as the conference continued, it became clear that Dr. Kissinger had made an offer that Latin America could not refuse. The Latin and Caribbean foreign ministers had wanted to talk frankly and informally about a whole range of issues—aid, trade, and monetary questions, U.S. economic coercion, multi-national corporations, transfer of technology, and so on—and Dr. Kissinger was simply saying, "Fine, let's do so in an inter-American spirit." His presumption was that regular consultations and negotiations will create natural reciprocal obligations, even though the word *community* is abandoned. After all, as the secretary told the foreign ministers privately, hegemony comes from power, not words. So in the final Declaration, the foreign ministers "agreed that independence has become a physical and moral imperative and that a new vigorous spirit of inter-American solidarity is therefore essential."

Thus Latin America finally had found a place in Kissinger's view of the world. At last, U.S. diplomats and even businessmen scattered around the continent knew that Washington's new policy was aimed at preventing Latin America from joining the Third World as an unseemly threat to the industrialized nations.

The informal meeting of ministers in Atlanta (April 17 and 18) and the formal OAS session from April 19 to May 3 fall into the new "spirit of solidarity." The dialogue continues, and the negotiation toughens. Divisions are apparent in the Latin camp—some governments are prepared to brave on and to fight for a new world economic order; others would prefer to extract short-term advantages from Washington—but the confrontation is more equally balanced than before.

Washington still has huge bargaining power—and Dr. Kissinger insists on bringing congressional leaders for his talks with Latin America to secure his freedom of action—but U.S. concessions will be unavoidable. It could mean an early end to the economic blockade of Cuba or a generous new canal treaty for Panama or specialized preferences for the manufactured exports of the continent. But the strategy is clear: Washington wants Latin America back in its camp and is prepared to pay to achieve this end.

Economic relations are the obstacle, because political harmony largely exists. With the Allende regime removed from the man of Latin America, Dr. Kissinger could indeed afford to proclaim in Mexico that "we will not impose our political preferences; we will not intervene in the domestic affairs of others." After all, the vast majority of Latin American governments are already to Washington's preference. Generals rule in Brazil, Paraguay, Uruguay, Chile, Peru, Ecuador, Panama, Nicaragua, Honduras, El Salvador, and Guatemala, and militarism is still spreading. Of these, only Peru has a progressive regime.

But, largely because of Dr. Kissinger himself, international affairs are no longer guided by ideology. So Latin America's real problems—its economic problems—are now the determining factors in any new relationship with Washington. And the concept that these problems can be resolved without a reordering—and perhaps a convulsion—of the world economy is as outdated as a reliance on ideology.

But at the human level, at the subsistence level at which most—yes, most—Latin Americans live, what does this mean? Dare one say, nothing? The former foreign minister of Venezuela, Dr. Aristides Calvani, liked to compare the battle of developing countries to the struggle of the trade unions in nineteenth-century England. "The oil producers are merely the first trade union," he said. "But with courage and short-term sacrifice, the producers of other raw materials can help build a massive trade union movement of developing nations."

The analogy is interesting and appropriate, but what about the real trade union movements of Latin America—will the benefits of any world economic reform seep down to the poor workers and peasants and each country? The case of the Arab oil producers offers no encouragement. In Venezuela the oil wealth is also concentrated in a few hands. In many cases, in fact, new wealth will merely strengthen right-wing and repressive regimes. In Panama, for example, opponents of the dictator, Gen. Omar Torrijos, feel he will be secure for years once the massive Cerro Colorado copper project gets rolling. In Ecuador, which became an oil exporter in 1972, an unpopular military regime already has been saved by increased oil revenues.

According to Washington's new policy toward the continent, all this is irrelevant. Its rather special "hands-off" policy—non-inter-

ference in the internal affairs of right-wing dictatorships—ensures that poverty will remain widespread even if raw-material prices rise sharply.

But the U.S. influence—political, economic, and cultural—is enormous even without a policy of rapprochement in Washington. The economic shadow is obvious. Trade between the regions in 1973 exceeded $16.5 billion—$1.8 billion to the advantage of the United States—and U.S. private investment in the continent approached $18 billion. In some smaller countries a single U.S. company dominates the entire local economy. U.S. businessmen are not reluctant to express and promote their preferences in local politics, too.

Culturally, U.S. companies provide most of the entertainment and information available in the continent—films, television, and wire-service news. Local U.S.-owned subsidiaries also bring with them a special consumer consciousness that eventually distorts local tastes to conform with the American Dream.

On critical occasions, the United States, of course, intervenes directly in local affairs. But its indirect political influence is perhaps even more important. Events in the United States are followed and are reported closely in Latin America. The "demonstration effect" is powerful, and political unrest in the United States is quickly reflected in Latin America. For example, upheavals in Latin America during the Sixties cannot be separated from the anti-war movement in the United States at the same time.

Thus, even without an interventionist policy, the United States, by its very nature, cannot avoid intervening as a domestic political factor in every Latin American country. So, once again, the basic power relationship should not be obscured by conferences and declarations. Change will probably come to Latin America some time after it has reached the United States.

COMMENCEMENT ADDRESS BY DR. RONALD BERMAN, CHAIRMAN OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES, AT GEORGE WASHINGTON UNIVERSITY

Mr. JAVITS. Mr. President, this is the season for school commencement addresses. All in this body are privileged to give them. All of us have had the opportunity to hear them. The recent commencement address of National Humanities Endowment Chairman Dr. Ronald Berman at the George Washington University stands high above the average. I understand that Dr. Berman received a standing ovation, the first such recognition at George Washington since 1964. I ask unanimous consent that Dr. Berman's speech be printed in the RECORD as part of my remarks.

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

COMMENCEMENT ADDRESS BY
DR. RONALD BERMAN

Perhaps my education can be of some use to your own. The first experience I had of commencement exercises came in 1948 at my high school graduation. I then heard that the world was newly safe for democracy: that education was the one sure hope for human progress; and that the innocent young would avoid the mistakes of all previous generations. This was pleasing and I believed it. Almost immediately the Iron Curtain was drawn and Korea began a generation of brushfire wars. Four years later, at my own baccalaureate exercises, I was treated to more of the same with additions: that the United Nations was the guarantee of world peace; that depressions and recessions were things of the past; and that all problems were soluble to technology. Almost with the delivery of these lines the McCarthy hearings began; Asia and Africa began to dissolve in revolution; and the problems of affluence crept abreast of its solutions. When I got my Masters degree the assurances from the podium were still repeated, with these additions: that crime and disease were only stages en route to universal perfection; that anticommunism was no longer a necessary political attitude; and that the right distribution of taxes would solve most human problems. With the utterance, the Soviet Union invaded Hungary and the British, exhausted by Suez, handed themselves and the world over the class of 1956. When, a short time later, I attended my doctoral ceremonies all the above promises were tendered along with the assurance that anxieties of race, aging and personal morality were temporary; and that a new relationship with the rest of the world was now to begin. In close sequence came the news of the overthrow of new democracies in Asia, Africa, and South America and the perfection of the infamous wall around East Berlin. And, some American advisors had been dispatched to Cochin, China, soon to be known as Viet Nam. I suppose the commencements I have attended have been on the whole bad news for Modern times.

I would like to spare you some of the humbug offered to my own generation. Commencement exercises should be among the happiest of times—but they should also be moments of truth, and recognizable for the intellectual responsibility they bring us.

My high school, Erasmus Hall, was generally held to be the oldest in the United States, for it had been founded by the Dutch long before the colonies thought of revolting—or in fact before there were any colonies at all. I learned there the simplest of practical lessons. First among them was that prayer was probably the most effective way of attacking algebra. Otherwise, that academic life had two parts; the first was involuntary servitude in the classroom; the second the spendid exploration of libraries and museums that gave satisfaction to the mind hoping to see, in the works of great men, a reason to respect and learn the ideas they had created.

I left High School in 1948 and went to sea, the last, very nearly, of those who did so because it was in Melville and Dana and other authors too humble to commemorate. I think I learned as much here as at school, although I would not offer the experience for credit. I learned how to speak some foreign languages because these were the only ones in stock. I met men above me intellectually who in their cranky and self-destructive shipboard lives had learned Plato by heart and argued out the Dialogues. Like Conrad, although with less insight, I saw most of the vices and some of the virtues and came to terms with all that. Although I didn't know it fully, when I went back to college—as I hope you will go back from time to time from action to contemplation—I had made some little progress in education. I found it important to know and get along with those not literate but whose imagination and sense of things exceeded my own. I tested the difference between the real and the rational, which extended from polishing brass in a hurricane to the discovery that free choice implied alternatives for others that I myself found unacceptable.

So, at the age of eighteen I had some different kinds of knowledge. A very good high school education which would now I suppose be considered a museum piece. Familiarity with the world as it actually is. And, a heavy load of those mental prejudices which are every year condensed into graduation addresses. As it turned out, this was not much preparation for Harvard around 1950.

At that time the university sincerely believed in its pre-eminence and each day was passed in the confident expectation that the power of intelligence exceeded the resistance of those problems to which it was applied. My teachers showed professional and I think personal greatness. It was at that time customary for scholars to teach well and I am still proud of the example of their commitment. As a freshman I was taught by the President of the University, James Bryant Conant, who later became High Commissioner for Germany. Samuel Beer taught me history and Clyde Kluckholm anthropology; both with the most informed passion and style. As a sophomore I took courses with Harry Levin, John Finley and McGeorge Bundy; as a junior with Pitirim Sorokin; as a senior with Talcott Parsons. Throughout the four years I worked in the laboratory of Harry Murray, without whose work modern psychology would not be the same. Certainly my own life would not be.

I invoke these names because they deserve respect; teachers after all are as good as politicians. And I hope that among you there are those who will replace them.

I naturally learned what these men had to teach, and assimilated their respect for work and disciplined intelligence. What I admired most of all was the careful distinction they observed between their own views and their duty of teaching. They were distinterested men: Samuel Beer, a future president of the ADA, teaching views opposed to his own with superb attention to their virtues, McGeorge Bundy, a lifelong scholar of European history, gracefully changing my grade from C to B when I pointed out that my own views, at least three weeks old, deserved the encouragement I invited him to bestow. Although fundamentally inept at science I spent a year with Conant, astonishing both of us with the grim upward crawl from the first D to the last A.

I learned also that enough was enough, and stopped going to classes after two years. I spent the last two years of college in Widener Library, coming up briefly for air, and on the banks of the Charles where I didn't do much of anything.

I left Harvard somewhat as Samuel Johnson approached Oxford, with a stock of knowledge that would have astonished a philosopher and an amount of ignorance that would have disgraced a freshman. On my own commencement day twenty-two years ago I spent the morning with family and friends, proving to them and to myself that four years of education were now official because I had a cap and gown to show for it. After lunch I left for Alaska.

I wasn't the first man from my college to use a pick and shovel—in fact, although the trip from Cambridge to Walden was much shorter the transformation was probably more noticeable for another student who had preceded me by about a hundred years. Anyhow, I worked on the last section of the great Alcan Highway, which wound from the port of Valdez through the glaciers and mountains of the southern coast to Fairbanks. A sensible man learns from everything. I learned to stay away from bears and to share the loathing of glacial water of everyone who had had to work immersed in it. I saw sets of prejudices new to me—mainly dedicated to the extermination of animals and the conversion of the land into a commodity. I also saw that bush flying and bulldozing were honorable vocations, and that selling groceries five thousand miles from Boston was more of an accomplishment than it looked. I had to admit that Stubb's *Constitutional History of England* was no more fascinating than the actual process of building a road, converting a wide place on the right of way into a community; that in turn producing school, church and every other form of organization. The wilderness blossomed and put forth billboards.

But of course it did something else, which was to repeat what I guess is the central

theme of American history: the advance of what we call civilization to a place we call wilderness. It was useful to have a look at the last growth of our frontier—and to see, as in glass darkly, the shape of our own Malthusian times.

My sojourn in Alaska was much shorter than I wanted, being interrupted by an invitation to join the Korean War. After putting in for torpedo boats I found myself back at the same desk in Widener for three years of naval research. *Nil admirari*. Simply as a variant I went to Yale after the war.

The Navy, of course, was an education of its own. Having for the first time a regular salary and not many ways to spend it, I headed for the bookstores of Boston and New York, laying the foundation of a library that became the white elephant of my life. It was like caring for a five-thousand pound infant. But it, of course, has cared for me.

Graduate school had many satisfactions but peace of mind was not one of them. One of the most remarkable statistics in American life is the eleven years it customarily takes—or has up till now taken—to get a degree in the humanities. And of course it involves an authentic vow of poverty. I certainly would have been much better off if someone had said to me "You are now going into years of residence which will be difficult and probably painful. You will have to beg, borrow and perhaps steal the money you need for wife and children. In order to succeed, you will do little of what you like and much of what you find intolerable. Reading will give way to study, wisdom to knowledge, and tranquillity to the restless desire to make yourself as marketable as possible. You will be taught fairly badly, and encouraged yourself to do as little as possible for your own students. Possibly, it will all be worth it."

It was, but as a form of resistance to precept and experience. At any rate, I finished up quickly and, handing in my dissertation, went south twenty miles to work in Bridgeport, at the most Dickensian factory to have survived the nineteenth century. Among other things I discovered that I disliked cold, darkness, and generally inhuman conditions of work. I also discovered a loathing for the idiot Ph.D.'s on the floors above who set our hourly wages and acted on the whole like another part of the human race. A half year of this made me a wiser and better man—so I ended my academic career with the face of Janus: degrees and fellowships in the seventeenth century and an AFL card for the operation of a stamping press. It was *As You Like It* and *Hard Times* put together.

All this turned out only to be the prelude to an informal education. As an involuntary participant in civilization for the last decade or so I have seen a good many certainties lead from the drawing board to the chopping block. One theory after another has surfaced from the deep, shown us its glistening back, then disappeared once again into the void. Where now is the education for good citizenship? for the whole or Renaissance man? for excellence? and even for social relevance. All the certainties of valedictorians that I have been forced to listen to have had a shorter life span than the American dollar. And of course the structures supposed to sustain them have shared a ridiculous temporality: the ivory tower, the free university, the street theater, the teach-in—either time or common sense has defaced their original shininess.

In general, even as we heard more and more speeches about the glories of education it was getting less and less effective. The reasons are fairly plain: universities, emulating the success of corporations, embarked on what can only be called a binge of over-development. One of the most ridiculous things today is to hear pieties about a no-growth technology from a campus with forty thousand students, seven layers of deans and their dependents, dozens of skyscraper laboratories, and an administrative budget that would run Costa Rica or Honduras for half a decade. And, of course, undergraduate education got lost in the commercial process. Teaching was a reasonably good way to support graduate students or Faculty to whom research was more important than anything else, although not in itself of actual importance. Education now did not imply any special study to student, subject or self. It is clear, however, that for more than two thousand years, whether in pagan or Christian civilization, whether in medieval, Renaissance or modern times, teaching was generally considered to be one of the great vocations. In fact, the I and Thou relationship it fostered made for one of the authentically great themes of Western culture. It is altogether extraordinary to reflect on the literature of learning—perhaps better described as the story of becoming a person—which in fact constitutes our tradition. Aristotle, in one of the most symbolic of relationships, was teacher to Alexander. Socrates taught Plato, Xenophon and the rest of the civilized world. Both Old and New Testament refer continuously to the essential body of moral and practical knowledge that one generation must transmit to another, and raise the figure of the teacher and his disciples to the highest of all human—and superhuman—relationship. From the *Education* of John Milton through the Academy of Lagado, from Tom Jones' school days to Tom Brown's, from Oliver Twist's workhouse and Dotheboys Hall to Cardinal Newman's idea of a liberal education; from that of Henry Adams to George Orwell; from Eugene Rastignal at the Maison Vanquer to Scott FitzGerald at Princeton, the idea of education has been powerful enough to supply a good deal of the energies of fiction. Commencement speeches ought at least to recognize that—and to recall with some modesty that a good deal of the forementioned are admonishments or satires.

Satire may be the right mode to discuss commencement as an institution in your own generation. In my time occasions like these were given over to harmless humbug—in yours to something less admirable. A few years ago this kind of exercise had become a symbolic revolution, contemptible not only because disruptive but worse, because a form of moral entertainment without penalty. One great university after another passively accepted its own disgrace: I speak not only of rocks thrown through windows, or the universal spray can—worse than the Reformation fig leaf—hiding facts behind ideology, or the uproar of heckling, sign-waving, shouting, assault and other spineless accommodations to academic approval. I mean of course the time-serving commencement speeches which from one end of this country to the other incited the academy to break its own traditions and destroy its own values.

Commencement for a decade or so routinely informed us that we were racist, fascist, and genocidal and compiled other exaggerations which tended to grant temporary importance to the cause and the speaker. But clearly the way to attack problems is through rationality, deliberation, and honesty. Guilt and innocence are terms too large to subject to the applause of a single afternoon. They take a lifetime of dedication to unravel, and not an hour of propaganda.

What commencement—and education itself—might well take up for discussion now is the new climate of mediocrity on campus. Credit, for example, can be given for astrology, a superstition dead already half a millenium, or the contemplation of one's own or assumed identity; for a few hours in a theater or the temporary adhesion to a hobby or religion; for studies of rock music, science-fiction or other distractions. This is not the business of intelligence. It is a bad way to spend desperately needed money in a world of shortage; and it is a consummate waste of time.

I don't argue that these kinds of experience or belief are without value. I've built roads, sailed ships, worked in hospitals and warehouses precisely because education needed a complement and even an antidote. But it is disingenuous to assert that education should grant credit for each and every human experience. If it did, why go to school at all? My guess is that before we sent our graduates out headlong to save the world they should pay some attention first to the place that sends them.

Once in the world you will have problems equal to any of the preceding generations of this century. I hope you will view them with the respect they deserve, but never abandon that respect you owe to yourself, your family and your nation. The great discourse of these times must concern equity for all of us; the stabilizing of foreign relations; the rational use of cities and countryside; the balance between technological benefits and costs; political function and reform. To this should be added a more important intellectual problem, which takes at least a lifetime of application; the continuous training of the mind and conscience so that the difference between truth and falsity can be discerned.

I leave you then to what I trust is a happy and useful lifetime of continuing knowledge; and the ability it confers to equal those great productions of the mind which have forced us year after year, to acknowledge their indispensable presence in civilization. That process of recognition is rightfully called education and I think it as high a calling as a man may follow. I sincerely hope that, in school or out, yours will be even better than mine.

MOBIL OIL AND MARCOR

Mr. CHURCH. Mr. President, I was astonished to read in this morning's paper that the Mobil Oil Co. is planning to offer at least $350 million for a 51-percent interest in the company that owns Montgomery Ward and the Container Corporation of America, Marcor, Inc.

Mr. Tavoulareas, president of Mobil, just finished telling the Senate Subcommittee on Multinational Corporations that the company's extraordinary first-quarter profits were not real, and, in any event, were desperately needed so the company could search for new petroleum and reinvest the necessary capital to bring refined products to market.

This morning's Wall Street Journal quotes analysts as describing this purchase as an attempt by a cash-rich oil company to take over a concern whose stock is generally viewed as undervalued. After piling up exorbitant profits on the highjacked price for oil, Mobil now intends to play the stock market. This adds insult to injury.

I believe that the Department of Justice should investigate the merger forthwith and that the Congress should take Mobil's action as evidence that oil company profits are being diverted away from the development of new energy resources. Appropriate tax legislation, which I have proposed, such as the minimum tax on foreign earnings, should be passed forthwith.

I ask unanimous consent that the article appearing in this mornings Washington Post concerning the plans of Mobil Oil to purchase a controlling interest in Marcor, Inc., be printed in the RECORD.

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 18, 1974]

MOBIL SEEKS TO ACQUIRE MARCOR CORP.

(By Philip Greer)

NEW YORK, June 17.—Mobil Oil Corp., one of the giant international oil companies whose profits have soared since the fuel shortage last fall and winter, said today it plans to buy 51 per cent of Marcor Corp., parent company of Montgomery Ward stores and Container Corp. of America.

Mobil said its plans are preliminary, but it intends to offer to buy shares from current stockholders. It already owns 1.235 million shares of Marcor, about 4½ per cent of the total outstanding, Mobil said. At current prices, the remaining 46½ per cent would cost about $350 million—which Mobil could pay out of profits earned since the fuel shortage struck the United States last fall.

In the last quarter of 1973 and the first quarter of this year, Mobil reported profits of $537 million, up nearly 70 per cent from the $317 million earned in the comparable periods of 1972–73.

Mobil is the second large oil company to seek acquisitions outside its own field in recent months. Last October, Gulf Oil Corp, abandoned plans to take over CNA Financial Corp., a large insurance, real estate and financial complex.

A Marcor spokesman said today that Mobil officers notified Marcor last Friday that they had been authorized by their board of directors to buy 51 per cent of Marcor's stock. There have been no actual discussions between officials of the two companies and no meetings have been set, the spokesman said, but he added that they are expected soon.

Today's announcements from Marcor headquarters in Chicago and Mobil's offices here indicated that the offer is at a very early stage.

Leo H. Schoenhofen, Marcor chairman, said this morning that "the definitive terms of Mobil's proposal—such as the price per share to be tendered and the timing of such an offer—have not been discussed with Marcor.

"Therefore, Marcor's management is not in a position to reach any judgment regarding the proposal," Schoenhofen's statement said.

Rawleigh Warner Jr., Mobil's chairman, later confirmed the Marcor statement and said that "neither the terms nor the timing of a possible offer have been decided upon by the Mobil board."

Mobil's planned purchase could face hurdles in the form of objections from the Justice Department's antitrust division.

At the end of Marcor's fiscal year last January, the company reported total assets of more than $2.8 billion. The Montgomery Ward division had 445 stores in operation throughout the country at that time.

Mobil, one of the world's 10 largest international oil companies, had total assets of $10.7 billion at the end of 1973.

Before its merger with Container Corp. in 1968, Montgomery Ward and Co. was long a prime target of corporate takeover specialists because the company's conservative management had a tradition of maintaining large amounts of ready cash. After the merger that created Marcor, cash reserves were used to upgrade the Ward stores, several hundreds of which have been closed or modernized.

Mobil, an offshot of the vast Rockefeller oil empire, was formerly Standard Oil Co. of New York. It has exploration, development and marketing affiliates in virtually every part of the non-Communist world, including a 10 per cent interest in Aramco, the Arabian-American Oil Co., which extracts oil from the vast Saudi Arabian fields.

THE SAHELIAN DROUGHT

Mr. BROOKE. Mr. President, as the drought afflicting the Sahelian region of Africa continues to spread, the need for expansion of the scope of our aid and rehabilitation programs in the area becomes more apparent.

The ongoing drought continues to cause widespread suffering, disease, and social and ecological problems. In attempting to ease the plight of the drought victims, I believe we must constantly review and reconsider the direction of our efforts and the effects of existing programs.

Mr. President, I bring to the attention of my colleagues an article from the New York Times of Sunday June 9, 1974, which gives a broad overview of the recent developments in this afflicted area. I ask unanimous consent that this article be printed in the RECORD.

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

[From the New York Times Magazine, June 9, 1974]

DROUGHT

(By Martin Walker)

BOUTILIMIT, MAURITANIA. "We are living in a catastrophe," said Dr. Moustapha Siddatt. "Last year, the babies started to die in May when the measles came. This year, they started to die in March, with the flu. We are all that much weaker this year."

Above us on a hill brooded the curiously squat shape of an old French fort. It had once been three stories high, but now the two lower floors were filled with drifting sand. This part of the dry season was always windy, but years of drought had killed off what little vegetation held down the sand. The sandstorms had never been so bad.

Boutilimit—a garbled phrase of the Legionnaires' that means "the end of the line"—was home last year to 4,000 people. This year, there are 12,000, and more arrive every day from the desert that has finally proven too much for them. They arrive without their animals. Mauritania had some 11 million head of cattle last year, and a million people. This year, says the Minister of Health, there are perhaps two million cattle left. Even the camels have died. In Boutilimit, they saved five camels to haul up the water from the wells. The water level has fallen so far—it is now more than 200 feet deep—that the men are too weak to haul up the buckets.

It was 140 degrees Fahrenheit in Boutilimit, and it had taken us a day to drive the 160 miles from the Mauritanian capital of Nouakchott in a four-wheel-driven Land Rover. Much of the time was spent digging the truck free from drifting sand, and it had become horribly clear to us why no food trucks had reached this place since the week before Christmas, why the food ration for the 12,000 people had been cut to less than 200 grams per person per day, why the French doctor who came here went back to the capital and told the Ministry of Health: "There is nothing to be done. These people are lost."

Dr. Siddatt led me through the crowded tents that made up his hospital. One hundred and thirty-four families had trekked in from the desert in the last week. Their tents surrounded the little mud building where the dwindling supplies of drugs were kept, sprawled across what had been the main street, and crept up the hill to the old fort. "Here is where we keep those with TB. There are the typhoid patients. They all have anemia, and soon they will all have jaundice. There is not very much I can do. I write to doctors who were at medical school with me in France, asking for their free samples. But what they really need is protein—meat and milk from the animals that died last year."

The flu came to Boutilimit in March and killed more than 400. Nobody had the time or the strength to keep exact figures. Now chicken pox was racing through the tents. We stopped at one tent, where three children had died recently of chicken pox. The other four children were still sick. Dr. Siddatt thought that two would live.

We walked through the tents, looking at feet that had swollen, like footballs, from protein deficiency, at eyelids chalk-white from anemia, at limbs so like sticks that the knee joints looked gross and deformed. Something seemed to be missing, and it suddenly occurred to me that there were no children following us. In most villages in Africa, a white man strolling around bears a long train of giggling, thumb-sucking children. But here, not one child had the strength to play or to follow or even to wave away the flies that crawled on his sores.

The drought that afflicts Boutilimit streches across the African continent, all the way to Mecca. As well as Mauritania, its dry hand has touched the adjoining countries of Mali, Niger, Chad, the Central African Republic, the Sudan and Ethiopia. It has crept down to Kenya and it has killed the animals in the game park outside Nairobi. It has divided huge Lake Chad into four ponds. (The fishing village of Bol, once stood on the lake's shore but now is stranded 18 miles from water.) Right across the waist of Africa, the belt of drought stretches 4,000 miles long and 1,000 miles wide. And beyond the Indian Ocean, in a similar latitude, the drought continues through India's Maharashtra province, into China's Yangtze Valley and right on around the world into Central America.

It is such a vast calamity that our statistical machinery is unable to measure it meaningfully. In the African drought belt, observers think there are about 50 million people, of whom one-third have been severely affected. Bill Price, the British Overseas Development Minister who has just returned from West Africa, reckons that five million now face starvation. Kurt Waldheim, the Secretary General of the United Nations, says that up to 10 million may face starvation across Africa. Nobody really knows for sure.

It is perhaps easier to comprehend in geographic terms: As a result of the ongoing drought, the Sahara Desert has been creeping south, reclaiming huge sections of the marginal land between the desert and the great River Niger, an area known as the Sahel, from the Arabic word meaning shore. The Sahel supports the herds—cattle, camels and the ubiquitous goats—of such desert-dwelling nomads as the Fulani and the Tuareg in the dry season, as well as thousands and thousands of tiny villages and hamlets that exist on subsistence crops of millet and sorghum. Last year, the desert advanced about 60 miles, leaving behind village after village where only sand blows through abandoned huts, where the desert has already covered the stubble of millet.

Thus, in addition to causing widespread physical suffering and death, the drought has incalculable social consequences. The scarcity of food and other resources has aggravated existing tensions in the underdeveloped societies of the Sahel—in recent months, the Governments of Niger and Ethiopia have fallen, and in both countries the drought has contributed to unrest.

The ancient nomadic and peasant cultures of the Sahel were already under considerable pressure as the national boundaries of new African nations cut across their traditional paths of migration and as modern cash economies disrupted their normal way of making a living. The drought has proved a final blow in many places, and some observers of the Sahel have come to believe that the traditional cultures are no longer viable. Mean-

while, Sahel governments must cope with the problem of feeding and caring for settlements of refugees that begin to look more and more permanent.

Rain still falls in the Sahel—enough each summer, in fact, to wash out fragile roads necessary to transport food stores—but in recent years these rains have been sharply diminished. In normal times, 200 millimeters of rain would fall on Boutilimit between July and September, but last year only 41.6 millimeters fell. That was typical—it was a lucky Sahel zone that received even half its normal rainfall last year, and any area that received that much was immediately deluged with refugees. Rosso, on the Senegal River, gets 350 millimeters in a normal year. Last year, 164.5 millimeters fell, and the town exploded from 8,000 to 35,000 people in eight weeks.

It is becoming increasingly clear, furthermore, that this drought is no temporary meteorological aberration, but a basic shift in weather patterns that is causing a progressive reduction in Sahel rainfall. For centuries, weather in the Sahel had been governed by the shifting of a body of cold polar air. In spring and early summer, it would begin to recede to the north. As it did so, temperate air masses would follow, and so, in turn, would moist air belts that carry monsoon rains. Then in October, the polar air would begin moving south again, bringing the dry season to the Sahel. Now, however, an increasing number of climatologists believe the polar air mass is not receding so much with summer, and so the temperate air, and the monsoon bearing moist air, cannot move so far north. No one knows for sure why this has happened, although some scientists believe it has to do with the recently observed fact that the temperature of the earth has dropped gradually over the past few decades. This has resulted in an expansion of polar air masses, in a way that keeps monsoon rains below a line that corresponds closely to areas now experiencing drought.

If the theory of the polar air mass is valid, however, the implications are dire for the Sahel, for there is little man can do to deal with it. Thus, the British meteorologist Derek Winstanley argues that massive reforestation projects in the Sahel will have little effect on the southward march of the Sahara. For the rain will still not fall.

The effects of the drought are compounded by an ironic factor: Well-meaning aid projects over the last decade or so have resulted in an over-population of men and livestock that makes the current reduced ability of the land to support them far more disastrous in terms of lives than it might have been before. In the Sahel, the good years began shortly after 1961. There were six years of unusually high rainfall, which improved the thin and scraggly desert pasture. Then came the aid projects—U.S.A.I.D. built more than 1,400 wells where people seemed to need them most, which meant where there were most people and most cattle. In a desert society, which exists in a subtle ecological balance, one of the key restraints upon the size of herds has been the amount of water the tribe can haul up for its cattle by hand. The new power wells were soon surrounded by too many cattle for the available pasture. And with the vaccination programs, fewer cattle died prematurely. The human population explosion, fueled by the beginnings of health care, needed the extra cattle, and the frail ecology of the Sahel began to crumble. Even in 1968, a relatively mild drought led to the desertification of vast areas, as the herdsmen cut down trees so their cattle could eat the foliage, as the hungry and numerous goats ate the very roots in the ground. Nineteen-sixty-nine was an almost normal year for rains, and the crisis was avoided, but the diminished rains of 1970, '71 and '72 condemned the bulk of the Sahel herds to death in 1973, and brought the Sahara into thousands of square miles of hitherto fertile land.

The sheer scale of the human population increase terrifies local aid officials. Achim Kratz, the director of the European Development Fund mission in Niger, last year produced an authoritative report that concluded that even with good rains for the next 10 years, the food-population ratio will be worse in 1982 than in disastrous 1973.

There are a handful of towns scattered through the Sahel, most of them, like Agadez and Timbuktu, centuries old—the only reminder of the great and prosperous civilizations that flourished here six centuries ago when the desert was fertile. When the nomads and the peasants, their traditional way of life shattered by the drought, decide to flee, they move to these towns and to the modern cities on the Niger. There they live in pathetic and disease-riddled shantytowns. Fewer and fewer people remain on the land to plant next year's harvest, to tend what cattle are left. Food production has thus declined and can be expected to continue at reduced levels, but the uprooted nomads and peasants gathered in the towns must still be fed. And though the crisis that has left them starving is awesome in magnitude, organized attempts to help them have shown an appalling lack of urgency and competence.

The major food donors and local officials have agreed that about seven million people in the Sahel will need emergency food aid this year, and an investigating committee of donors decided after a factfinding tour last September that some 650,000 tons of food would be required. The food itself was not a problem—in fact, almost 600,000 tons were placed by various donors (in particular, the U.S. and the European Economic Community) by January of this year. But the food is useless unless it can be shipped to northern areas where the hungry people are.

Roads are few in Sahel. When they exist, they are simple dirt tracks that are covered by drifting sand in the dry season and washed away by the rains. On the average, a Land-Rover can cover 100 miles a day. The normal life of a truck, in these conditions, with few servicing facilities, is about 1,000 hours. There are also four old and frail railroads that go from the ports on the coast up to the southern part of the marginal zone. The capacity of these road and rail links is about 100,000 tons of food per month, and so if the required 600,000 tons of food is to be moved into place by the time the rains come in July, the shipments should have begun in January.

That should have been possible. Last year, when an emergency program was hastily patched together to deliver 400,000 tons, so little time was left to deliver before the rains came that aircraft were being used from May. But the airlift was so cumbersome and expensive that local aid officials hoped to avoid it this year. They worked out a plan for transporting food by land and forwarded it to Brussels, Rome and Washington last October. That left more than three months for the bureaucratic work and for the shipments to be arranged.

But on Jan. 31, the Food and Agricultural Organization's Sahel Relief Office (OSRO) issued report No. 8. Clause 6 reads: "The timely shipment of donated commodities is of considerable importance. OSRO has prepared tentative shipping schedules for each country by month and by port, taking into account port and internal transport capacities. These schedules will be discussed at a meeting of major donors called by the E.E.C. in Brussels in 12 February 1974."

In other words, by the time that meeting began, six vital weeks of delivery time had been wasted. And it was not until mid-March that the Council of Ministers in Brussels gave the full and final agreement for the deliveries. Only in April did the food begin to arrive in any real quantity. In Niger, for example, a steady supply of 23,000 tons a month was needed. Anything less meant transport capacity wasted. Anything more meant transport capacity swamped and food stockpiled on the wharfs at the mercy of rats and weather. But the monthly arrivals at the ports for Niger look like this:

[All figures are in tons]

February	10,438
March	7,662
April	49,102
May	20,252
June	11,017

It takes five weeks to get the food from the ports to the distribution points, so anything delivered after June will be blocked by the rains, which close the roads. The transport plan was never put into effect.

So another airlift will have to be undertaken this year, a fact that amounts to an indictment of the international aid community. President Hamani Diori of Niger pointed out to me shortly before he was ousted in a military coup that "the international community spent over $40-million on transporting food to Niger last year. Most of that money went on the airlift. For that kind of money we could have irrigated 11,000 hectares of land near the Niger River, which would have produced 110,000 tons of food. That is not far from our total needs—the economics of airlifts simply does not make sense."

Moreover, aircraft need fuel. The Belgian Air Force Hercules planes were using 19 tons of aviation fuel to deliver one ton of medical supplies to northern Chad last year. The U.S. Air Force used a ton of fuel for every ton of grain it flew from the railhead at Bamako to the refugee camps at Gao. That aviation fuel has to compete with food for limited rail space on the long slog from the ports.

The delay in approving food shipments was not the only administrative mistake. The multidonor mission that visited the Sahel last September to ascertain the total food needs agreed with the Mauritanian Government that Mauritania needed 100,000 tons in 1974, in additon to the 40,000 tons already in the pipeline for the country. Once back in the F.A.O. office in Rome, that 100,000 ton requirement was cut to 60,000 tons, to the horror of the Mauritanians.

To quote from a confidential World Food Program report dated Dec. 8, 1973, the reduced F.A.O. estimates were "based on either a misinterpretation of the recommendation made by the members who visited Mauritania or on a misunderstanding of the situation by the latter. It had been agreed between the mission and the Government that 100,000 tons of cereal would be required in 1974 in addition to the 40,000 tons in the pipeline at the beginning of October, 1973."

In other words, somebody had put a minus sign where there should have been a plus sign. The immediate result was that the Mauritanian Government cut the food ration to below 300 grams per head per day—a level of slow starvation.

The confidential report goes on: "In a report of the proceedings of the multidonor mission in Rome it is claimed that the Mauritanian Government indicated that it could only handle the distribution of 58,000 tons of food aid or relief supplies. This is absolutely inaccurate. No such statement was ever made, nor is it contained in any report originating in Mauritania." In fact, the report went on, Mauritania could distribute about 120,000 tons a year. Although this mistake was uncovered last September, Dr. Abdallahi Ould Bah, the minister in charge of the Mauritanian relief program, told me at the end of March that he had still not been promised the extra 40,000 tons. Belatedly, this food is now on its way.

The organization that should have detected this error was the Sahel nations' own emeregency committee, which was established more than a year ago. Based in the

Upper Volta capital of Ouagadougou, it was meant to coordinate food deliveries and provide the link between the bulk deliveries of the donor nations and the local transport of the individual nations. In fact, it has done little, largely because the various nations of the Sahel, each jealous of its own authority, have given the committee no real executive authority. Its major action so far has been to undermine its own credibility in Western eyes by presenting last year an unrealistic shipping list of unrelated and ambitious aid projects, with a price tag of $1-billion. According to one American soil expert, the committee's estimate of fertilizer needs would have poisoned every river and every acre of the Sahel for a decade.

We should not forget that the bureaucratic standards of the West are not applicable in the Sahel. These nations are among the poorest in the world. Insofar as the figures mean anything, Upper Volta has an annual G.N.P. per capita of about $60. Niger's is about $80. Independence 14 years ago found these countries with but a tiny band of educated leaders. Niger had but one high school. Education facilities, civil administrations and the accounterments of statehood had to be assembled from scratch. In "normal" years, about 40 per cent of Tuareg children die before the age of 5. The fragile administrative structures of the Sahel nations were barely adequate to cope with the strains of underdevelopment, let alone with a drought that made half the population into refugees.

This fundamental economic and administrative incapacity to handle a crisis of this scale was aggravated by the prickly pride of these newly independent nations. It is never easy for a government to announce to the world that it is incapable of saving its own citizens, and this kind of confession can be politically dangerous in countries where traditional tribal hostilities and jealousies are in an uneasy state of truce. Nowhere was this official reluctance to face up to the problems as marked as in Ethiopia. In November, 1972, its Ministry of Agriculture circulated a confidential report on the failure of the rains and crops, which would necessitate "major food imports" in 1973. The Cabinet chose to suppress and virtually ignore this report. And then in February, 1973 the first batch of starving refugees approached the capital and the tourists of Addis Ababa. They were swiftly turned away by the police and the alarmed Government was soothed by the report of the Governor of Wallo Province that there was "a problem of drought," but all was under control.

This official complacency meant that the local U.N. aid agencies, whose charter forbids them to work in anything but close association with the host Government, were not able to mobilize any effective relief. A stormy meeting took place in Addis Ababa on Aug. 14 last year, when an ex-Peace Corps UNICEF official presented a report saying that 60,000 people had already died in Wallo Province and the area was devastated. The Minister of Health suppressed this report, and said that such events could not occur in the great Empire of Ethiopia. But a copy of this report found its way to Britain, and journalists and TV crews went to Ethiopia and reported the crisis to an alarmed world. Then the Government, with incompetence and corruption, began to handle its "problem of drought." Terrified that adverse news would ruin the tourist trade, the Government refused to admit that Wallo Province was raging with cholera. The Government insisted that the ailment be called "gastro-enteritis C." But the Government was only too happy to accept doses of free cholera vaccine—and then to sell them for the equivalent of two American dollars a shot. The people who had to pay were the desperate, starving, impoverished victims of Wallo.

These were the events that led to the student and military outrage which erupted early this year and led Emperor Haile Selassie to dismiss the Government of Premier Aklilou Wold and install the avowedly reformist regime of Endalkachew Makonnen. That old and discredited Government is gone, but the inflation and the national trauma that drought has brought have injected a basic instability into a system that has preserved Ethiopia in feudal stasis for centuries. For the drought's effects are all the more vicious in the context of that archaic system. Drought or no drought, the church, owning one-third of all the land, has demanded its rents from the impoverished aristocracy. The peasant farmers of Ethiopia have paid about 90 per cent of their crops in rents and taxes. Corrupt officials have abused their power to enrich themselves at the expense of drought victims.

The results have often been violent. In April, I drove deep into southern Ethiopia towards the Kenyan border where the drought of last year had left the inhabitants desperate. Encouraged by the political unrest in the capital, peasants who had been docile for generations exploded into a sudden rural revolt. All down the fertile Rift Valley the sky was trailed by the smoke from the burning farms. In the town of Arba Minch, we had barely crossed the only bridge before the local people tried to blow it up. Fifteen people were shot dead in the town that day, three by the nervous police, and the rest by landlords defending their farms against angry mobs of peasants. The provincial Governor had fled back to Addis Ababa, leaving his home in flames behind him. He was no great loss—he had persistently refused to distribute any of the aid food until every last bushel of his own harvest had been sold at three times the normal price. The local priest fled with him. The Governor had been donating $500 a month to the church, and the priest had threatened the townsfolk with mass excommunication if they attacked the Governor. They attacked anyway. The local Mayor was in hiding from a lynch mob.

In Ethiopia, whether the Emperor lives or dies, whether the rains come or not, life will never be the same again. The new Government has already begun to draw up more radical programs of land reform, because its first timid proposals were howled down by an outraged National Assembly. The peasants have shaken off the apathy of centuries. The Emperor has been forced to name an heir. The armed forces have come of political age.

Besides contributing to political unrest, the drought has cut savagely into Government revenues. In Mali, almost 20 per cent of the tax revenues came from poll taxes on cattle. And in Niger, the relatively mild drought of 1968 cost $20-million in lost agricultural production and $14-million in lost livestock—this in a country with a budget of $65-million. The oil crisis served to twist the economic knife inside the wound. The third world as a whole faces an oil bill that is $11-billion higher than last year, and yet total financial aid to the third world is only $8.5-billion. Even in relatively wealthy Senegal, this year's higher oil bill is costing over $70-million, which is slightly more than a quarter of the national budget. And one cannot relieve a famine without gasoline. In Senegal, the Government even has to take water in trucks to the people who live along the shores of the mighty Senegal River, because its flow is now so weak that the water is salt 80 miles from the sea. It has not passed unnoticed in the Sahel Governments that their fellow Moslems control the oil and have some say in the final gasoline prices, but the desperate Sahel governments are still paying the full commercial cost.

The prostration of the Sahel countries by the drought has undermined their economic negotiating position, particularly since the oil price rise has emphasized oil-rich Nigeria's role as Africa's new superstate. Diplomats and aid officials are already suggesting that the Sahel's future lies in much closer economic and political links with the stronger nations that surround them. Traditionally, these nations have been firmly tied to the apron strings of France, the original colonial power. But at the end of March, France agreed to withdraw her last troops from Senegal, and to hand over the key naval base of Dakar. The death of President Pompidou has simply accelerated an established trend of diminishing French influence. The oil-rich neighbors, Libya, Algeria and Nigeria, are increasingly concerned about who governs the nations in their rear. And the trans-Sahara road, from Algeria down through Niger to Nigeria, is arguably the single most strategic road in Africa. Although the social problems and dislocation of the drought were the underlying reasons for the recent coup against Niger's President Diori, its immediate cause was the defense treaty he had just signed with Libya, a move that upset the delicate new balance in the area and alarmed the neighboring Nigerians. Power politics has come to the Sahel, and the impact of the drought has left the Sahel nations with pitifully few cards to play.

If these countries are to stand on their own at all, they will need to solve the basic problems of underdevelopment that the drought has masked. They will need an agricultural revolution, producing cash crops with adequate roads to move the harvest to the markets. And yet, any change in the economic structure of the Sahel will need the agreement and cooperation of the markets for their cattle and manpower in the south, in addition, the Sahel nations argue that they need guaranteed prices for their primary produce from Europe, which will give their farmers incentives to increase production for export. But after the Arabs' use of the oil weapon and the explosion of commodity prices in general, Europe is wary of guaranteed price structures; the third world countries seem quite capable or getting better prices for themselves.

More profoundly, any attempt to modernize agriculture in these countries will require massive adjustments in attitude on the part of the people. Mauritania, a nation that is perhaps 90 per cent nomad, has already decided that the desert has become too much for the old way of life to continue. The Minister of Health, in charge of drought relief, openly suggests that the future of his country lies in having the vast majority of the population settle down to a static, peasant life in the fertile strips along the coast and along the Senegal. "There will be oases inland, and no doubt many of the older people will return to the desert if they can. But if this drought has given us the opportunity to modernize our society, we must not ignore it," he argues. In Niger, the only country which had a Minister for Nomads (who was himself a Tuareg), the future is seen to lie in irrigated farming along the banks of the Niger, with nonnomadic stock-raising in the marginal zones. Man has endorsed the verdict of nature.

A massive re-education project will be needed to turn the nomads into settled farmers, and to take the peasant refugees from the shantytowns and out to new, irrigated areas near the fertile river. In Mauritania, this is beginning to happen; a network of local radio stations to focus on agricultural education is being established. But there is little sign of such prescience elsewhere. This drought, and its social effects, has come as a traumatic psychological shock to the people of the Sahel. When a peasant loses faith in his land, and when a nomad loses his trust in the fertility of the desert, the effect is a kind of psychological castration.

Aid officials, too, are despondent, having seen the drought's brutal negation of a decade of development. In northern Senegal, the rice plantations and sugar-cane groves, all developed in the last 10 years, are dead, poisoned by the salt water that has crept up the river from the sea. In Mauritania, the famous gum trees of Mededra, whose gum

arabic was a key source of foreign exchange, are dead. Small market-gardening projects, stock improvement programs—so many are now wasted by drought. The panic of the last two years and the overriding need to keep people alive have left little time for the planning of long-term reconstruction. The World Bank is looking at a $70-million dam project on the Senegal, but there are fears that the reduced water flow may make such a dam superfluous.

Meanwhile, to the frustration of those who hope for rural development, many of the refugees are digging in to become a permanent feature of urban life. In Nouakchott, for example, whose population swelled from 40,000 to 120,000 last year, walls of mud brick are beginning to appear around the tents in the shantytowns.

Inevitably, the old ways will pass, and the passage may not be very smooth. What few nomads the desert will support will have to give up their goats, the basis of their old way of life, for goats eat the bark from the trees, the roots from the ground and, in terms of erosion, are the advance guard of the Sahara. The Governments of Mauritania, Mali and Niger have already—with reluctance—decided to follow the example of Tunisia and declare war on the goat. The few remaining herdsmen will also have to learn to sell their beloved cattle for slaughter when they are 5 years old, rather than cherish them until they die, for reasons of custom and prestige, as they still do. The herds will be rebuilt, up to a point, but they will never be allowed to overpopulate again. This can and will be attacked as cultural rape, but the Sahel governments have little choice but to try and absorb the nomads into the developing economy.

And so there is a deeper sadness about the drought, beyond the immediate despair and suffering. The archaic feudal system of Ethiopia can pass unmourned, perhaps, but the nomad way of life in the Sahara, the style of the Tuareg, has probably contributed something utterly intangible but rather valuable to the human experience. It was a strikingly effective way of using limited resources to the best effect, and more than that, it generated an ethic of freedom and eternal challenge against the most hostile environment in the world. In that sense, it was always in some indefinable manner inspiring, and in a particular way the human race may never see again.

A TRAGIC COMMEMORATION

Mr. RIBICOFF. Mr. President, on June 15, Lithuanian-Americans joined with Lithuanians throughout the free world in observing the forcible annexation of Lithuania by the Soviet Union in 1940.

The passage of time has dimmed the memory of this event for many. However, it is important for all Americans to be reminded that the people of Lithuania are still denied the right to national self-determination, and are still struggling for their basic human rights.

At a time when there is talk of increasing détente between the Soviet Union and the United States, there is also a unique opportunity to address the plight of the peoples of Lithuania and the other Baltic States—Estonia and Latvia. It is vital that in the current European Security Conference and other international forums, the United States continue its policy of recognizing the incorporation of Estonia, Latvia, and Lithuania into the Soviet Union.

In addition to maintaining this policy of nonrecognition, our Government should be actively seeking certain changes in current Soviet practices of concern to Lithuanian Americans who still maintain this with their ancestral homeland. For example, there are excessive tariffs imposed on gifts to their relatives and friends in the Baltic States. Also, the short duration of current tourist visas, a mere 5 days, is another source of complaint. Perhaps most pressing, is that provision should be made for Lithuanians to emigrate to other countries as provided for by the laws of the Soviet Union. In this regard, it should be noted that the Jackson amendment to the Trade Reform Act applies to all Soviet citizens, regardless of their ethnic background.

While the June 15 observances were certainly a time of sadness, let us hope that the future will bring happier occasions for all the peoples of the Baltic area.

1974 KANSAS SPECIAL OLYMPICS

Mr. DOLE. Mr. President, the fifth annual Kansas Special Olympics was held in Memorial Stadium and Robinson Gymnasium at the University of Kansas in Lawrence, Kans., on May 31 and June 1. I was privileged to attend the games and can report to the Senate that they were a great success.

This athletic competition for more than 1,500 mentally retarded children from throughout the State is a great example of how many people's volunteer efforts can enrich the lives of children who stand in real need of belonging to and participating in the world around them.

The olympics was sponsored this year by the Kansas Association for Retarded Citizens, the Kansas Kiwanis Foundation, Inc., and the Joseph P. Kennedy, Jr. Foundation in cooperation with the Douglas County Association for Retarded Citizens, the University of Kansas and the Lawrence Chamber of Commerce. Overall coordination was provided by special olympics director Charlene Drosselmeyer and special olympics head coach Buck Buchanan of the Kansas City Chiefs. Coaches, teachers, and chaperones as well as many others from throughout the State contributed the time and effort required to make the 1974 special olympics and the 10 preliminary regional meets a rewarding experience for every participant. A number of civic leaders, professional and collegiate sports figures and many parents of the contestants were also present for the 2 days of events.

The idea of holding these competitions is spreading rapidly throughout the country at a rapid pace, and I would urge every Senator whose State does not yet have a special olympics to encourage their organization and provide whatever assistance they can to this most worthy cause.

To provide a more complete idea of the special olympics and what it can offer to retarded children, I ask unanimous consent that a short history of the Kansas special olympics be printed in the RECORD at the conclusion of my remarks. And as a further mark of recognition for the children who participated with great enthusiam and dedication, I ask unanimous consent that the list of winners in the various special olympics events be printed in the RECORD.

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

BRIEF HISTORY OF KANSAS SPECIAL OLYMPICS

A delegation of six students from Holy Family Center, Wichita, who participated in the 1968 International Special Olympics at Chicago were the fore-runners of the Kansas Special Olympics. Within a few months after the first Olympics, a committee was formed to plan a State Olympics in 1969. Members of the committee were: Mr. Dennis Popp, Sister Veronica Born, Mr. Charles Myers, Mr. Charles Watson and Mrs. Lyman Wiley. Due to the lack of funds and other problems, it was impossible and the meet was canceled. But as Kansans are not a group to be discouraged, it was re-set for 1970.

With financial and other support from the Joseph P. Kennedy, Jr., Foundation, the Kansas Association for Retarded Children, the Kansas Recreation and Park Association, Parson's Jaycees and the four State Institutions for the mentally retarded, the first Kansas Special Olympics was held at Parsons State Hospital and Training Center, May 30, 1970. Mr. Bill Blackwell and Mr. Charles Watson were appointed as co-directors. There were approximately 300 mentally retarded persons involved.

It became apparent that the Special Olympics could become a very important factor in the lives of many handicapped children and young adults living in Kansas. Those volunteers who played a key role in the 1970 Kansas Special Olympics were most emphatic about the need for a sponsoring organization. It was felt that the Special Olympics required the guidance of an organization who understood the program and the needs of the individuals who would be participating. It was then the Kansas Association for Retarded Children was asked to assume this responsibility.

The 1971 Special Olympics was sponsored by the Kansas Association for Retarded Children with a small grant through the Developmental Disabilities Act and in cooperation with the Joseph P. Kennedy, Jr., Foundation.

Mr. Charles Myers was named Olympics Director for 1971. Wichita State University was the site of the Olympics for that year and there were over 600 contestants. Ethel Kennedy was a special guest at the 1971 Olympics and, along with the other dignitaries and sports figures, added much to the excitement of the occasion.

Under the guidance of the 1972 co-directors, Mr. Charles Myers and Mr. Charles Watson, the Kansas Special Olympics was a great success. As a result of their efforts and the efforts of others, over 1,200 children and young adults participated in games held at Southwestern College in Winfield. Former gold medal decathlon winner, Rafer Johnson, was on hand to officially open the games.

Buck Buchanan, of the Kansas City Chiefs and Head Coach for the Kansas Special Olympics, was on hand to share in the thrills and joys of competition with over 1,300 participants at the 1973 Kansas Special Olympics at Washburn University in Topeka. Under the direction of Charlene Drosselmeyer, with the invaluable assistance of many volunteers, the athletes participated in track and field, bowling, swimming, and skating competition.

WINNERS—KANSAS SPECIAL OLYMPICS
LAWRENCE

1. SWIMMING—25-YARD FREESTYLE

Female—Age 8-9—Div. I: 1. G. Lockhart, 45.4, Topeka.

Female—Age 10-12—Div. I: 1. Treasa Cooper, 31.0, Kansas City, Kansas.

Female—Age 13-15—Div. I: 1. Patricia Cooke, 21.4, Paola.

Female—Age 13-15—Div. II: 1. Mary Fritz,

22.2, Wichita; 2. Lisa Thyfault, 23.2, 3. Winnona Lanam—24.9, Reno. Ct.

Female—Age 13–15—Div. III: 1. T. Chavez, 23.2, Reno County ARC; 2. Rose Todd, 23.6, Wichita (Jardine); 3. Cindy Edgington, 24.8, Reno County ARC.

Female—Age 16–18—Div. I: 1. Carol Dye, 20.3, Parsons; 1. Dana Judge, 20.3, Topeka.

Female—Age 16–18—Div. II: 1. V. Franklin, 24.8, Wichita; 2. T. Roman, 26.0, Shawnee; 3. J. Soverns, Shawnee.

Female—Age 16–18—Div. II: 1. Margaret Davidson, 38.0, Paola.

Female—Age 16–18—Div. IV: 1. Ann Newman, 37.2, Marysville; 2. Shelley Keeley, 48.8, Dodge City.

Female—Age 19—Div. I: 1. Nancy Schroeder, 33.4, Paola.

Male—Age 10–12—Div. I: 1. Randy Porter, 20.2, Reno County.

Male—Age 10–12—Div. II: 1. Gary Walk, 24.8, Lakin.

Male—Age 13–15—Div. I: 1. Nelson Taylor, 16.8, Paola; 2. Bob Davis, 18.3, Reno County ARC; 3. Charles Keeler, 18.7, Wichita.

Male—Age 13–15—Div. II: 1. Jeff Eckles, 19.1, Pratt; 2. Larry Maier, 21.5, Dodge City; 3. George Dugan, 23.1, Clay Center.

Male—Age 13–15—Div. III: 1. Ronnie Hubbard, 24.1, Wichita; 2. Richard Posey, 28.0, Wichita.

Male—Age 13–15—Div. IV: 1. Jamie Oliver, 27.1, Derby; 2. Steve Scholtterbeck, 32.4, Emporia.

Male—Age 13–18—Div. I: 1. Rockey Cole, 15.3, Reno County ARC; 2. Mike Wade, 16.8, Parsons; 3. D. Govea, 17.6, Paloa.

Male—Age 16–18—Div. II: 1. Bill Wayman, 21.0, Emporia; 2. Curtis Allen, 24.3, Derby.

Male—Age 16–18—Div. III: 1. Doyle Warder, 24.5, Dodge City; 2. Roy Baxter, 42.3, Dodge City.

Male—19+—Div. I: 1. Craig Fraizer, 15.5, Shawnee; 2. Rick Pahres, 16.9, Lakemary; 3. S. Rohr, 43.3, Norton.

Male—19+—Div. II. Roland Stielon, 20.0, Emporia; 2. Dick Berndt, 20.3, Emporia; 3. Rick Shelor, 20.9; Norton.

Male—19+—Div. III: 1. Donald Ander, 25.9, Topeka; 2. R. Hughey, 26.7, Topeka; 3, D. Puckett, 29.2, Kansas City, Kans.

Male—Age 19+—Div. IV: 1. Jerry Niehaus, 22.5, Topeka ARC; 2. Lon Swenson, 24.9, Emporia; 3. George Custenborder, 28.4, Topeka ARC.

Male—Age 19+—Div. V: 1. Mike Young, 29.1, Emporia.

II. SWIMMING—50-YARD FREESTYLE

Female—Age 13–15—Div. I: 1. Lisa Thyfault, 59.7, Marysville.

Female—Age 16–18—Div. I: 1. Cheryl Walsh, 36.0, Shawnee.

Female—Age 16–18—Div. II: 1. Carol Dye, 49.3, Parson.

Female—Age 16–18—Div. III: 1. Janice Soverns, 1:04.5, Shawnee; 2. Treasa Ronan, 70.0, Shawnee; 3. Annie Newman, Maryville.

Female—Age 19+—Div. I: 1. Kathy Vandever, 1:18.1, Winfield; 2. Linda Reed, Winfield.

Male—Age 10–12—Div. I: 1. R. Porter, 45.3, Reno County ARC.

Male—Age 13–15—Div. I: 1. Norman Korbe, 34.3, McPherson; 2. Nelson Taylor, 38.5, Paola; 3. Robert Ford, 44.8, Kansas City, Kansas.

Male—Age 13–15—Div. II: 1. George Dugan, 52.9, Clay Center.

Male—Age 16–18—Div. I: 1. D. Govea, 39.5, Paola; 2. Tom Schmidt, 44.5, Shawnee.

Male—Age 16–18—Div. II: 1. Tom Clinkingbeard, 45.1, Parsons; 2. Dennis Pointelin, 47.8, Shawnee.

Male—Age 19—Div. I: 1. Craig Fraizer, 34.4, Shawnee; 2. Tom Suernan, 35.5, McPherson.

Male—Age 19—Div. II: 1. Ray Shelor, 48.2, Norton; 2. William Young, 56.5, Norton.

III. SWIMMING—25-YARD BACKSTROKE

Female—Age 16–18—Div. I: 1. Cheryl Walsh, 23.1, Shawnee; 2. Val Franklin, 30.0, Wichita; 3. Shawn Green, 36.8, Parsons.

Female—Age 16–18—Div. II: 1. Margaret Davidson, 44.3, Paola.

Female—Age 19—Div. I: 1. Nancy Schroeder, 36.4, Paola.

Female—Age 19—Div. II. 1. Hope Allen, 32.3, Topeka.

Male—Age 10–12—Div. I: 1. Mark Shipley,

Male—Age 13–15, 35.0, Reno County ARC. Div. I: 1. Ronnie Crockenower, 21.6 Lakemary, Paola.

Male—Age 13–15—Div. II: 1. Billy Davis, 22.1, Reno County ARC.

Male—Age 19—Div. I: 1. Rick Pahres, 21.0, Paola; 2. Mike Wade—22.1, Parsons; 3. John Wright, 34.2, Shawnee.

IV. SWIMMING—25 YARD WOMEN'S CHOICE

Female—Special Division: 1. T. Kerns, :37, Reno County ARC; 2. Julie Anderson, 1:00, McPherson.

V. SWIMMING—25 YARD SPECIAL SWIM

Male—Special Swim: 1. Neil Hundley, :42.4, McPherson; 2. John Bledsoe, 1:14, McPherson; 3. Pat Underwood, Norton.

VI. SWIMMING—100 YARD FREESTYLE RELAY

Female—Div. I: 1. McPherson, 1:43.8.

Male—Div. I & II: 1. McPherson 1, 1:01.5, Div. I; 2. Paola, 1:13.6; 3. McPherson 2, 1:23.8, Div. II.

SWIMMING—25 YARD BACKSTROKE

Female—Age 13–15—Div. I: 1. Pat Cooke, 25.8, Paola; 2. Virginia Silas, 29.8, Reno County ARC.

I. 50-YARD DASH

Female—Age 8–9—Div. I: 1. Tylisa Brown, 7.6, Wichita; 2. Jennette Boykin, 8.3, Topeka; 3. Gloria Amaro, 8.7, Wichita.

Female—Age 8–9—Div. 11: 1. S. Haynes, 9.2, Shawnee Mission; 2. K. Hunter, 9.2, Lyons, Rice Co. ARC; 3. P. McCartney, 9.3, Wichita.

Female—Age 8–9—Div. III: 1. Carlette Guthrie, 13.4, Topeka S.; 1. Rochelle Byrd, 13.4, K.C.K.; 2. Kathy Johnson, 13.7, KNI; 3. Sandra Robinson, 15.5, Burlington SE.

Female—Age 10–12—Div. I: 1. R. Markham, 7.1, Wichita P.; 2. S. Kellogg, 7.5, IOL; 3. P. Palmer, 7.9, Norton S.E.

Female—Age 10–12—Div. II: 1. Kathy Robinson, 7.6, Wichita P.; 1. Evette King, 7.6, Topeka P.; 2. Beverly Walker, 7.8, Wichita P.

Female—Age 10–12—Div. III: 1. Carolyn Bardwell, 7.2, K.C.K.; 2. Barbara Bell, 8.0, Emporia; 3. Debbie DeBrosse, 8.3, Wichita P.

Female—Age 10–12—Div. IV: 1. Susan Peck, 8.8, Topeka P.; 2. Victoria Coast—9.0, Wichita P.; 2. Laura McLain, 9.0, K.C.K.; 2. B. Gravatt, 9.0, AMBUCS; 3. Julie Holding, 9.1, K.C.K.

Female—Age 10–12—Div. V: 1. J. Steck, 9.2, Wamego; 2. F. Duvall, 9.4, Sumner Co. S.E.; 3. L. Brown, 9.8, Wamego.

Female—Age 13–15—Div. I: 1. Annette Petterson, 7.2, Wichita P.; 1. Jennie Brown, 7.2, Lakemary Center; 2. Sheryl Lyon, 7.3, Reno Co. ARC; 3. Kim Metz, 7.9, Reno Co. ARC.

Female—Age 13–15—Div. II: 1. Cindy Pathode, 7.7, Lawrence; 2. T. Parker, 7.8, Derby; 3. I. Chiles, 7.9, McPherson; 3. Emma Damron, 7.9, Burlington.

Female—Age 13–15—Div. III: 1. D. Craft, 7.6, K.C.K.; 2. D. Moss, 7.8, Wamego; 3. L. Thyfault, 8.3, Marshall ARC.

Female—Age 13–15—Div. IV: 1. J. Rogers, 8.6, Wichita P.; 2. J. Bader, 9.0, Millbrooke; 3. B. Hutchens, 10.9, K. C. K.; 3. C. Hartzog, 10.9, Decature Mental Health.

Female—Age 13–15—Div. V: 1. Wanda Unruh, 9.5, Ulysses; 2. Beverly Buchanan, 14.5, Richland Valley; 3. T. White, 15.8, Northview Coop.

Female—Age 16–18—Div. I: 1. Janet Haines, 7.4, Topeka ARC; 2. Sherry Grissom, 7.5, Rice Co. ARC; 3. Pamela Potts, 7.6, Holy Family.

Female—Age 16–18—Div. II: 1. Sandra Vakas, 8.0, K.C.K.; 2. Connie Christy, 8.2, SCK Sp. Ed. Co.; 3. Debra Zimmerman, 8.3, SCK Sp. Ed. Co.

Female—Age 16–18—Div. III: 1. Kathy Weckerly, 8.9, Ulysses; 2. R. Ohnick, 8.5, Marshall Co. ARC.

Female—Age 16–18—Div. IV: 1. D. Brotten, 8.0, Emporia; 2. A. Gaston, 12.9, Marshall Co. ARC.

Female—Age 19—Div. I: 1. Judy Leiker, 8.0, Central Plains; 2. Corinna Stephenson, 8.4, NCK Coop.; 3. Mary Houstin, 8.7, Lawrence.

Female—Age 19—Div. II: 1. Sharon Yianskopulos, 8.1, WSH & TC Winfield; 2. B. Sanders, 8.2, Central Plains ARC; 3. K. Cooper, 9.2, Lawrence.

Female—Age 19—Div. III: 1. Judy Harris, 8.5, Wichita Public; 2. Pamela Greenman, 8.7, Parents of Spastics; E. Thompson, 8.8, Topeka ARC.

Female—Age 19—Div. IV: 1. M. Mathis, 12.1, Lawrence; 2. Mary Ann Lampson, 13.5, Norton State; 3. Hope Allen, 13.8, Topeka ARC.

Male—Age 8–9—Div. I: 1. Jerry Evans, 8.3, SCK Sp. Ed. Pratt; 2. Calvin Burgin, 8.5, K.C.K.; 3. Duane Emanuel, 8.7, Topeka Public.

Male—Age 8–9—Div. II: 1. Rodney Peghee, 8.1, K.C.K.; 2. Joe Woodman, 8.6, Topeka Public; 3. Brady Walker, 8.7, Topeka Schools.

Male—Age 8–9—Div. III: 1. Ira Osborn, 9.9, Lawrence; 2. Brad Robertson, 10–2, Briarwood SM; 3. Byron Barnhill, 11.0, Topeka Public.

Male—Age 8–9—Div . IV: 1. Matthew Watts, 12.2, Burlington Sp. Ed.; 2. Mike Eclarea, 13.0, AMBUCS; 3. Brian Wells, 14.2, Derby.

Male—Age 10–12—Div. I: 1. Thurman Brown, 6.9, MacArthur Elem., Wichita; 2. Leonard Thomas, 7.0, K.C.K., Fairfax; 3. James Coby, 7.2, K.C.K., Fairfax; 3. V. Walker, 7.2, MacArthur Elem., Wichita; 3. Jesse Bowers, 7.2, Wichita Pub. Schools.

Male—Age 10–12—Div. II: 1. LeRoy Soverns, 7.9, K.C.K.; 1. Wesley Edmonds, 7.9, K.C.K.; 1. Autry Stills, 7.9, Dodge City ARC; 2. Anthony Wilson, 8.0, K.C.K.; 3. Harold Shoemaker, 8.1, AMBUCS; 3. David Meeks, 8.1, Wamego.

Male—Age 10–12—Div. III: 1. R. Holloway, 8.1, Wichita; 2. M. Garcia, 9.2, Lakin; 3. C. Nelson, 9.3, Wellington.

Male—Age 10–12—Div. IV: 1. Bill Erdman, 8.3, Kingman; 2. Randy Hubbard, 8.5, Syracuse; 3. Marc Brugada, 12.4, Sumner County.

Male—Age 10–12—Div. V: 1. Donald Huff, 7.4, McPherson; 2. F. Johnson, 8.5, K.C.K.; 3. D. Henderson, 8.6, Topeka.

Male—Age 10–12—Div. VI: 1. K. Jackson, 8.3, Wichita; 2. C. Wilson, 8.5, K.C.K.; 3. D. Hoist, 9.5, Burlington.

Male—Age 13–15—Div. I: 1. Jeffrey Chairs, 6.6, Holy Family Wichita; 2. James Walker, 6.7, KNI Topeka; 3. Donald Mancini, 6.8, Paola.

Male—Age 13–15—Div. II: 1. Keith Hillard, 7.2, Peabody; 2. Bradford Stinson, 7.6, Wichita, Levy; 2. James Colwell, 7.6, Central Jr., K.C.K.; 3. Daneli Collins, 7.7, AMBUCS.

Male—Age 13–15—Div. III: 1. Marvin Stallins, 8.5, K.C.K. Rec.; 2. Johnny Richardson, 9.1, Wichita; 3. K. Coulter, 9.4, DCARC Lawrence.

Male—Age 13–15—Div. IV: 1. Larry Diver, 7.5, Wamego; 2. Jim Anderson, 7.9, NCK Coop. Norton; 3. Kevin Roberts, 8.4, Wakeeney.

Male—Age 16–18—Div. I: 1. Rick Frisbie, 6.1, Pratt Coop.; 1. Danny Scott, 6.1, Derby; 2. Kim Carson, 6.3, Peabody; 2. Jesse Moore, 6.3, Parson State Hosp.; 3. Tony English, 6.5, Parsons State Hosp.

Male—Age 16–18—Div. II: 1. Dick Spaulding, 6.6, Shawnee Mission; 2. Phillip Dodge, 7.4, Reno Co. ARC; 3. Brian McDonald, 7.6, Holy Family Wichita.

Male—Age 16–18—Div. III: 1. B. Starkey, 6.6, Wichita; 2. Scott Bernhardt, 7.2, Johnson Co. MRC; 3. Ray Dancer, 10.6, Norton Coop.

Male—Age 16–18—Div. IV: 1. James Truman, 7.6, K.C.K.; 2. Ronnie Karst, 9.7, Central Plains; 3. Joe Dye, 11.0, Dodge City.

Male—Age 19—Div. I: 1. Robert Edwards, 6.4, Hope Center; 2. Dennis Brown, 6.9, DCARC Lawrence; 3. David Boise, 6.95, We Care.

Male—Age 19—Div. II: 1. R. French, 6.8, Parson State Hosp.; 2. M. Frey, 6.9, JCMRC, Shawnee; 3. J. Ulery, 7.1, Winfield S.H. & T.C., 3. B. Beckwith, 7.1, Central Plains; 3 J. Petey, 7.1, Norton.

Male—Age 19—Div. III: 1. Billy Legleiter, 7.1, Central Plains; 2. Benito Carballo, 7.2, Central Plains; 2. Roy Hughes, 7.2, Starkey; 3. R. Landreth, 7.5, DCARC Lawrence.

Male—Age 19—Div. IV: 1. Russell Tusha, 7.1, Inst. of Logo.; 2. H. Grimes, 8.6, Hope Center; 3. F. Johnson, 12.3, Kobler Center.

II. 220 YARD DASH

Female—Age 8–9—Div. I: 1. Brenda DeBrosse, 42.1, USD 260 Derby; 2. Betty Goheen, 44.7, Reno ARC & RRESO Hutchinson.

Female—Age 10–12—Div. I: 1. S. Kellogg, 32.7, Inst. Logo. Wichita; 2. C. Bardwell, 34.3, K.C.K. Argen. Mid. School; 3. B. Linsey, 37.0, Burlington Sp. Ed.

Female—Age 10–12—Div. II: 1. R. Hale; 41.5, Topeka; 2. Peggy Arnett, 42.8, MARC McPherson; 3. M. Penny, 43.2, PSH & TC Parsons.

Female—Age 13–15—Div. I: 1. A. Chavez, 33.0, Reno ARC Hutchinson; 2. J. Lingo, 33.8, AMBUCS; 3. M. Guilliford, 34.9, Topeka Pub.

Female—Age 13–15—Div. II: 1. V. Hansen, 39.4, PSH & TC Parsons; 2. V. McCormick, 40.3, PSH & TC Parsons; 3. D. Weber, 41.0, PSH & TC Parsons.

Female—Age 13–15—Div. III: 1. R. Taylor, 44.2, KCK Wyandotte Sp. Ed.; 2. T. Scovall, 46.6, PSH & TC Parsons; 3. C. Shannon, 48.9, KCK Wyandotte Sp. Ed.

Female—Age 16–18—Div. I: 1. Janet Haines, 31.6, Topeka ARC; 2. Tersa Walker, 32.1, Wichita Starkey; 3. Sherry Grissom, 34.0, RCARC Lyons.

Female—Age 16–18—Div. II: 1. Mary Williams, 35.0, KCK Wyandotte; 2. Clara Rush, 35.8, KCK Wyandotte; 3. L. Shriner, 36.8, SCK Sp. Ed. Coop.

Female—Age 19—Div. I: 1. Judy Leiker, 36.0, Central Plains Hays; 2. R. Lange, 40.0, WSH & TC Winfield; 3. Gail Ruckle, 42.0, PST & TC Parsons.

Female—19—Div. II: 1. Sherry Walker, 48.8, PSH & TC Parsons; 2. Linda Sears, 57.2; Central Plains Hays; 3. Vonie Jones, 1.01.0, Central Plains Hays.

Male—Age 8–9—Div. I: 1. Ronald Meeks, 35.0, KCK Quindaro; 2. Jerry Reed, 39.0, Hutchinson; 3. Ricky McKinley, 40.5, Topeka.

Male—Age 10–12—Div. I: 1. Thruman Brown, 31.0, McArthur Wichita, 2. Richard Grissom, 31.2, Rice Co. ARC; 3. Pat Collins, 32.6, AMBUCS.

Male—Age 10–12—Div. II: 1. Dwayne Lee, 32.0, KCK Banneker; 2. Maurice Cauthon, 32.3, KCK Quindaro; 3. Leonard Thomas, 32.8, KCK Fairfax.

Male—Age 10–12—Div. III: 1. John Dominquez, 35.8, KCK Emerson, 2. Larry Anderson, 40.9, KCK; 3. Todd Meeks, 43.5, KCK Banneker.

Male—Age 13–15—Div. I: 1. Keith Hillard, 30.8, Peabody; 2. Rickey Overbaugh, 31.8, KCK; 3. James Colwell, 33.1, KCK Central Jr.

Male—Age 13–15—Div. II: 1. Bryon Tatro, 32.0, Pratt; 2. Dennis Blick, 32.3, Wichita Inst. Of Logo; 3. Wayne Bishop, 32.5, Pratt.

Male—Age 13–15—Div. III: 1. Charles Quinn, 28.9, Wyandotte Sp. Ed. Coop; 2. Tim Brady, 29.3, Holy Family Wichita; 3. Kenneth Helfrich, 29.7, Dodge City.

Male—Age 16–18—Div. I: 1. Terry Brady, 32.8, AMBUCS; 2. Brian McDonald, 33.4, Holy Family Wichita; 3. Virgil O'Leary, 35.1, PSH & TC Parsons.

Male—Age 16–18—Div. II: 1. Scott Bernhardt, 31.6, JCMRC Shawnee; 2. A. Johnson, 32.0, Holy Family Wichita; 3. F. Hoffman, 32.2, Reno ARC; 4. Sidney Wren, 32.2, KCK Rec. Dept.

Male—Age 16–18—Div. III: 1. Danny Scott, 25.5, Derby HS; 2. Kim Carson, 27.0, Peabody HS; 3. Jessie Moore, 27.3 PSH & TC Parsons.

Male—Age 19—Div. I: 1. Ron Frenne, 45.0, Elks Center; 2. Bill Issaison, 45.8, Central Plains.

Male—Age 19—Div. II: 1. Russell Tusha, 30.7, IOL; 2. S. Passantino, 34.0, Shawnee Mission; 3. David Grimes, 35.8, JCMRC Shawnee.

Male—Age 19—Div. III: 1. Tom Suenram, 28.7, McPherson; 2. David Voese, 29.0, Emporia; 3. Robert Johnson, 30.0, Norton.

Male—Age 19—Div. IV: 1. Mike Frey, 28.7, JCMRC Shawnee; 2. James Lorance, 30.1, Wichita; 3. M. Stanton, 30.3, Ulysses.

III. 440-YARD WALK

Female—Age 8–9—Div. I: 1. F. Friesen, 2.56.5, Reno Co. & ARC RRESO.

Female—Age 10–15—Div. I: 1. Bernice Pluimer, 2:40.5, Wichita Public Schools: 2. J. Hancock, 2:41.5, Institute of Logo; 3. N. Crovetto, 2:48.2, Institute of Logo.

Female—Age 16–18—Div. I: 1. Bonita Monroe, 2.56.2, Derby Senior; 2. Patty Harger, 3:43.7, SCK Sp. Ed. Coop. Pratt.

Female—Age 19—Div. I: 1. Shirley Strange, 3.09.8, WSH & TC Winfield; 2. Angelia Krehbiel, 3.16.1, Elks Training Center; 3. Marie Sullivan, 3.20.5, WSH & TC Winfield.

Male—Age 8–9 & 10–12—Div. I: 1. Mike Werth, 2.57.1, Reno, ARC; 2. Jerry McNeff, 2.59.7, KCK Rec. Dept.; 3. Mike Wright, 3.11.0, Wyandotte Sp. Ed. Coop.

Male—Age 13–15—Div. I: 1. Phillip Evarts, 2.03.0, Inst. of Logo; 2. Dennis Pupparo, 2.03.0, Inst. of Logo; 3. Steven Konkel, 2.48.8, SCK Sp. Ed. Coop.

Male—Age 16–18—Div. I: 1. Wesley Steiner, 2.17.5, Emporia; 2. Burke Davis, 2.31.5, Inst. of Logo; 3. Greg Goodwin, 3.51.0, Wyandotte Sp. Ed. Coop.

Male—Age 19—Div. I: 1. George Emery, 2.12.3, JCMRC Shawnee; 2. Wesley Tuttle, 2.40.6, Central Plains ARC; 3. Richard Watkins, 2.48.2, Elks Training Center.

IV. SOFTBALL THROW

Female—Age 8–9—Div. I: 1. Lisa Flint, 59'5", DCARC Lawrence; 2. Rochelle Hale, 34'6".

Female—Age 8–9—Div. II: 1. Tina Horn, 46'7", DCARC Lawrence; 2. Mary Bobeck, 40'7", Sumner Co. Sp. Ed.; 3. Shelly Haynes, 40'3", Briarwood-Shawnee.

Female—Age 8–9—Div. III: 1. Sandra Robinson, 11'5", Burlington; 2. Kathy Johnson, 10'5¾", KNI.

Female—Age 10–12—Div. I: 1. Evette King, 97'10½", Topeka; 2. R. LaMountain, 79' 11½", Topeka; 3. Roberta Lane, 69'10", Syracuse.

Female—Age 10–12—Div. II: 1. B. Walker, 81.8", MacArthur Wichita; 2. N. Kelly, 80'8", KSK Fairfax; 3, L. Eves, 73'7", Rice Co. ARC.

Female—Age 10–12—Div. III: 1. Lynne Keazer, 55'2", Reno Co. ARC Hutchinson; 2. Susan Hickert, 54'7", Decatur Mental Health; 3. Lynne McMaster, 42'9", Derby Jr. High.

Female—Age 10–12—Div. IV: 1. Mary Farrington, 35'8", Lakemary Center; 2. Donna Prickett, 34'7", MARC McPherson; 3. Wanda Erskine, 32'8", John Fiske School KCK.

Female—Age 10–12—Div. V: 1. Lisa Gardner, 20'10", Wyandotte Sp. Ed. Coop; 2. Salle Cleeton, 19'9", Wyandotte Sp. Ed. Coop.

Female—Age 13–15—Div. I: 1. Janell Wallace, 114' 6", PSH & TC Parsons; 2. Cindy Patnode, 101' 4", DCARC Lawrence; 3. Carol Klaassen, 99' 3", Rice Co. ARC.

Female—Age 13–15—Div. II: 1. Sharyl Mabie, 77' 10½", SCK Pratt; 2. Linda Bell, 77' 0", Emporia; 3. Emma Damron, 68', 5", Burlington Sp. Ed.

Female—Age 13–15—Div. III: 1. Rhonda McBee, 72' 2", Holy Family Wichita; 2. Donna Davis, 71' 10", Wakeeney; 3. Susan Martin, 70' 9", Central Jr. High KCK.

Female—Age 13–15—Div. IV: 1. Beverly Hill, 67' 1½", Rosedale High KCK; 2. Louella Gamblin, 55' 0½", Decatur Mental Health; 3. Wanda Keeler, 52' 8", Jardine Jr. High Wichita.

Female—Age 13–15—Div. V: 1. Chris Grothuson, 52', We Care, Inc. Emporia; 2. Beverly Wedgewood, 49' 7", SCK Pratt; 3. Ruth Sawatsky, 33', Rice Co. ARC.

Female—Age 16–18—Div. I: 1. Debbie Crossman, 115' 6½", SCK Pratt; 2. Karen Baker, 106', Derby Sr. High; 3. Betty Henderson, 66' 1½", Wyandotte Sp. Ed. Coop.

Female—Age 16–18—Div. II: 1. Rhonda Redger, 88' 4½", McPherson; 2. Jackie Simpkins, 62' 11", PSH & TC Parsons.

Female—Age 16–18—Div. III: 1. Melba Moran, 62' 1¼", PSH & TC Parsons; 2. Rhonda Ohnick, 61' 2", MAC ARC; 3. Teresa Madden, 60', Norton Sp. Ed. Coop.

Female—Age 16–18—Div. IV: 1. Betty Hill, 49' 3", Decatur Mental Health; 2. Sandra Vukas, 48' 9", Eisenhower, KCK; 3. LeAnn Robben, 44' 9", Inst. of Logo. Wichita.

Female—Age 19—Div. I: 1. Kathy Norris, 88' 2½", CEC Wichita; 2. Pamela Kay Greenman, 85½', Parents of Spastics Wichita; 3. Gail Monroe, 79' 10¾", Rice Co. ARC.

Female—Age 19—Div. II: 1. Marilyn Quested, 65' 2", AMBUCS; 2. Patricia Austian, 52¼', AMBUCS; 3. Corina Stephens, 49', NCK Coop. Norton.

Female—Age 19—Div. III: 1. Nancy Baker, 52' 6", AMBUCS; 2. Carol Lou Daley, 52½', Parents of Spastics Wichita; 3. Janetta Howard, 43' 5½", AMBUCS.

Female—Age 19—Div. IV: 1. Leona Standfield, 89'6¼", Norton State Hosp.; 2. Coleen Doxon, 30½; Central Plains; 3. Karen Miller, 27'8", WSH & TC Winfield.

Male—Age 8–9—Div. I:1. Jerry Reid, 103', Reno Co. ARC; 2. Jerry Evens, 102½', SCK Pratt.

Male—Age 8–9—Div. II: 1. Donald Farr, 86'9¼", Decatur Co. Mental Health; 2. B. Bjotvedt, 79'4¼", IOL; 3. Rodney Peghee, 73'6", KC.

Male—Age 8–9—Div. III; 1. C. Burgin, 89' 2", KC; 2. S. McDonald, 77'9", KC; 3. R. Conn, 72'11", Lakemary Center Paola.

Male—Age 8–9—Div. IV: 1. Ira Osborn, 58'2¾", DCARC Lawrence; 2. M. Johnson, 43'11", KC; 3. S. Leach, 40'3".

Male—Age 10–12—Div. I: 1. Victor Walker, 142'4" MacArthur Wichita; 2. Anthony Wilson, 138'9¼", KCK Argentine; 3. Richard Grissom, 135'3", Rice Co. ARC.

Male—Age 10–12—Div. II: 1. David Meeks, 115'9", Wamego; 2. Jerry Evans, 100'6", Pratt; 3. Danny Hollingshead, 99'7½", McPherson.

Male—Age 10–12—Div. III: 1. Sammy Reida, 104'8" SCK Sp. Ed.; 2. Craig DeCavele, 88'4", KCK Rec. Dept.; 3. Jeff Harrell, 88', Dodge City ARC.

Male—Age 10–12—Div. IV: 1. Autry Stills, 119'2½", DCARC; 2. Curtis Wade, 85', Parsons; 3. Bobby Wesley, 65'3", DCARC.

Male—Age 10–12—Div. V: 1. Wilbur Bennett, 24'9", John Fiske KCK; 2. Randy Dinger, 23'4", Central Plains ARC; 3. Tracy Brown, 16'4", Lakemary Center.

Male—Age 13–15—Div. I: 1. Tom Woodman, 185'11", PSH & TC Parsons; 2. L. Handerson, 161'9", PSH & TC Parsons; 3. David Dye, 151'10½".

Male—Age 13–15—Div. II: 1. Mike Mootz, 151'8", Wyandotte Sp. Ed. Coop.; 2. P. Schmidt, 143'3½", Santa Fe; 3. Michael Mack, 130'6", Topeka Schools.

Male—Age 13–15—Div. III: 1. Bill Richey, 119' 7¾", Millbrooke JHS; 2. Ralph Cartee, 108' 11", Burlington; 3. Lloyd Baxter, 108' 6", Richland.

Male—Age 13–15—Div. IV: 1. Jeff Hilgers, 87' 10" Eisenhower KCK; 2. Troy Kistler, 76' 2", Wichita; 3. K. Coulter, 71' 10".

Male—Age 13–15—Div. V: 1. Neil Raum, 112' 9½", Syracuse Schools; 2. Steve McBee, 62' 8", AMBUCS; 3. John Casper, 49', Shawnee Mission North.

Male—Age 16–18—Div. I: 1. B. Van Campen, 225' 11", Reno Co ARC; 2. C. Morris,

225' 8½", PHS & TC Parsons; 3. Harold Tarleton, 84' 8".

Male—Age 16–18—Div. II; 1. Dennis Knott, 158' 7", Wichita West; 2. Dennis Duffee, 147' 3¾", Lakemary Center; 3. Lloyd Allen, 136' 10", AMBUCS.

Male—Age 16–18—Div. III: 1. Larry Cox, 112' 0", Cent. Jr. High; 2. Billy Stewart, 82' 8½", PHS & TC Parsons; 3. Ronnie Karsh, 76' 4", Central Plains.

Male—Age 16–18—Div. IV: 1. Mark Roudabush—88' 8", Lakemary Center; 2. Pat Gleiter, 62' 11"; Lakemary; 3. Jefferson Winter, 58' 9½", Starkey Wichita.

Male—Age 19—Div. I: 1. Clifford Welch, 164' 4½", Norton State Hosp.; 2. Phil Morse, 153' 6¾", Wyandotte Sp. Ed. Coop.; 3. Jo Petru, 153' 3¾", Norton State Hosp.

Male—Age 19—Div. II: 1. Charles Brand, 195' 11¾", AMBUCS; 2. Vere Womack, 135' 1½", Lawrence; 3. Roy Walker, 127' 11", Lawrence.

Male—Age 19—Div. III: 1. Glen Mastellar, 116' 7½", AMBUCS; 2. Ralph Landreth, 93' 3¾", Lawrence; 3. Pat Rowe, 89' 7", Lawrence.

Male—Age 19—Div. IV: 1. Robert Edwards, 177' 7½", Hope Haven; 2. Gary Hickerson, 97' 2", JCMR Shawnee; 3. Marvin Bottomley, 88' 4½", Hope Haven.

Male—Age 19—Div. 1. Virgil Hall, 75' 1", Hope Haven; 2. Manuel Cervantes, 50' 11", Topeka ARC; 3. Robert Zink, 33' 0", Kobler Center.

V. STANDING LONG JUMP

Female—Age 8–9—Div. I: 1. Tylsia Brown, 5'5", MacArthur Wichita; 2. Shawna Denton, 5'3", MAC ARC Fowler; 3. Jeanette Boykin, 5'2", Topeka.

Female—Age 8–9—Div. II: 1. Debbie Gardner, 4'9", Reno Co. ARC Hutch.; 2. Kandi Clulini, 4'7", AMBUCS Salina; 3. Gloria Amora, 4'6", Wichita.

Female—Age 8–9—Div. III: 1. Linda Smith, 54", Fairfax, KCK; 2. Kristina Hunter, 53", Rice Co. ARC Lyons; 3. Linda Hardesty, 51", DCARC Lawrence.

Female—Age 8–9—Div. IV: 1. Veronica Lewis, 4'2", Roosevelt KCK; 2. Carlette Guthrie, 3'2", Topeka; 3. Renae Palacca, 6", DCARC Lawrence.

Female—Age 10–12—Div. I: 1. Rhonda Widener, 6'10", Reno Co. ARC Hutch.; 2. Brenda Linsey, 6'5", USD No. 244 Burlington; 3. Kathy Kirby, 5'10", Topeka.

Female—Age 10–12—Div. II: 1. Sandy Zircle, 5'4", MacArthur Elem. Wichita; 2. Debbie DeBrosse, 5'3½", Derby USD No. 260 Wichita; 3. Frances Frazier, 5'3", DCARC Lawrence.

Female—Age 10–12—Div. III: 1. Delores Williams, 4'11", Wichita Public; 1. Deborah Pluimer, 4'11", Wichita Public; 2. Susan Hickert, 4'6", Decatur Co. Mental Hosp.; 2. Fon Duvall, 4'6", Sumner Co. Sp. Ed. Wellington; 3. Lynne McMaster, 4'5", Derby Jr. High.

Female—Age 10–12—Div. IV: 1. Joanette Hickey, 3'11", Wichita P.S.; 1. Bertha Morgan, 3'11", John Fiske KCK; 2. Nancy Erskine, 3'10", John Fiske KCK; 3. Nancy Weroli, 3'8", USD No. 244 Burlington.

Female—Age 13–15—Div. I: 1. Winnowna Lanam, 6'11", Reno Co. ARC Hutch.; 2. Teresa Parker, 6'8", Derby Jr. High; 3. Karen Elson, 6'7", NCK Coop Norton.

Female—Age 13–15—Div. II: 1. Melinda Whitney, 74", Hutchinson Reno Co. ARC; 2. Anita Chambers, 69½", Decatur Mental Health Oberlin; 3. Virginia Silas, 68", Reno. Co. ARC Hutch.

Female—Age 13–15—Div. III: 1. Susan Turnbull, 5'9", Parsons State Hosp.; 2. Kathy Lenon, 5'4", Reno Co. ARC Hutch.; 3. Debra Reed, 5'.

Female—Age 13–15—Div. IV: 1. Mary Willard, 64", Lakemary Center Paola; 2. Tami Haley, 56", USD 253 Emporia; 3. Liz Schleimer, 52", Wyandotte Sp. Ed. Coop.

Female—Age 16–18—Div. I: 1. Jackie Simpkins, 64", Parsons.

Female—Age 16–18—Div. II: 1. Patty Keplinger, 65", Topeka ARC; 2. Kathy Simpkins, 64", Parsons; 2. T. Bartlett, 64", Inst. of Logo. Wichita; 3. Patty Lemands, 57", Rice Co. ARC.

Female—Age 16–18—Div. III: 1. Debbie Brotton, 60", Emporia; 2. L. Ellis, 47", Lakemary Center; 3. J. Squire, 42", Lakemary Center.

Female—Age 19—Div. I: 1. Chris Grothuson, 59½", Emporia; 2. Nancy Barrows, 58½", Shawnee; 3. Charlene Porter, 57", St. Marys.

Female—Age 19—Div. II: 1. Pam Land, 55", Topeka Public School; 2. Dinah Turnbull, 54", Grade School, St. Marys; 3. Esther Crute, 50", Winfield State Hosp.

Female—Age 19—Div. III: 1. Joann Stewart, 4'4", Norton State Hosp.; 2. Carol Williams, 3'11", Winfield State Hosp.; 3. Teresa Freund, 3'9", Parsons State Hosp.

Female—Age 19—Div. IV: 1. Karen Miller, 3'9", Winfield State Hosp.; 1. Judy F. Harris, 3'9", Starkey Wichita; 2. Rita Kay Davies, 3'7", Winfield State Hosp.; 3. Jane Barker, 2'8", Starkey Wichita.

Male—Age 8–9—Div. I: 1. Ronald Meeks, 5'10", KCK; 2. Donald Darr, 5'6", Decatur Co. M. R.; 3. Tim Martens, 5'0", McPherson ARC.

Male—Age 8–9—Div. II: 1. Willie Jones, 4'10", KCK; 2. Michael Johnson, 4'4", KCK; 3. Ronda Switzer, 4'1", IOL.

Male—Age 10–12—Div. I: 1. James Coby, 8'0", KCK; 2. Keith Patterson, 7'8", Wichita Public; 3. Timothy Dodd, 7'5", KCK; 3. Ricky Henderson, 7'5", Wichita Public.

Male—Age 10–12—Div. II: 1. Jerry Janssen, 5'6½" Norton Sp. Ed.; 2. Kimberly Pledger, 5'6" KCK; 3. Phillip Peters, 5'5", SCK Pratt.

Male—Age 10–12—Div. III; 1. Randy Hubbard, 4'9", Syracuse Schools; 2. Ryan Pike, 4' 5", Wichita Public; 3. Curtis Pfitzer, 3' 9", KCK.

Male—Age 13–15—Div. I: 1. Charles Quinn, 8'8", Wyan Spec. Ed. KCK; 2. Tom Woodman, 8'0", Parsons State Hosp.; 3. Steve Mervin, 7'4", USD 244, Burlington.

Male—Age 13–15—Div. II; 1. Steve Glunt, 6'5", Dodge City ARC; 1. Brady Cole, 6'5", Reno Co. ARC; 2. David Dye, 6'2", MAC ARC Fowler; 2. Craig Stith, 6'2", Miller; 3. Curtis Sykes, 6'½" KCK.

Male—Age 13–15—Div. III: 1. Marvin Stalins, 5'7", KCK Rec. Dept.; 2. Kevin Michael, 5'5", Wichita P.S.; 3. Brian Becker, 5'4", Inst. of Logo.

Male—Age 13–15—Div. IV: 1. Neil Raum, 6'10½", Syracuse; 2. Carl Carson, 48", Peabody High; 3. Harold Brooks, 38", Peabody High.

Male—Age 16–18—Div. I: 1. Mark Jacobs, 8'4", Wyandotte Sp. Ed. Coop.; 2. Dennis Knott, 8'½", Wichita P.S.; 3. Burton Emery, 7'4", Topeka Public School.

Male—Age 16–18—Div. II: 1. John Godfrey, 6'6", Burlington; 2. David Hurst, 6', Parsons; 3. Phillip Dodge, 5'8", Reno Co. ARC Hutch.

Male—Age 16–18—Div. III: 1. Richard Bennett, 5'2", Starkey Wichita; 2. Terry Young, 3'6", Parsons State Hosp.; 3. Pat Glirter, 2'8", Lakemary Center Paola.

Male—Age 19—Div. I: 1. Raymond Edeman, 7'3", Winfield State Hosp.; 2. Larry Jordan, 7'1", Holy Family Wichita; 2. Shannon Woolsey, 7'1", We Care Emporia; 3. George McKenzie, 6'6", Winfield State Hosp.

Male—Age 19—Div. II: 1. Steve Passantino, 6'4" Shawnee Mission North; 2. James Pierson, 5'9", Starkey; 3. Alvin Long, 5'7", Winfield State Hosp.

Male—Age 19—Div. III: 1. 1. Leroy Hensely, 4'11", Winfield State Hosp.; 2. Mike Manion, 4'8", Winfield; 3. Pat Manion, 4'8", Winfield.

Male—Age 19—Div. IV: 1. Hank Grimes, 5', Hope Haven Center, Ark. City; 2. Walter Rice, 3'6", Winfield Stat. Hosp.; 3. David Dick, 3'5", Winfield State Hosp.

VI. RUNNING LONG JUMP

Female—Age 13–15—Div. I: 1. Julia Beckwith, 5'6", Holy Family, Wichita.

Female—Age 13–15—Div. II: 1. Sheryl Lyon, 11'4½", Hutchinson; 2. Kim Metz, 11'0"; 3. Julie Lingo, 10'4", AMBUCS.

Female—Age 19—Div. I: 1. Kathy Vandever, 7'8", WSH & TC Winfield; 2. Edith Thompson, 5'7", Topeka ARC; 3. Linda Sears, 2'3", Central Plains, Hays.

Male—Age 13–15—Div. I: 1. Greg Solberg, 4'7", AMBUCS.

Male—Age 13–15—Div. II: 1. Kenneth Helfrich, 14'4½", DCARC, Lawrence; 2. Steven Merwin, 14'0", Burlington Sp. Ed.; 3. Joe Pulliam, 12'4½", Reno Co., ARC & RRESO.

Male—Age 13–15—Div. III: 1. Arthur Stano, 9'3", E. Topeka Jr. High; 2. Jim Walker, 7'5", KNI; 3. Doug Spitler, 7'2", KNI.

Male—Age 16–18—Div. I: 1. Freddy Ligans, 14'1" Wichita East; 2. Cluster Morris, 12'10", PSH & TC Parsons.

Male—Age 16–18—Div. II: 1. Joe Thomas, 13'6", Wichita Pub School; 2. Dennie Youngberg, 12'6", Reno Co. ARC; 3. Danny Aguilera 10'6½", Deby High School.

Male—Age 16–18—Div. III: 1. Darrel Johnson, 13'1½", RRESO & Reno ARC; 2. Joe Jones, 11'8", NCK Coop; 3. Jim Reed, 8'10", KNI.

Male—Age 19—Div. I: 1. Bob Beckwith, 12'6½", Central Plains; 2. Mike Sampler, 11'10", We Care, Emporia; 3. Terry Thomas, 10'8", Central Plains ARC.

VII. HIGH JUMP

Female—Age 13–15—Div. I: 1. Cindy Edington, 3'6", Hutchinson.

Female—Age 16–18—Div. I: 1. Treasa Walker, 4'2", Starkey; 2. Trella Knokel, 4'0", Pratt; 3. Amber Jones, 3'2", Starkey.

Female—Age 19—Div. I: 1. Sharon Yianskopulos, 3'2".

Male—Age 13–15—Div. I: 1. Jeff Eckles, 4'4", SCK Sp. Ed. Coop; 2. Wayne Bishop, 3'6", SCK Sp. Ed. Coop.

Male—Age 13–15—Div. II: 1. Isaac Stewart, 4'1", MacArthur Elem. Wichita; 2. Bryant Tatro, 3'10", SCK Sp. Ed. Coop.

Male—Age 16–18—Div. I: 1. Rick Frisbie, 5'4", SCK Sp. Ed. Coop; 2. Bill Van Campen—5'0½", RRESO & Reno ARC; 3. Miles Hoffman—4'6", McPherson.

Male—Age 16–18—Div. II: 1. Freddy Ligons, 4'9", Wichita East; 2. Butch Medovich—4'6", Topeka ARC.

Male—Age 19—Div. I: 1. Leano Kelso, 3'11", Winfield State Hosp.; 2 Bob Penwel, 3'11", We Care Inc.; 3. Raymond Edelman, 3'8", WSH & TC Winfield.

Male—Age 19—Div. II: 1. Jim Lolli, 3'11", Topeka; 2. James Pearson, 3'8", Starkey; 3. Billy Ray Young, 3', WSH & TC Winfield.

VIII. SHOT PUT

Male—Age 13–15—Div. I: 1. Ken Aden, 32'8¾", Reno ARC; 2. Robert Ridge, 22'9¾", Reno ARC.

Male—Age 13–15—Div. II: 1. Carl Coffman, 22'7½", Holy Family Wichita; 2. Steve Glunt, 19'5½", DCARC; 3. Jeff Kelley, Kelley, 18'2½", Briarwood School.

Male—Age 16–18—Div. I: 1. Bob Horeshy, 33'9", NCK Coop; 2. Otto Tisdale, 33'3½", Wamego Coop; 3. Allen Johnson, 29'11½", Holy Family.

Male—Age 19—Div. I: 1. Clifford Welch, 37'3", Norton State; 2. Leeno Kelso, 36'½", WSH & TC Winfield; 3. Jim Olli, 35'3", Topeka ARC.

Male—19—Div. II: 1. Phillip Morse, 32'½", Wyandotte Sp. Ed.; 2. Dick Berndt, 30'5", We Care; 3. Shannon Woolsey, 23'3¾", We Care.

Male—Age 19—Div. III: 1. Larry Smethers, 24'10", WSH & TV Winfield; 2. Tom Davis, 24'2¾", Wyandotte Sp. Ed.; 3. Don Anders, 22'0", Topeka ARC.

IX. BASKETBALL FREE THROW

Female—Age 8–9—Div. I: 1. Shawna Denton, 4, MAC-ARC Fowler.

Female—Age 10–12—Div. I: 1. Laura Wethers, AMBUCS; 2. Barbara Gravatt, AMBUCS; 3. Pam Johnson, McPherson.

Female—Age 13–15—Div. I: 1. Thonda Mc-

Bee, 3, Holy Family; 2. Karen Elson, 2, NCK Coop.; 3. Laura Griswold, 1, Holy Family.

Female—Age 16–18—Div. I: 1. Dana Judge, Topeka ARC; 1. Cathy Ann Dixon, Wichita Heights; 2. Teresa Fletcher, Derby High; 2. Betty Hill, Decatur Mental Health; 3. Debbie Zimmerman, SCK Pratt; 3. Jean Allen, NCK Coop; 3. Sue Boyes, Derby Senior; 3. Denise Page, Holy Family.

Female—Age 19—Div. I: 1. Carol Williams, WSH & TC Winfield; 2. Nancy Baker, AMBUCS; 2. Gail Monroe, Rice Co. ARC; 3. Carol Lou Daley, Parents of Spastics Wichita; 3. Bonnie Sanders, Central Plains.

Male—Age 10–12—Div. I: 1. Gary Jewell, 11, AMBUCS; 2. Charles Anderson, 7, Topeka Schools; 3. Timothy Dodd, 5, KCK; 3. Dale Heggie, 5, KCK.

Male—Age 10–12—Div. II: 1. Jesse Bowers, 7, Wichita Public; 1. Bobby Jacques, 7, Wichita Public; 2. Bob Dunagan, 3, K.C.K.; 2. Mark Johnson, 3, KCK; 3. Jeffrey Gillam, 2, KCK; 3. Dale Thomas, 2, Wamego.

Male—Age 10–12—Div. III: 1. Blake Monasmith, 7, AMBUCS; 2. John Dominguez, 4, KCK. 2. Doug Sherwood, 4, Hutchinson; 2. David Townsend, 4, Wichita Public; 2. Jimmy Jackson, 4, Wichita; 3. Tom Crider, 3, KCK.

Male—Age 13–15—Div. I: 1. Donny Friesen, 10, Fowler; 2. Robert Ford, 6, Eisenhower KCK; 3. Larry Diver, 5, KRU Sp. Ed.

Male—Age 13–15—Div. II: 1. Scott Paine, 7, Eisenhower; 1. Jeff Hilgers, 7, Eisenhower; 2. Steve McBee, 4, AMBUCS; 2. Larry Cox, 4, KCK; 3. Kenneth Johnson, 3, Levy.

Male—Age 13–15—Div. III: 1. Tommy Barnes, 7, Reno Co. ARC; 2. Gary Miller, 6, Santa Fe; 2. Tony Eves, 6, Rice Co. ARC; 2. William Davis, 6, Reno Co. ARC; 2. Darren Hodgson, 6, Reno Co. ARC; 3. Steven Schrag, 5, Rice Co. ARC; 3. Marvin Pina, 5, Reno Co. ARC; 3. Mike Fisher, 5, Topeka Public.

Male—Age 16–18—Div. I: 1. Joe Thomas, 9, Wichita Heights; 2. Bruce Davis, 4, Topeka ARC; 3. Robert Clark, 3, Derby.

Male—Age 16–18—Div. II: 1. Mike Montgomery, 8, Topeka ARC; 2. Greg Mai, 3, Central Plains; 3. Tom Schmidt, 2, SM North; 3. Brian Bruntz, 2, Richland Valley; 3. Roy Baxter, 2, Richland Valley; 3. Otto Tisdale, 2, KRV; 3. Vernon Lowe, 2, Reno Co. ARC.

Male—Age 16–18—Div. III: 1. Richard Wheeler, 3, Holy Family; 1. Keith Ptacek, 3, Central Plains; 1. Allan Schwerdtfeger, 3, Rice Co. ARC; 1. Randy Myers, 3, Rice Co. ARC; 2. Byron Tennyson, 2, Starkey; 3. Thomas Dixon, 1, Starkey.

Male—Age 19+—Div. I: 1. Mark Stanton, 8, Joyce School; 2. James Bishop, 4, We Care; 3. Doug Berry, 3, Winfield.

Male—Age 19+—Div. II: 1. Arlan Weber, 7, Topeka ARC; 1. Ernie Ford, 7, KCK Rec.; 2. Jerry Weishaer, 6, KSTC; 2. Billy Ray Young, 6, Winfield; 2. Keith Wiley, 6, Norton S.H.; 3. Mike Fanning, 5, Norton S.H.

Male—19+—Div. III: 1. Geo. Gustenborden, 8, Topeka ARC; 2. Dennis Havel, 5, Central Plains; 2. Ted Wiley, 5, DCARC; 2. Mike Francis, 5, Rice Co. ARC; 2. Kenneth Leiker, 5, Central Plains; 3. Mike O'Keason, 4, NW KT MR; 3. Harold Baldwin, 4, Central Plains; 3. Merrill Maddy, 4, Central Plains.

Male—Age 19—Div. IV: 1. Bill Cody, 7, Topeka ARC; 2. Glen Mostellar, 4, AMBUCS; 2. Gary Samuels, 4, DCARC; 2. Paul Pool, 4, We Care Inc.; 3. Larry Jordan, 3, Holy Family.

X. MILE RUN

Male—Age 16–18—Div. I: 1. Daryl Johnson, 5:55.8, Reno Co. ARC; 2. Keith Ptacek, 6.04.0, Central Plains.

Male—Age 19—Div. I: 1. Fred McKinnis, 6:20.5, KNI; 2. Aaron Smith, 6:20.0, Central Plains; 3. Rodney Hughey, 9:37.2, KNI.

XI. PENTATHLON

Female—Age 13–15—Div. I: 1. Joyce Thomas, 7 points, Salina Ambucs; 2. Laura Williams, 5 points, Emporia USD #253.

Female—Age 19—Div. I: 1. Barbara Altenburg, 10 points, Winfield State Hospital; 2. Barb Hostetter, 5 points; We Care, Inc. Emporia.

Male—Age 13–15—Div. I: 1. Mark Gillette, 37 points, Wichita Public; 2. Jimmie Morgan, 31 points, DCARC Lawrence; 3. R. E. Webb, 22 points, Topeka Jr. High.

Male—Age 16–18—Div. I: 1. Edwin Johnson, 16 points, NCK Coop Norton; 2. Carl Tull, 10 points, KNI Topeka; 3. Herb Shurley, 7 points, Starkey-Wichita.

Male—19+—Div. I: 1. R. Rice, 17 points, Wichita; 2. C. Wallace, 13 points, WSH & TC Winfield; 3. F. Harper, 10 points, Norton State Hospital.

XII. WHEEL CHAIR RACE

Female—1. Renata Blanchet, 1:12.4, DCARC Dodge City.

Male—Age 13–18: 1. Dennis Mason, 12:7.0, Derby J.H.S.; 2. Pat Kane, 16:8.0, Wyandotte Sp. Ed. Coop KCK; 3. Mike Burkle, 20:2.7, Salina.

Male—Age 19: 1. Bruce Hevel, 10.2, Elks Training Center; 2. Doc Smith, 19:1, WSH & TC Winfield.

XIII. WHEEL CHAIR SOFTBALL THROW

Female—Age 13–15—Div. I: 1. Renata Blanchet, 10.2, Dodge City ARC; 2. Susan Mock, 9.3, Lakemary Center.

Female—Age 16–18—Div. I: 1. Mary Ann Rohrig, 8.7, Parents of Spastics.

Male—Age 13–15—Div. I: 1. Pat Kane, 23.9, Wyandotte Sp. Ed. Coop.

Male—Age 16–18—Div. I: 1. Dennis Mason, 18.4, Derby Jr. High; 2. Bruce Freisen, 13.6, Joyce School; 3. Mike Burkle, 3, AMBUCS.

Male—Age 19: 1. Henry Waymire, 4.2, Votec.

XIV. 440-YARD RELAY

Female—Div. I: 1. Parsons State Hosp. & T.C., 1:05.1; 2. MacArthur Elem., 1:08.2, Wichita; 3. Lakemary Center Paola, 1:08.6.

Female—Div. II: 1. Hutchinson, 1:06.7; 2. Derby, 1:11.1; 3. Pratt, 1:11.4.

Male—Div. I: 1. PSH & TC Parsons, 56:1; 2. Topeka ARC, 57:3; 3. We Care, Inc., Emporia, 57:5.

Male—Div. II: 1. Shawnee Mission North Annex, 1:05.9; 2. AMBUCS, Salina, 1:07.2; 3. Banneker Elem., KCK, 1:08.4; 3. MAC ARC Fowler, 1:08.4.

WHO SAYS EVERYTHING'S FINE DOWN ON THE FARM?

Mr. CHURCH. Mr. President, everything is not so rosy down on the farm as the American people have been led to believe. It is time for the record to be put straight.

According to Don Paarlberg, Director of Agricultural Economics, USDA, in testimony before the Senate Joint Economic Committee in May of this year, the middleman, and not the farmer, benefited most from the record food prices of 1973. The wholesaler and retailer latched onto 64 cents out of each food dollar spent by the consumer. In fact, since August 1973, farm prices have dwindled, while the farm-retail spread—the difference between price paid the farmer and that charged at the grocery counter—for a market basket of food, has increased 25 percent. By May 1974, the American farmer was getting no more than he had prior to the boom. Worse still, the farmer's share is expected to fall even further during the rest of this year.

Yet, the lower prices received by farmers are not being passed on to the consumer. The USDA reports that the price of bread rose, from January to April, by 2 cents, while the farm value of bread ingredients fell by 2 cents. Those 4 extra pennies were picked up and pocketed by the middleman.

Idaho farmers are not only confronted with dwindling prices for their products, but they must pay soaring prices for everything they buy. In a word, farm expenses have zoomed out of sight. Diesel fuel has doubled in price since last year; fertilizer has doubled or tripled in price; farm machinery—if it can be found—has also skyrocketed; the price of a box of baling wire, around $7 to $8 last year, is now selling—if you are lucky enough to find it—for about $37 per box.

Jim Hightower, director of the Agribusiness Accountability Project, in an article published recently in the Washington Post, lays out the farmer's case and answers the unjustified criticism leveled against farmers by the uninformed. I ask unanimous consent that the article be printed in the RECORD.

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

FEELING OUTRAGED ABOUT HIGH PRICES DOWN ON THE FARM

(By Jim Hightower)

"Farmers never had it so good," declared President Nixon at a press conference in March. But have they? Certainly, farm people do not share the President's cheery outlook on the farm economy. In fact, farmers were shocked and outraged, and one national farm group considered the remark so callous as to warrant impeachment.

With the highest food and farm prices in memory, what caused farmers to bridle at the President's comment? Two things in particular.

First, farmers did not benefit most from the exorbitant food prices of 1973—the U.S. Department of Agriculture (USDA) reports that food middlemen continued to take nearly three-fifths of the consumer's food dollar in 1973.

Second, the President was trying to make political hay out of a temporary farm price boom that already is fizzling out—1974 does not look all that great to farmers.

Consider the first question: who profited? There can be no doubt that 1973 was a good year for farm income, especially for grain and livestock farmers. As it turns out, administration publicists were a bit overzealous in their initial claims for farm income and they had to revise their early figures downward by $2 billion. And there is considerable doubt that all of the $24 billion farmers supposedly earned actually ended up on the farm, since a good many corporate processors and marketers of such commodities as eggs and poultry get counted as "farmers." These quibbles aside, however, 1973 was not a bad year to have been a farmer.

But it was not the kind of year that warrants being singled out in a Presidential press conference. Even with the record income levels of 1973, farmers received only 46 cents of the consumer's food dollar. The rest went to the corporate middlemen that process, market and retail food. Nor does every farmer in America draw 46 cents every time a consumer lays down a dollar; most farmers never see that kind of ratio.

For an example, the chicken for which you pay $1.50 pays the chicken farmer 6 cents. USDA statistics show that a can of peaches cost consumers 41 cents last year, but the peach farmer got only 7 cents of it. You spent 28 cents for a loaf of white bread, but only 4 cents trickled back to the wheat farmer. A head of lettuce cost 43 cents at the supermarket, but paid only 4 cents to the farmer.

PROCESSORS' PROFITS UP

At a time of skyrocketing food prices and consumer disgruntlement, the President pointed to farmers, without bothering to mention that food corporations were enjoy-

ing even better times. Far from flattered, farmers felt picked on. Cattle ranchers are said to have done especially well in 1973, but none did anywhere near as well as such corporate cowboys as Iowa Beef Processors, with a 66 per cent profit increase last year, or American Beef Packers, with a 288 per cent profit increase. Food processors grumbled all last year about government price controls, but their 1973 profit figures suggest that they grumbled all the way to the bank. For example, the big canners of fruits and vegetables did much better than the farmers who grow them with such firms as Del Monte taking a 35 per cent profit increase in 1973, Campbell soup 23 per cent and Castle & Cook (Dole) up 52 per cent.

The May 4 issue of Business Week offered another interesting insight into how the chips actually fell last year. In a listing of salary increases for corporate executives, the food industry was found to be very generous. Food firms and government officials are quick to point to rising labor costs as an inflationary villain and a drain on corporate profit margins, but they do not draw attention to inflationary jumps in executive salaries. In 1973, food industry workers had wage increases of 6 per cent. Up in the executive suites of food corporations, however, there was much less restraint.

Food manufacturing firms ranked ninth out of 32 industries surveyed by Business Week, boosting the pay of their top executives by an average of 17.7 per cent. For example, while consumers were being advised by government and industry to switch from beef to beans, Kraftco increased the salary of its board chairman from $264,000 to $291,000. Consumers ultimately get to pay for Kraftco's internal largesse. Grocery chain executives ranked fourth in Business Week's listing, taking home a 24.3 per cent pay increase. Safeway, which complained all last year that its profit margins were paper thin, scraped up an extra $16,000 to round off its chairman's salary at $200,000 a year. Nothing that these corporate executives now claim to be feeling the "pinch" of inflation, Business Week reports that their pay levels can be expected "to take another big jump with the expiration of controls."

FARM PRICES DOWN

Grocery shoppers undoubtedly are puzzled over the phenomenon of the "disappearing price drop" in our food economy. Since September, 1973, the news media have been reporting each month that the farm value of food has been falling. But that price drop on the farm has not made its way into the supermarkets. Farm prices fizzled 16 per cent from August to December of last year but supermarket prices remained sizzling hot. Even as President Nixon was making his remark about the good fortunes of American farmers, the price they were being paid was falling for the sixth straight month, while the price charged to consumers actually was rising.

Not only did food firms pass all of the farmers' 1973 increase right through to the beleaguered consumer, but they also attached a sizable markup of their own. The Federal Reserve Bank of Chicago reported on March 8 that food middlemen increased their take from consumers by 6.5 percent in 1973. That is an increase exceeded only once (in 1970) in the last 20 years. And the Department of Agriculture reports that these firms will increase their share in 1973 at a rate that "may be more than double the 1973 increase." What that means is that consumers will pay much more for food this year and much less of what they pay will go to farmers.

In 1973, the farmer was averaging 46 cents of the food dollar. By May, 1974, that already had fallen to 42 cents, the same level it was prior to the boom of 1973. And the farmer's share is expected to fall even more during this year. The retail price of food is hardly keeping pace. A Department of Agriculture report shows that the price of bread rose from January to April by two cents, while the farm value of bread ingredients fell by two cents. That is four extra pennies picked up by middlemen every time a loaf of bread is bought.

Not only are middlemen failing to pass along cheaper farm prices, but some appear also to be holding back on supplies of farm goods. For example, Reps. Frank Denholm (D–S.D.), Thomas P. O'Neill Jr. (D-Mass.) and Lester Wolff (D–N.Y.) have suggested that meat packers and processors are widening their profit margins today by manipulating available supplies of meat.

The congressmen took a look at the meat industry's cold storage inventories in May and found an astounding amount of money being packed away in corporate warehouses. Department of Agriculture figures showed that cold storage of beef by the packers and processors is 33 per cent above last year, pork stocks are 43 per cent greater and poultry storage is up by 87 percent. Denholm charged that this storage "clearly pirates the prices of consumers and producers alike." By storing meat, the corporations can artificially decrease supplies in supermarkets, thus keeping consumer prices high. Simultaneously, the record inventories decrease industry demand, thus dampening prices paid to meat raisers.

During April, farm prices overall fell another 4 per cent, with the price of cattle falling from 39 to 37 cents a pound, hogs down from 31 to 26 cents a pound, wheat down from $3.98 a bushel to $3.52, cotton down from 58 to 49 cents a pound and eggs down from 50 to 42 cents a dozen.

STEIN'S STATEMENT

A remark in May by Herbert Stein, chairman of the President's Council of Economic Advisors, is depressing to farmers and consumers alike. He said, "The *declines* in farm product prices are likely to be reflected in much smaller *increases* in retail food prices than occurred in the first quarter of 1974" (emphasis supplied). Only the Grocery Manufacturers of America and the National Association of Food Chains can appreciate the logic of that.

In fact, that is the kind of logic that food middlemen can carry to the bank. The Federal Reserve Bank of Chicago said in its May 31 agricultural letter that "the available evidence suggests that higher profits have contributed to the widening farm-to-retail price spreads." That conclusion is supported by Business Week magazine figures showing that in the first three months of this year the largest food retailers had profits that were 59 per cent higher than a year ago, even though their sales were up just 14 per cent.

The Department of Agriculture clouds the issue of high middleman profits by reporting figures that encompass all food firms, the small with the giant. There are 32,000 food manufacturing firms in America, but just a handful of those sell nearly all the food and control the industry. In May testimony before the Joint Economic Committee, the Federal Trade Commission's Dr. Russell Parker noted that "the 50 largest [food manufacturers] controlled 50 per cent of assets of 1964, they accounted for 61 per cent of profits and nearly 90 percent of television advertising." According to Dr. Parker and other authorities, this level of industry concentration is increasing steadily. These are the brand-name giants, powerfully situated between millions of farmers and millions of consumers, and they are fast becoming the decisive force in the American food economy.

The average profit increase for all 32,000 food firms in 1973 would not be remarkable, but the dominant firms had "a year to remember," as Business Week put it. A special USDA task force on food marketing costs reported this month that the profits of food middlemen in 1973 "probably" will exceed the 1972 total of $3.4 billion. But the task force need have no doubt about the largest firms. Analyzing the 66 largest food processors, Business Week reported in March that their profits averaged 17 per cent higher than in 1972. The profits of those 66 industry leaders were more than $1.8 billion, which is more than half the industry's total for the previous year.

To a significant degree, this level of profit is the result of monopoly power in the food industry.

Dr. William Shepherd, a leading authority on market concentration, reports that the food industry falls well within the category of "tight oligopoly," with the average four-firm concentration within the industry being 55 per cent. In many food lines, shared monopolies exert much greater control. For example, 91 per cent of all breakfast cereal is sold by four firms (Kellogg, General Mills, General Foods and Quaker). Three firms (Dole , Del Monte and United Brands) sell 85 per cent of all bananas in this country. Gerber alone sells 60 per cent of all baby food and Campbell's sells 90 per cent of all soup.

The same high levels of concentration exist in food retailing, with more than half the cities in the country being dominated by four or fewer chains. In the Washington, D.C. area, for example, Safeway, Giant, Grand Union and A & P control 72 per cent of the grocery market. Nationally, one-third of all the convenience grocery stores are owned by Southland Corp., parent of the 7-11 chain.

PRODUCTION COSTS

There is another harsh economic reality that is squeezing farmers and causing them to think anew about the advice of old-time populist leader, Mary E. Lease: "Raise less corn and more hell." That reality is the rise in farm production costs.

Not much of what the farmer gets stays in his pockets, for he has a mess of bills to pay. As farmers move into the summer months, they are massively pessimistic. The cost of their production supplies has increased about as rapidly as the plummeting of farm prices. In March alone, farm prices fell 4.4 per cent, while the cost of farm inputs increased 2.2 per cent. The Department of Agriculture predicts that farmers expenses in 1974 will be "more than $9 billion above last year."

A corn farmer in Iowa told the Des Moines Register of fertilizer prices this year 40 per cent higher than last, of diesel fuel prices doubling since last year and of corn seed that has gone from $25 a bushel to $37 a bushel. The cost of new machinery has gone out of sight, and repair of old machinery is about as costly—as this corn farmer put it, "You don't need too big a truck to haul away $500 in parts." He is having to shell out this kind of money now, while the price he can expect for his corn already has tumbled this year from $3.25 a bushel to $2.27.

At work here is the other jaw of the corporate vise that is squeezing family farmers and contributing to higher food prices. There may be a profit made on the farm in 1974, but there will be much more profit made off the farmer. Here's a sample of profit increases farm suppliers already have had in the first quarter of this year.

[In percent]

	1st quarter, 1974—	
	Profit increase	Sales increase
International Harvester	113	16
Stauffer Chemical	55	31
Occidental Petroleum	716	96
Firestone Tire & Rubber	19	17
Pfizer	33	26

Source: Business Week, May 11, 1974, "Survey of Corporate Performance: 1st Quarter 1974," pp. 70–90.

To put these profits into perspective, the average profit increase in all industries in this first quarter was 16 per cent. And again, these profits can be traced to the existence of monopoly power within the industries. For example, Dr. Shepherd reports that the four leading farm machinery firms hold 70 per cent of the relevant market. The Federal Trade Commission staff found in 1972 that farmers were overcharged $251 million because of the existence of monopoly power in the farm machinery industry. The four-firm concentration ratio in the chemical industry is 71 per cent; in petroleum refining, 65 per cent, and in tires, 71 per cent.

The general public, the Congress and the press have paid little attention to the rise of corporate power in the food economy. It is time to notice, for not only has that power become significant, it already has become the single, most dominant factor affecting the food supply.

It is impossible in the long run to lower food prices, to raise farm income and to assure a steady supply of nutritious food without dealing directly with the shifting structure of the food economy. Both as suppliers of inputs to farmers and as buyers of raw commodities from them, corporations have become the determining force in the farmer's business. As manufacturers, advertisers and retailers of food, corporations have become the decisive force in the quality, choice and price of food available to the shopper.

As a minimal first step toward keeping corporate food power in check, the country's antitrust apparatus ought to be focused on food. The Federal Trade Commission shows some hopeful signs that it might be listening to consumer and farmer complaints on food issues. The chairman of the commission, Lewis A. Engman, has announced creation of a special task force of lawyers within FTC's enforcement ranch to develop and implement a program of antitrust action directed at the food industry. Whether Chairman Engman's highly-touted "National Food Plan" will be more than window dressing is questioned by several consumer and farmer organizations, but at this point they are grateful for any official response tossed their way.

Also encouraging are signs that at least a few congressmen are waking up to the corporate presence and beginning to probe for some answers. Within the last six months, the Senate Select Committee on Small Business, the Senate Commerce Committee and the Joint Economic Committee have conducted public hearings on the role of corporate middlemen in the food economy. In addition, the Senate Antitrust and Monopoly Subcommittee and the Senate's Peramanent Subcommittee on Investigations have shown ar interest in corporate activities that affect farmers and consumers.

These are halting, first steps, but they are important. Old perceptions of food power, based on the idea of independent farmers responding to sovereign consumers, no longer are valid. Increasingly, corporations are the decisive force at both ends of the food chain. That fundamental shift in power is too important a matter to be left to USDA and corporate executives.

The most lasting and significant impact of 1973's skyrocketing food prices may well be the wide public attention that the jolt of those prices attracted to food economics. The food issue will abate somewhat in intensity, but it will not go away, and neither will public attention. The food industry can expect much more scrutiny in the months ahead.

COL. MICHAEL DE KOVATS, 1724–79

Mr. THURMOND. Mr. President, this spring and summer we are celebrating two important anniversaries concerning the life of Col. Michael de Kovats, the Hungarian-American hero of the American Revolution who was largely responsible for the creation of the U.S. cavalry.

Colonel de Kovats as born in 1724 in Hungary, and thus this year marks the 250th anniversary of his birth. It is also the 195th anniversary of his death. He died on May 11, 1779, in Charleston, S.C. Though Hungarian by birth and American by choice, Colonel de Kovats is also a South Carolinian by fate.

His life, during which he served with two of the great cavalry powers in the world at the time, Austria-Hungary and Russia, would take too long to describe. His meritorious services were offered to this country in a now famous letter to Benjamin Franklin in Paris, which he signed with the Latin motto: Fidelissimus ad mortem—Faithful unto death.

In the fall of 1777, shortly after arriving in America, Colonel de Kovats joined the company of Count Casimir Pulaski, who had been given the task of organizing an American cavalry. Count Pulaski was only a young man, 29 years of age at the time, and his military experience was not as extensive as that of de Kovats. He needed de Kovats' assistance in organizing and training this cavalry.

On February 4, 1778, Pulaski recommended the formation of a training division of Hussars to be commanded by Colonel de Kovats. While both de Kovats and Pulaski wanted to introduce the Prussian Rules of Conduct and Training, they realized that textbook procedures would be ineffective, and proposed instead to train their forces in battle.

Throughout the rest of that winter (1777–78), Pulaski bombarded Washington with proposals for the cavalry and numerous commendations for Colonel de Kovats. However, the only response he elicited was the temporary appointment of dc Kovats as master of exercises. Basically, the plans of Pulaski and de Kovats were too grandiose for an army with only 4,000 regulars, many of whom were barefoot and freezing in Valley Forge at the time.

In the spring of 1778, Pulaski resigned his command, and on March 28, 1778, Congress approved the creation of the Pulaski Legion, named in his honor. Shortly thereafter, General Washington appointed Michael de Kovats as colonel, commanding the legion. Congressional approval followed within a week.

The Pulaski Legion, under Colonel de Kovats, fought the British bravely on many occasions.

I would like to specifically comment on the battle at Charleston, in which Colonel de Kovats found both glory and death.

On March 28, 1779, the Pulaski Legion was ordered to leave Yorktown for South Carolina. A month later, the legion was at Salem, N.C. There is a record there which tells us how soldierlike and decently the legion behaved. They paid for all their necessities rather than adopting the custom of commandeering.

Smallpox became a greater scourge than the British. Forty cases occurred among the troops and two of them ended in death. All the way to Charleston, they continued to lose men to smallpox, and eventually were down to an effective strength of 150 men.

When the legion arrived, Charleston was under siege by the British. The situation was critical. In response to this state of affairs, Colonel de Kovats decided to create some relief with a cavalry diversion against the besieging forces. On May 11, 1779, he attacked with his remaining 120 men, but was defeated and killed in the battle.

The British buried him at the corner of Huger Street on the lot of Mr. John Margart. His British opponent, Brigade Major Skelly, paid him the greatest tribute in the eulogy at his grave: He said, "The best cavalry the Rebels ever had."

This great man, coming from Hungary and willing to fight and lay down his life for the freedom and independence of our country, blazed a shining trail for later Hungarians who came to this country and contributed so much to the development of the United States and to its cultural and moral heritage.

Mr. President, it is a pleasure to pay tribute to this great soldier.

MEETING OF THE INTERPARLIAMENTARY UNION

Mr. SPARKMAN. Mr. President, I wish to announce for the RECORD that I, as chairman of the U.S. group of the Interparliamentary Union, have asked Senator ROBERT T. STAFFORD to meet the rest of this week in Geneva with an international committee from other parliaments on the subject of the general revision of the statutes of the Union. The meetings to be attended by Senator STAFFORD will be held in the Union's headquarters at Geneva, and will involve, besides the Senator from Vermont, Mr. G. S. Dhillon, president of the Interparliamentary Union and Speaker of the Lok Sabha of India, Mr. Andre Chandernagor, former Union President and member of the French Assembly, and Mr. C. Manescu, chief of the Romanian Interparliamentary Group.

The redraft of the statutes will concern a number of questions with international implications for the 1974 world parliaments which go to make up the Union. It is hoped the work will be completed this week as Senator STAFFORD will return to the United States on Saturday, June 22.

AMNESTY FOR DRAFT DODGERS AND DESERTERS

Mr. GURNEY. Mr. President, in the wake of the hearings held last March by the House Judiciary Committee, there has been an upsurge of interest in the question of amnesty for draft dodgers and deserters. Certainly my mail from Florida on the subject has increased and I suspect the same is true for that of my colleagues.

However, in looking at the mail, I see that people feel the same way now about amnesty as they did a year or 2 years ago. In a recent Gallup poll, 58 percent of the people interviewed indicated they were opposed to unconditional amnesty. Only 34 percent felt draft dodgers or deserters should be allowed to return to this country without at least some sort of compensatory service.

Despite the fact that the Vietnam conflict is receding into the pages of history, the reasons for opposing unconditional amnesty, or even a blanket amnesty on

a conditional basis, are as compelling now as they ever were.

If the principle of the law is to be upheld, we cannot reward, by granting unconditional amnesty, people who took it upon themselves to evade the law. A system of law cannot long survive if those within it are permitted to choose which laws they will or will not obey.

Furthermore, we have an obligation to those who served and served with such distinction. To overlook the sin of those who shirked their duty is to repudiate the efforts of those who did their duty and served their country. At best, such a precedent would be discriminatory; at worst it would undermine the morale of those who have served, are serving, or who might serve sometime in the future. To grant amnesty now, would be to tell future generations that they need not serve if duty calls.

Contrary to what some would have us believe, this Nation has never granted unconditional amnesty to draft dodgers and deserters. What we have done, on occasion, is grant pardons—on a case-by-case basis—in situations where the circumstances warrant.

While there are those who equate the two, there is a tremendous difference between unconditional amnesty and limited pardon. Those seeking the former want people to forget what they did and treat it as if it never happened, while those who have received pardons have acknowledged the error of their ways and have been extended forgiveness. By no stretch of the imagination are forgiveness and forgetfulness synonymous.

Confusion over this point has caused some people to think that a bill introduced in this session of Congress—which I am pleased to cosponsor—to restore the citizenship of Robert E. Lee would, in fact, represent an act of amnesty that should also be applied to those who seek amnesty now. Nothing could be further from the truth. There is no justification for comparing General Lee, who was punished by loss of citizenship and who, after the war, signed an oath of allegiance to this country, to those who are seeking to avoid punishment and who have demonstrated their loyalty to the United States by fleeing to other nations.

If, however, an effort is made to make this restoration of citizenship for General Lee into a general amnesty bill to cover the draftdodgers and deserters of the Vietnam era, I will strongly oppose it. Moreover, I feel confident that, if General Lee knew that restoration of his citizenship might be linked to such an effort, he would oppose it also, for the general was certainly a man who knew the meaning of the word "duty," and did not shirk from its consequences.

The question of amnesty and the matter of General Lee's citizenship are two entirely different issues, each of which should be judged on its own merits. To that end, I sent out a report to the people of Florida a year ago, giving facts, figures, and essential historical background on the amnesty issue. Today, for the benefit of my colleagues, I would like to introduce an updated version of that report which I hope will help put the whole issue into its proper prospective.

Mr. President, I ask that a copy of my report on amnesty be printed in the RECORD at the conclusion of my remarks.

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

REPORT ON AMNESTY

HISTORICAL BACKGROUND

The first so-called "amnesty" in the U.S. history came in 1795 when President Washington gave a general pardon to all those involved in the Whiskey Rebellion who agreed to obey the law in the future. Several hundred people were affected.

During the war of 1812, President Madison offered, on three different occasions, full pardon to deserters who surrendered and returned to duty within a four month period. No figures were kept on the number of men who availed themselves of this opportunity.

The Civil War generated the greatest pressures for proclamations of amnesty and or pardon. However, during the War, offers of pardon were limited—on both sides—to encouraging deserters to return to duty or, in the case of the Union, to influencing Confederate supporters in Union-occupied areas to switch allegiance.

After the War was over, attitudes toward amnesty hardened. Although many former Confederates were re-enfranchized by a law passed in 1872, it wasn't until 1898 that all penalties against them were removed. As for draft dodgers, both sides dealt harshly with them during the Civil War, and no legislation was passed granting them amnesty afterwards.

No amnesty whatsoever was granted to draft dodgers after World War I. Draft evaders were either sent to jail for a year and then required to serve in the armed forces or were inducted and then sentenced to long terms in prison if they refused to serve.

It wasn't until 1924, six years after the War was over, that President Coolidge restored citizenship to 100 men convicted of deserting *after* the armistice in 1918. Then, in 1933, President Roosevelt granted pardons to 1,500 or so people who had been convicted of espionage acts or draft law violations and who had *completed* their sentences.

During World War II, 15,805 persons were convicted of violating the Selective Service Act. After the War, a committee established to study the circumstances recommended against any general amnesty. Instead, a special board reviewed each case separately and, subsequently, President Truman granted 1,523 pardons—to about one person in ten.

Finally, in 1952, President Truman granted pardons to peacetime deserters (1945 to 1950) who already had been punished. However, amnesty has not been granted for Korean War Deserters, nor has there been any amnesty for draft evaders during the Korean Conflict.

As the record shows, there has never been a case of unconditional amnesty for draft dodgers or deserters. Almost without exception the so-called amnesties in American History were actually pardons—where guilt was admitted and forgiveness extended.

DESERTION, DRAFT EVASION, AND CRIME

Some interesting statistics have come to light about draft dodgers and deserters—statistics that cast doubt upon the premise, held by some, that they are all pilgrims riding the white charger.

Of the 15,805 convicted for draft evasion during World War II, it was discovered that 7,500—nearly half—were wanted for murder, robbery, assault, desertion of their families, or some other serious crime.

Furthermore, statistics kept by the Swedish government showed that, from 1967 to 1970, 20% of the American "war resistors" allowed to enter the country were involved in major crimes, 10% were jailed and 6% deported.

Judging from these figures, there is good reason to question not only the motives of those who now seek amnesty, but also their potential as good citizens. They should hardly expect special treatment.

THOSE WHO FLED

A number of newspaper accounts have placed the number of draft dodgers and deserters now living in *voluntary* exile in Canada and elsewhere at anywhere from 70,000 to 100,000.

Actually, the best figures available indicate that the number is quite a bit less than that. As of December 31, 1973, the Defense Department listed 28,661 deserters as being still at large, 2,099 of these were listed as being in foreign countries—1,587 in Canada and 512 elsewhere.

As far as draft dodgers are concerned, Justice Department figures compiled as of April 30, 1974 showed that there were 4,200 warrants outstanding against men accused of draft violations. Of these, some 2,950 were believed to be in Canada and 600 in other foreign nations. Another 2,576 draft law violation complaints are pending and are under prosecutive review.

Adding these figures up, we get about 4,500 draft dodgers and deserters in Canada plus another 1,100 or so in other nations. This may seem low in view of all the publicity but figures from foreign nations tend to bear these estimates out.

For instance, unofficial estimates by Canadian officials put a top figure of 10,000 on their estimates of number of U.S. draft dodgers and deserters in Canada. And Sweden, which got the reputation of being a haven for deserters, released figures in the fall of 1972 that showed there were only 602 U.S. war resistors in the country.

So, if we allow for error, and for those who fled even though their case has yet to come up, the number of draft dodgers and deserters in self-imposed exile abroad may go as high as 7,000 to 10,000—a far cry from what some would have us believe.

AND THOSE WHO SERVED

On the other side of the coin, there are those who did answer the call of duty. According to Defense Department figures, some 2.6 million men served in Vietnam. Of these 45,941 were killed in combat, 300,635 were wounded, 566 were captured and 1,363 are still missing in action.

Nothing could better illustrate the suffering endured and the sacrifice made by many of these men than what happened to our POW's. The torture, deprivation, suffering and anguish these men went through should be enough to convince all Americans of the injustice of granting amnesty to those who refused to serve. Not only did the draft dodgers and deserters let others take the risks for them, but their efforts made life even tougher for the brave men incarcerated by the North Vietnamese or the Viet Cong.

If we grant amnesty to those who refused to serve, we are, ineffect, saying that they were right, and that those who fought, those who were captured, those who were wounded and those who died—were wrong. Heaven help us if we ever say that about our brave fighting men who sacrificed so much, so unselfishly, for the cause of freedom.

PROPOSED LEGISLATION

A number of proposals have been put forward here in Congress concerning amnesty for draft dodgers and deserters. Briefly, they fall into three categories: (1) two or three years alternative service in return for immunity from prosecution; (2) broadening the definition of consciencious objector (CO) and allowing draft evaders to apply for CO status retroactively; and (3) universal and unconditional amnesty (no alternative service) for all draft dodgers *and* deserters. These proposals, in addition to a "sense of Congress" resolution expressing opposition to either Congressional or Presidential amnesty, are in Committee but, so far, none have come to the Senate Floor for a vote.

For his part, the President has indicated that the price of disobeying the laws of the U.S. involves a criminal penalty and that

those who fled can either return and pay that penalty or stay in whatever foreign country will have them. Fairness requires no less.

THE CASE AGAINST AMNESTY

It must be remembered that those in foreign countries went abroad by their own choice. Now, according to their spokesmen, they want the American people to forget, not just forgive, what they did as if it never happened.

This we cannot do. Even the idea of forgiveness, in the form of alternative service, strikes me as being most unfair at this time. Two or three years in the Peace Corps, VISTA or some clinic is hardly comparable to the risks faced by hundreds of thousands of American boys who answered the call and went to Vietnam.

Furthermore, if we were to grant amnesty to draft dodgers and deserters, we would break down discipline in the Armed Forces now and we would endanger national security later by undermining the possible use of the draft during some future emergency.

What it really boils down to is a question of whether or not we are going to allow individuals to decide for themselves which laws they will or will not obey. As far as I am concerned, our society can't function that way; if laws are passed, and not enforced, then chaos will eventually be the result.

If we are going to be fair to all concerned—fair to those who have served, fair to those who may have to serve, fair to those who obey the law, and fair to those who enforce the law—WE CANNOT GRANT AMNESTY TO THOSE WHO DISOBEY THE LAW. To do so would open far more wounds that it would heal.

U.S. REPRESENTATION ABROAD

Mr. HUMPHREY. Mr. President, I have long felt that U.S. diplomatic relations with other countries were far too limited. Our embassies and our Department of State often express only the views of the current administration—rather than giving a full and fair picture of the broad spectrum of American opinion. And at the same time our diplomatic representatives often deal exclusively with governments in power. Too often, they purposely cut themselves off from all formal and informal contact with opposition parties, labor unions, journalists, religious groups, and factions within governments.

I realize that considerable diplomatic skill and caution would be required for a foreign service officer or Ambassador to represent all the American people and maintain contact with representatives of all the groups in the country to which he was assigned. His efforts could be easily interpreted as undercutting an administration's foreign policy on the one hand and attempting to subvert a government in power in a foreign country on the other. But I believe the dangers of such a policy have been exaggerated, and caution has been taken to an extreme. Too often, other countries have been totally unprepared for a change in administration and policy in this country or for a vote by Congress that alters foreign policy. And far too often, we have been totally unprepared for a change in government in another country—when the people we snubbed for fear of offending a government in power come to power themselves.

This appears to have been the case in the recent change of government in Portugal. Tom Wicker recently wrote, in the New York Times, that Mario Soares, Portugal's new Foreign Minister, is now—

Telling funny stories about his fruitless efforts, as leader of the outlawed Socialist party during the Salazar and Caetano regimes, to make some kind of contact with the American State Department.

Apparently, an American foreign service officer was forbidden by a U.S. Ambassador to Portugal to keep a dinner engagement he had with the Soares family.

Mr. Wicker concludes:

When Mr. Soares became Foreign Minister a few weeks ago, he did not even try to approach the State Department directly; and he asked his friends, Harold Wilson of Britain and Willy Brandt of West Germany, to put him in touch. They did, and no doubt Mr. Soares will soon be getting red-carpet treatment in Washington; but he has not forgotten—and probably won't the years when no one but third secretaries paid attention to him.

It has been particularly damaging to our image as "the champion of democracy and freedom everywhere" that our Government did not maintain contact with the Portuguese leaders who were advocating democratic reforms in their country. Obviously, Harold Wilson and Willy Brandt felt it was appropriate for the Western democracies to keep in touch with those who wanted democracy for Portugal. Yet the United States preferred to deal only with the oppressive government in power.

Mr. Wicker points out that such policies reinforce the fear around the world that the United States will in some way intervene to prevent takeovers by political groups committed to democratic reform. Whether or not these fears are founded in fact, it is logical for many to assume that the United States would rather maintain in power friendly leaders we know and deal with regularly than see a change of government by people we do not know. We would be much less vulnerable to criticism on these grounds if we adopted a policy of getting to know and having formal and informal contacts with all the groups in a country, of developing some kind of working relationship with potential future leaders.

It is in our interest to maintain contact and be familiar with representatives of all groups in other countries. It is especially in our interest, as a country which is committed to democracy and freedom, to have good relations with those leaders in every country who are committed to these principles. We have made the mistake too often that we most recently made in Portugal—of not communicating with any leaders who were not official representatives of a government, and therefore, of being total strangers with new leaders. I hope that we will never make this mistake again.

Mr. President, I ask unanimous consent that Tom Wicker's column from the New York Times of June 14, 1974, "The Land of the Free", be printed in the RECORD.

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

THE LAND OF THE FREE

(By Tom Wicker)

LISBON.—While planning the coup that overthrew Portugal's 48-year-old dictatorship on April 25, the young army officers primarily responsible had no intention of letting the United States have the faintest inkling of what was afoot. They were convinced that if the Central Intelligence Agency knew a coup was even being talked of, the agency would promptly inform the D.G.S., Portugal's secret police, with which the C.I.A. had close and cordial ties.

Yet, in Spain, which now eyes free Portugal both uneasily and hopefully—according to one's political outlook—across their common border, a long-experienced former diplomat recently delivered himself of the opinion that the United States must have given its approval in advance for the Portuguese coup. Otherwise, he said confidently, the United States never would have permitted the dictatorial Caetano regime to be overthrown.

There was a lesson in that for Spain, he continued. If there was to be genuine change toward a democratic regime after the death of Francisco Franco, or movement toward such a regime before Franco's death, the United States would have to be convinced that such a development in Spain was in the best American interest. Washington simply would not permit democracy in Spain unless that point was made in advance.

A younger Spaniard, deeply involved in clandestine activities for a more democratic regime, took a darker view. Citing what "everybody knows," that the C.I.A. had overthrown the Allende Government in Chile, he remarked gloomily that the United States probably would never allow Spain to have democracy.

This kind of thing is deeply disturbing, even shocking, to an American who would like to think of his country as the champion of democracy and freedom everywhere.

The point is not whether the C.I.A. really did overthrow Allende, or whether the agency would in fact have betrayed the Portuguese coup to the D.G.S.; and explanations that the United States ought logically to welcome more democratic regimes in both Spain and Portugal, since that would ease the domestic political burden of alliances with these countries, do not alter the case. The fact is that many people abroad believe the United States is the enemy of freedom, and that it uses the C.I.A. relentlessly and efficiently to oppose democratic movements everywhere.

It is a sort of instant or ready-made paranoia. When the American Ambassador to Portugal, Stuart N. Scott, paid the first diplomatic call on Gen. António de Spínola after the coup in Lisbon, and again paid the first call on the general after he was named Provisional President, the United States did not get all the expected credit for welcoming the advent of democracy in Portugal. Instead, Communists and others spread the word to willing listeners that the calls had been to protest the coup; and this was widely believed.

To a great extent, the United States has no one to blame but itself for this state of affairs. The wheel has come full circle from the kind of American thinking that, in the fifties and sixties, suspected a Communist plot behind every political development in the world. From the Iran of Mossadegh twenty years ago to the Chile of Allende in 1973, there have been ample facts and plausible reports of C.I.A. involvement in the overthrow of governments and the propping up of dictators—all augmented by the implacable set of American policy in Southeast Asia for the last fifteen years—to account for the world's paranoia.

Just recently, Mario Soares, Portugal's animated new Foreign Minister, was telling

funny stories about his fruitless efforts, as leader of the outlawed Socialist party during the Salazar and Caetano regimes, to make some kind of contact with the American State Department. "Never got higher than a third secretary," he recalled. When one young American Foreign Service officer made an engagement for dinner with Mr. Soares's family in Lisbon a few years ago, the American had to call and report with embarrassment that the American Ambassador of the day had forbidden him to keep the date.

So when Mr. Soares became Foreign Minister a few weeks ago, he did not even try to approach the State Department directly; he asked his friends, Harold Wilson of Britain and Willy Brandt of West Germany, to put him in touch. They did, and no doubt, Mr. Soares will soon be getting redcarpet treatment in Washington; but he has not forgotten—and probably won't—the years when no one but third secretaries paid attention to him.

LITHUANIAN INDEPENDENCE DAY

Mr. BROOKE. Mr. President, on June 15, Lithuanian-Americans joined with Lithuanians throughout the free world to observe a day of reflection upon the forced annexation of Lithuania by the Soviet Union.

This is an appropriate time for us to consider the fate of these and other peoples forcefully included under the rule of others.

The vast majority of individuals in Eastern Europe do not share the "freedom of information" which we take so readily for granted. They do not hold any hopes for the free and open communication and personal contact with loved ones which we have come to regard as an inalienable right. In many instances there is little possibility that they will be reunited.

Many of our ancestors have experienced the restriction of their freedoms in the forms of racial, religious, or national discrimination. This search for freedom has been continuous throughout history.

In considering the plight of these individuals let us recommit ourselves to accepting the responsibilities which will help us to preserve and uphold the freedoms we are so fortunate to enjoy.

GEORGE MEANY SPEAKS OUT ON AGING

Mr. WILLIAMS. Mr. President, George Meany has made many declarations on behalf of social and economic justice for all Americans.

Last week, June 14, at the 12th Constitutional Convention of the National Council of Senior Citizens, the President of the AFL–CIO brought the audience to its feet with a stirring speech which dealt directly with problems of older Americans, and the importance of those problems to other age groups.

Mr. Meany spoke from the perspective of history. He knows of the struggles that today's generations of senior citizens lived through because he shared many of them and he helped solve some of them.

His remarks about our social security system are worthy of special note. He warned against "scare stories" which suggest that "social security will be broke by 1980, or 1985, or 1990, or the year 2000."

In a typical summing up, Mr. Meany said:

That's baloney.

But he also acknowledges that the system stands in need of constant attention, that payroll taxes must never become oppressive, and that general revenues will have to be used for limited, specific purposes in such a way as to preserve the contributory payroll tax.

Mr. President, as former chairman of the Senate Special Committee on Aging and now as its ranking member, I believe that Mr. Meany's address is significant and informative. I ask unanimous consent to have it printed in the RECORD.

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

SPEECH DELIVERED BY AFL–CIO PRESIDENT GEORGE MEANY

It is an unusual pleasure to address this convention today. After all, this is the largest group of officially-designated "White House enemies" I have ever addressed.

As one who was not on the original "enemies" list, Nelson, my jealousy at your designation is outweighted by my profound sorrow that this sort of thing would ever happen in America.

It is beyond me how any Administration could class as "enemies" an organization of American citizens, distinguished by their age, their commitment to social progress, and their dedication to their country.

The members of this organization and the generation of Americans it represents should be praised—not scorned—by Presidents and their staffs.

Franklin Delano Roosevelt said that the generation you represent had a "rendezvous with destiny". You kept that rendezvous and because you did, America is the better.

This generation was tempered by the Great Depression and tested by World War II, Korea and Vietnam. Your strength—the moral strength of your commitment to the American dream and the physical strength of your labor—saw America through those difficult and trying times. And your basic belief in right and fairness—a belief shared by millions of Americans of all ages—will see this country through its present crisis.

You met destiny on the bread line, on the picket line, on the assembly line, at the ballot box, at congressional hearings, in your daily lives. And more than 13½ million Americans of the AFL–CIO do not call you "enemies". We call you "allies"—in fact, you are Number One on our "allies" list.

As our allies, you share with the labor movement the deep, rewarding sense of satisfaction we feel about two of the greatest legislative accomplishments of American history—federal aid to education and Social Security.

The strength of a society can well be measured by what it does for the very young and the very old. By that measure, our society is strong, but it should be—it must be—stronger.

It is a sad political fact of life that just at the time when Social Security must be vastly improved and strengthened, it is under renewed attack. The attack has never really ceased since Social Security was enacted. But the pace of the attack and the intensity of it are quickening.

At stake is national health insurance. The opponents of true national health insurance, based on the rational and proven social insurance system, are now seeking to undermine public confidence in the bedrock of social insurance in America—Social Security.

The opponents of Social Security recognize that its popularity is rooted in the fact that the public knows its benefits are an earned right. There can be no stigma attached to Social Security because beneficiaries made contributions during their working lives. They earned it; they paid for it; they are entitled to it.

That very same contributory feature is one of the key principles in National Health Security—a principle we do not intend to compromise.

Under a social insurance system, there is public accountability of funds. In addition, the worker takes an active interest in the administration of these funds because a portion of every paycheck he earns is earmarked for them. It is the people's program—not one administered behind the locked doors of corporate boardrooms. Social Security is administered out in the open. And, as a result, it is fair game for journalists shooting from the hip and politicians shooting from the lip.

Thus, in recent months, you have seen the scare stories which infer that Social Security will be broke by 1980, or 1985, or 1990, or the year 2000—the date varies. The recurring theme of these stories is that the trust fund won't have enough money to pay benefits.

That's baloney!

Or there are the stories about how "regressive" the Social Security tax is and how it is losing public support.

Like all political propaganda, there is a grain of truth mixed in with a bushel of distortion.

Benefit increases in Social Security were never intended to be financed solely by payroll taxes. The fact has been recognized since the inception of Social Security.

Payroll taxes—contributory taxes—provide Social Security with an abundance of public interest and acceptability. But payroll taxes are not adequate for the total job that must be done.

Tampering with the Social Security financing mechanism—such as graduating the payroll tax or exempting some workers from making any contributions—would endanger the broad public support for Social Security. Far more sensible is the idea of increasing the federal general revenue contribution, as was envisioned by the framers of the original Social Security Act and long supported by the AFL–CIO.

In this manner, inequities can be handled without threatening either public support for Social Security or stable, contributory financing.

The Social Security Trust Fund is not in danger of collapse, unless the Congress and the White House fail to respond to warning signals. And those who pretend otherwise have a political axe to grind. They hope their campaign will hurt the drive for genuine national health legislation.

This leads me to a second point that threatens to undermine Social Security—political bias in the selection of those charged with operating the signal flags.

Each of you knows the work of Red Smith and the Machinists Union on behalf of Social Security. The Machinists, of course, are very active in your own organization.

Red Smith is, as you know, a vice president of the AFL–CIO and he is the chairman of the AFL–CIO Standing Committee on Social Security. He is not the type of chairman who simply presides over meetings. He is an active, articulate spokesman—both in the Standing Committee and the AFL–CIO Executive Council—on behalf of Social Security.

But the Nixon Administration said "no" to the nomination of Red Smith to the Social Security Advisory Council. By law, organized labor is supposed to have three representatives on the Council. So we recom-

mended Red Smith, along with Bert Seidman, our director of Social Securty, and Velma Hill of the Teachers.

Caspar Weinberger, who is better known in Washington as "Cap the Knife", said Red Smith wasn't fit to serve. Red's "crime" was that he supported George McGovern for President.

Well, I guess everybody knows that I wouldn't support George McGovern for President. But I will fight with all the vigor at my command for the right of every AFL–CIO vice president, every AFL–CIO affiliate and every union member to support any presidential nominee they want to support.

Weinberger now says he didn't even know that Red Smith was the chairman of the AFL–CIO Standing Committee on Social Security. Rather, Weinberger told the New York Times he had heard "adverse reports" about Smith.

That is the rankest form of character assassination. But it is completely in keeping with this Administration's "character."

The law doesn't say that the labor representatives on the Advisory Council shall be those committed to the reelection of the President of the United States. It doesn't say that Advisory Council members shall be political eunuchs or loyal members of CREEP.

Bert Seidman and Velma Hill refused appointment to the Council because of the shabby treatment of Red Smith. The UAW also refused to nominate a candidate.

But the Administration found three people to fill the labor positions. One was from the Teamsters—an organization that made this Administration's "friends" list. The other two, while members of the AFL–CIO, do not speak for the AFL–CIO.

So statements by the Social Security Advisory Council will now be subjected to the same credibility test as economic predictions by the President's Council of Economic Advisors. As has happened so often in the past five and a half years, political flackery has replaced candor in Washington.

The same President of the United States, who has moved to weaken Social Security, said last week that he would never do anything to "weaken" the Presidency. Well, he has sure cheapened it. He has degraded and destroyed public confidence in the Presidency. We must not let him cheapen, degrade and destroy public confidence in Social Security.

I am sure you remember that he fought down to the very last minute every improvement in Social Security benefits. But when you and we won, he then set his political propagandists to work trying to drain every last ounce of public relations value out of his signature on the legislation he opposed.

And we also remember that senior citizens are victims of his veto. The Older Americans Act—he vetoed that. Social Security increases—he threatened to veto them. Say a word in opposition and you make the "enemies" list.

If it wasn't for the Watergate bunglers, Washington might still be operating that way. Thank heavens it isn't—the Committee for Fairness to the Unindicted Co-Conspirator notwithstanding.

But enough of Watergate. What of the future?

There is much this country must do to improve Social Security and to provide quality health care as a matter of right for all citizens. There is need for housing for our citizens, justice in our tax laws, education for our children and our children's children, equal justice and opportunity for all our fellow citizens. And these take good, progressive laws.

So we in the AFL–CIO have a goal this year. It is more of a slogan—Elect a Veto-Proof Congress.

Now a veto-proof Congress doesn't mean that on January 1, 1975, the AFL–CIO will march up to Capitol Hill and say: "here is our legislative program, fellows. Rubber stamp it and go home."

A veto-proof Congress simply means majority rule—just like the civics textbooks define democracy. Whenever an anti-progress President is in the White House, you need two-thirds of both the House and Senate to get a progressive program enacted into law.

Without a veto-proof Congress, an anti-progress President can force his views down the throat of the majority with only one vote more than one-third. And not even new math can make one-third plus one equal a majority.

To make sure that doesn't happen, we are going to have to work together again. The rendezvous date is November 5 in voting booths across America. That means a drive to register union members, members of your organization, friends, neighbors, family. And we'll all have to work together to get the people out to vote on election day.

If we both are successful in getting our message across to our members, we are confident they will elect Congressmen and Senators sympathetic to the people's needs. Then this country can make the improvements in Social Security that are so necessary and move ahead in housing, education, safety, health and all the other areas neglected by this Administration.

There is a very good chance that the new Congress will enact National Health Security—not some cheap substitute whose only virtue is that it is so weak Nixon won't veto it.

There is a big move on in the Congress to pass a "compromise" national health insurance bill before there is a "veto-proof" Congress.

In fact, some newspapers have stated in print that organized labor is really supporting the Mills-Kennedy bill behind the scenes and not Health Security. This little dance, the papers say, was designed by labor to strengthen Senator Kennedy's hand in negotiating for his new bill.

Well, if this is so, nobody has told us about it. Mills-Kennedy is unacceptable to the AFL–CIO. It has means, tests, deductibles, co-insurance, doesn't reform the system and turns over too much administration to private insurance companies. So the AFL–CIO has said publicly and unitedly:

"We won't buy it."

If Mills-Kennedy is so good, then its sponsors should be willing to take it to the American people. To campaign on it, and try to elect candidates committed to it. Just as we will do with National Health Security.

They won't do that because their bill is designed for lobbyists, for the insurance companies, hospitals and doctors—not the American people. It is not as bad as the Nixon bill—that's for sure. But it certainly isn't as good as National Health Security, for one simple reason: Health Security is the people's bill—not the insurance companies' bill or the medical lobby bill. It is the people's bill.

I have confidence in this system of government. I am convinced that if enough people truly want a piece of legislation, the Congress will sit up and take notice.

The fight for Medicare is still too fresh in our minds for us to be willing to compromise just to get any kind of a national health insurance bill this year. We wouldn't settle for a meaningless Medicare bill and we won't settle for a meaningless health bill. We want a good national health insurance bill—and we can get one from the next Congress.

There is one other pressing problem I would like to discuss with you. And that is inflation.

Hardly a week goes by that I fail to receive a letter prom a Social Security recipient who says that if unions will only forgo wage increases, inflation will be defeated.

Well, workers have just spent 2½ years under a program that held down wages. And what happened? Everything else went out of sight.

So we know that's no answer.

Now there isn't an organization more attuned to the problems of those living on fixed incomes than the labor movement. That is why we have constantly pressed for increased Social Security benefits—not just benefit increases tied solely to the cost of living. Such a move, in our opinion, would leave the living standard of retirees static while the rest of society was free to move forward.

We know that you—like workers—bore the brunt of the Nixon wage-price control farce. The buying power of workers and retirees was seriously eroded by unrestrained price increases. We'd lost ground. You've lost ground.

Workers and their unions are going to the collective bargaining table this year determined to make up that lost ground, to restore our living standard. You must go to Capitol Hill to seek economic justice. You will not go alone. We pledge our continued efforts to improve Social Security and to enact a national health insurance program that will end the financial worry of getting sick—a worry that we all share equally.

So, we are together—the National Council of Senior Citizens and the AFL–CIO. We are out of the same family—the family of labor.

Your distinguished president and my friend, Nelson Cruikshank, and I have worked together for many years. When he was the director of our Social Security Department, I turned to him constantly for counsel and advice. And things didn't change when he became your president. And I still get from Nelson sound counsel and good advice. And so do you.

So I am here today on behalf of compassionate, progressive government in America. And I say we can get it.

Our COPE program, plus your experience, your vitality, your minds and your hours, can do the job. The country needs your help in electing a veto-proof Congress that won't turn a deaf ear to the problems of the people. A Congress that won't be cowed by the veto. A Congress that can chart a new course for America.

With your outstanding leadership and your commitment, I am confident of victory for the people on Election Day.

Thank you.

FEDERAL JUDGES DESERVE SALARY INCREASES

Mr. PERCY. Mr. President, the system of justice in this Nation is the undergirding of the structure of our society. One of the key parts of that undergirding is the Federal judiciary.

A judge is a person respected by the community and looked up to by the legal profession. Because he is a judge, he is expected to set a high standard of conduct. In other words, we expect a lot from our judges and rightly so, for it is the judge to whom we give the awesome responsibility of interpreting our laws, and applying them in a fair and equitable manner.

Naturally, we seek out only the best lawyers to serve as judges. The man or woman who wears the judicial robes must be one of the most qualified lawyers in that particular jurisdiction. Consequently, judges are often lawyers who, in private practice, were quite successful and who earned high salaries. But judges recognize their responsibility to their country and to their profession, and give up their lucrative law practices to serve

the public even though many times it means a substantial reduction in salary.

We are only fooling ourselves though if we think that we are going to be able to attract and hold the caliber of judges we so desperately need if we do not offer our judges reasonable salaries.

Unfortunately, the Senate recently failed to give judges salary increases. At present, a judge on the U.S. District Court makes $40,000 annually, while a judge on the U.S. Court of Appeals makes $42,500. The modest salary increase which was before the Senate would have raised these salaries, by March 1, 1974, to $43,000 and $45,700 respectively. Unfortunately, the Senate turned down these much needed and greatly deserved increases. Arguments that judges do not deserve raises, or that they earn enough now, are just plain wrong. I know it is an election year and I know the conventional political wisdom is to avoid voting pay increases to public servants, but such rhetoric cannot withstand the facts. If we want the most capable people to sit as Federal judges, we must be willing to offer them salaries which more closely reflect their true worth.

If anyone doubts this, he should know that in the last year at least seven Federal District Court judges have announced their intentions to quit for economic reasons. The latest example is Judge Arnold Bauman of the U.S. District Court for the Southern District of New York.

I want to bring this matter up because I deplored the completely irresponsible action of the Senate when it turned down the pay raises in March, and I think that we are now seeing that we do indeed have to reap what we have sown. I hope that, upon reflection, the Senate will vote to increase the salaries of our Federal judges in the very near future.

Mr. President, I ask unanimous consent that an editorial from the New York Times of June 15, 1974, be printed in the RECORD.

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

PAYING FOR JUSTICE

United States District Judge Arnold Bauman announced recently that he is going to resign the judgeship to which he was appointed only two years ago. Over in New Jersey, U.S. District Judge Frederick B. Lacey said that he intended to resign his judgeship by the end of the year unless Congress increased Federal judges' salaries.

Judge Bauman is the fifth Federal district judge to announce his resignation this year. All of them have made it clear that inadequate pay is a substantial part of the problem. United States district judges, who are paid $40,000 per annum, have not had a raise in five years.

In urging the Senate to reject proposals to raise salary levels of the Federal judiciary earlier this year, Senate Majority Leader Mansfield said that there were hundreds of lawyers who would be willing to take judgeships at $40,000. Senator Mansfield totally missed the point and grossly demeaned the judiciary. The problem is not rounding up live bodies with law degrees, but rather selecting good judges and insuring justice.

Lawyers of high ability have traditionally made substantial financial sacrifices to serve on the Federal bench. But the combination of soaring inflation and Congressional inaction—even to take care of increases in the cost of living—has imposed a double sacrifice on those upon whom the country depends so heavily for the quality of justice.

Since 1969 when judges' salaries were last increased, the cost of living in New York has gone up 31.5 per cent in New York City and 29.8 per cent around the country. Judge Bauman noted in his letter of resignation, "Other than the Congress, Presidential appointees in the executive branch and Federal judges, I am unaware of any group of employed citizens whose income has not increased in the last five years, at the very least to the extent of keeping pace with the cost of living." The need for Congressional action is urgent.

WEATHER AND THE CORN CROP

Mr. HUMPHREY. Mr. President, an informative article, "Rain Washes Out Corn Crop Record," appeared in the June 16 edition of the New York Times.

This article points out the serious impact that the recent heavy rains will have on this year's corn crop. While it is still too early to predict the impact with precision, it is clear that some replanting will be necessary, and yields will be significantly reduced.

Taken with the reduced fertilizer availabilities, earlier optimistic estimates of an average of 97 bushels per acre appear unattainable. This will of course affect prices of feed and the costs of producing livestock.

The farmer is vulnerable on a wide number of fronts in addition to the weather. The lack of a national food policy and a food reserve is another major unsettling element in the agriculture picture.

Mr. President, I ask unanimous consent that this informative article be printed in the RECORD.

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

RAIN WASHES OUT CORN CROP RECORD

(By Seth S. King)

CHICAGO, June 15.—Late spring rains of unusual intensity battered cornfields this week along a 100-mile-wide band that stretched across the heart of the Corn Belt.

In many parts of this band the young plants were washed away or left submerged under a foot of water. Some of this land can be replanted in corn. But at this late date, yields from these fields will be much lower.

Thus, while the corn in many other parts of this abundant area is still in excellent shape, the losses of the last two weeks are expected to cut the total corn crop as much as 10 per cent below the record that was expected.

This year's crop should still be one of the largest ever harvested. But it probably will not provide the price-depressing surplus the Agriculture Department expected.

DISCOURAGING NEWS

For consumers, this was not encouraging news. Corn is the predominant feed for beef cattle, hogs and poultry. If expected supplies are lower, prices for feed grains will remain high, thus discouraging livestock raisers who are already cutting back on the numbers they are fattening for market.

Lower numbers of animals have usually meant that prices both to the farmers and in the supermarkets, will eventually creep up again.

Dr. Harvey E. Thompson, an Iowa State University agronomist, said yesterday that some of the most productive corn areas in his state had been badly damaged by the downpours.

"Farmers in those sections can still replant most of what they have lost," he said. "But, at this late date, yields will certainly drop. I'm not expecting a bad decline, but it's unlikely we'll get the bumper crop we were expecting a month ago."

The rains also delayed the winter wheat harvest, and early per-acre yields were falling more than 5 per cent below expectations.

HUGE CROPS SOWN

With planting restrictions removed, farmers have sown the largest wheat and corn crops since World War II. These should have been large enough to start a decline in grain prices.

And while soybean planting was expected to be lower than last year, supplies were expected to be large enough to bring down those prices, too.

Yet both the cash and commodity futures market for grains held at high levels this week, indicating that demand for feed grains was still great enough and the expected total crop reduced enough to keep prices high throughout the year.

This prospect was a particularly heavy blow to cattle and hog raisers when the prices they were getting declined again this week, as they have for the last two months.

On Wednesday, stockyard prices for beef cattle fell to the lowest point since December, 1972. The day before, hog prices dropped to their lowest levels in two years, causing further losses to livestock farmers. Wholesale broiler prices were 28 per cent lower than at this time last year, and eggs were nearly 35 per cent below their levels of a year ago.

These declines, under normal patterns, should bring lower costs to consumers. But for the last three months, retail prices have failed to follow farm prices downward.

MARGINS GROW

Instead, with the removal of all price controls, the margins between what a farmer gets and what a housewife pays have grown steadily.

Wholesalers and retailers say that they are caught with higher transportation, packaging and labor costs. But their profit margins have also increased.

By the end of April, the latest accounting period available, the farmer's share of food in a family's market basket cost, fell more than 4 per cent while the retail cost fell only 1 per cent.

This broadened the farm-to-retail spread that was 22 per cent more than in April, 1973.

With feed grain prices still the highest in memory and fat cattle prices the lowest in two years, feed lot operators were losing at least $150 on each animal they sold this week.

As a result, there were 16 per cent fewer cattle now on feed than a year ago. During May, there were 40 per cent fewer animals started on the fattening cycle than last year.

ROCKVILLE'S GENERAL REVENUE-SHARING PROGRAM

Mr. BEALL. Mr. President, all too often our attention is drawn to that which is unsuccessful in government rather than to those programs which are successful. The city of Rockville, Md., has a successful general revenue-sharing program which has been briefly described in a recent letter to me from Mayor William E. Hanna, Jr.

In order that my colleagues may have the benefit of Rockville's successful experience with this program, I ask unanimous consent that Mayor Hanna's letter be printed in the RECORD.

There being no objection, the letter

was ordered to be printed in the RECORD, as follows:

CITY OF ROCKVILLE,
Rockville, Md., June 7, 1974.

Senator J. GLENN BEALL, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BEALL: Mindful that Senator Muskie's Subcommittee on Intergovernmental Relations will be conducting Congressional oversight hearings of the General Revenue-Sharing Program, and that some misunderstandings have arisen among some members of the Congress to the effect that perhaps Revenue-Sharing is not being used to provide needed services to citizens in accordance with the legislative intent, I want to bring your attention to some of the ways in which Revenue-Sharing funds have been used in Rockville as well as to the process used to allocate the funds.

First, as to the allocation process, Revenue-Sharing funds were budgeted as part of our normal City budget process, which includes opportunities for citizen participation. The proposed budget was, as always, available for a month of public scrutiny after which three evenings of public hearings were held. Revenue-Sharing funds were shown in a separate tabbed section of the budget for easy identification by any interested party. Views expressed by the citizens were certainly considered in the final decisions made by the Mayor and Council. Again, six months later, at Mid-year Budget Review, public hearings were held which affected decisions made on budget adjustments including the Revenue-Sharing portion. This process will be used every year.

The Revenue-Sharing funds were allocated to a wide variety of critically needed items. It is doubtful that any of them would have been within the City's means had it not been for Revenue-Sharing, and certainly none of the Revenue-Sharing was used to offset or reduce City taxes, which in the year in which Revenue-Sharing was first budgeted, increased 16%.

Among Social Services, the City expended Revenue-Sharing to support a local urban renewal project, Rockville Gardens, by paying for relocation assistance, and for a community specialist to work with residents to be dislocated by the demolition of deteriorated housing, as well as the interest on the acquisition and demolition loan. This project represented 30% of the Revenue-Sharing funds. Funds were also used, in the first year, to hire a Senior Citizens Coordinator to begin to assess the needs of Rockville's Senior Citizens and coordinate all possible assistance to them. This proved a strategic investment of Revenue-Sharing as the Senior Citizens coordinator within a few months secured a $56,000 grant which now supports her salary as well as a range of badly needed services for senior citizens.

In the area of public safety an innovative park ranger program was initiated costing only 7% of the Revenue-Sharing funds. It employs eight persons of college age or older to patrol city parks during the summer rendering assistance to park users, deterring vandalism and other crimes, and serving as the eyes and ears of the police. This enables us to bolster our law enforcement capability during the summer without incurring the cost of full policemen.

To mention just one more of the programs supported by Revenue-Sharing, in the area of streets, 29% of Revenue-Sharing funds went to a smoothseal program which enables us to extend the life of our streets, precluding the need for more expensive repair and reconstruction at a later date.

Let the Rockville example help to demonstrate the critical need of cities for Revenue-Sharing funds. It is true that we are not doing as many exciting or innovative things as we would like. That is because the small amount of Revenue-Sharing Rockville receives, given our present local financial constraints, is barely enough to help us to meet some of our basic responsibilities as a city.

What cities badly need is for Revenue-Sharing to be increased, as it has proven an effective mechanism for easily transferring resources from the Federal government to the localities, which are forced to rely excessively on regressive property taxes.

I would appreciate it if you would share these views with the Subcommittee on Intergovernmental Relations.

Thank you for your kind attention.

Sincerely,

WILLIAM E. HANNA, Jr., *Mayor.*

NATIONAL JEWISH HOSPITAL, DENVER, COLO.

Mr. DOMINICK. Mr. President, 75 years ago the Jewish community of Denver saw a need. Late in the 19th century, victims of tuberculosis were flocking to Denver to benefit from the fresh dry air and sunshine. Little else was available for treatment of this dread disease. Medical facilities were limited, however, and people were dying in the streets.

To meet this need, a group of Jewish pioneers incorporated and in 1892 erected the first building of National Jewish Hospital. A depression in 1893 severely curtailed funds and it was not until 1899, when B'nai B'rith assumed the financial burden, that the first patients were admitted.

From its inception, National Jewish Hospital has been open to persons of all races and creeds regardless of ability to pay. Contributors now number more than 250,000 and represent all financial, religious and racial groups.

Starting as a 60-bed tuberculosis sanatorium, National Jewish Hospital has grown to an institution of 18 buildings, with 210 beds, internationally known as a center for treatment, teaching, and research in chest diseases.

Parade Magazine, in its April 21 issue, featured part of what National Jewish Hospital has become today in an article on the unique concept of family living units which are an integral part of the treatment of pediatric patients.

I recommend the article to anyone wanting to learn about this fine institution. I, therefore, ask unanimous consent that the article be printed in the Record.

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

A NOVEL HOSPITAL CONCEPT—CHILDREN LIVE TOGETHER AS A FAMILY

(By Pam Proctor)

DENVER, COLORADO.—Big families are "in" again. At least they are at National Jewish Hospital, a respiratory disease center here which is experimenting with a novel concept in hospital life called "family units."

Seven-year-old Sarah Fee is part of a family with 12 boys and girls ranging in age from 1½ to 13. Her brothers and sisters are asthma patients, related not by blood, but by the severity of their disease. And her parents are not her mother and father but a team of medical experts who are trying to bring her back to health.

The family units, which originated last year, are a radical departure from tradition. In most hospitals, children live in institutional wards, segregated by sex and age. At the non-sectarian National Jewish Hospital (NJH), Sarah and her "brothers" and "sisters" occupy rooms clustered around a family dining room and recreation area. Her hospital family eats, studies and shares activities together as a real family would.

The purpose of the family units is to create a more normal environment for the children, who spend from nine months to a year at the hospital. They come from all parts of the country, and while parents are free to visit, some live far away and can't afford to do so.

"Kids at NJH are removed from home at a time of rapid personality growth," explained Dr. Irwin Matus, a staff psychologist. "Usually this growth is in a family context. At home kids can work out their problems with siblings and parents around.

"The units are an attempt to duplicate the relationships in a family. Here they have an opportunity to associate closely with children of different sexes and ages as they would at home."

TALE OF A NAUGHTY BOY

One youngster who has benefited dramatically from the family unit experiment is 7-year-old Tommy, a feisty redhead who had serious emotional problems along with his asthma. Under the old system at NJH, when he was grouped with boys his age, his behavior was uncontrollable. When other children approached he started kicking, biting and shouting. Finally, his social worker, George Yoshida, decided he should be put in a family unit.

He was assigned a confident, muscular 13-year-old roommate who immediately put Tommy on notice that there would be no funny business when Tommy started fingering a hairbrush that didn't belong to him.

"If you try any of that stuff around me, I'll punch you right in the mouth," said the older boy. Tommy meekly removed his hand from the brush and gave his fellow patients in the unit no further trouble.

Dr. John E. Sadler Jr., a child psychiatrist who initiated the program, said that younger children often model themselves after the older ones.

TEEN-AGERS HELP OUT

"At medicine time, when the little ones see bigger kids cooperating with the nurses and taking their pills and shots, they'll cooperate too," said Sadler. "We can also use the role model idea to bring the adolescents around. The teen-agers might be in a mood to give the nurses the business, but when we take them aside and ask for their help in demonstrating to the younger kids how to give injections, they're quick to stop horsing around."

It's also common to see girls taking charge of their younger "siblings." For example, 10-year-old Damita Lindsay of New York City regularly takes special pains to help 2½-year-old Gary Ramirez of Brush, Colo., open his breakfast cereal and pour his milk.

Interestingly enough, the 24 children participating in the two experimental units see themselves as separate families. "They laugh about the fact that they're not real brothers and sisters," said Mrs. Ruth Masters, R.N., head nurse in one of the units. "But in the back of their minds they have a strong allegiance to one another."

PROTECTOR . . . AND BULLY

One 11-year-old named Johnny likes to play the role of big brother and protect the younger kids in his unit from the jibes and threats of the children in the other unit. But "family life' has its drawbacks. Inside his own unit Johnny often bullied the younger kids, just like an older brother in a real family might.

Daily life in the units is aimed at giving the children responsibility and independence. Wake-up time is 7, and before their 7:30 breakfast with the "family," children are expected to make their beds, clean their rooms and get themselves ready for school.

Let's take a look at the morning scene in a typical household—the "Nova Rainbow Cartoon" family unit, a name which the kids

themselves came up with to express the new and happy experience they were having.

The older girls, Sarah Fee of Monongahela, Pa., and Damita Lindsay, get out of their bunk beds and scurry about getting their cheerful yellow room in shape. Damita, an aspiring majorette, pulls out her baton for a few twirls before breakfast.

Country music blares from a four-bed room shared by 13-year-old Wyatt Wall of Santaquin, Utah; little Gary Ramirez; Trevor Cope, 7, and his brother Clay, 5, of Bellvue, Colo. Lanky Wyatt, who left his father's sprawling ranch in January to come to the hospital, pulls on his cowboy boots and 10-gallon hat. The wall near his bed sports a rakish sign: "I m a lover, I'm a fighter, I'm a wild bull rider."

GRANDPARENTS, TOO

In another room, four other boys in the family are making their beds and packing up their books. The babies of the family, Brian Stevenson, 1½, of Hoisington, Kans., and Georgia Curtis, 1½, of Hinsdale, Ill., are getting dressed with the help of their foster grandparents—oldsters from Denver who are paid under the federal ACTION program to look after the young ones during their hospital stay.

As homelike as the units appear in practice, there's an important difference. Nurses are on hand around the clock to give the children their medication and take care of emergencies. In addition, a full program of physical therapy and diagnostic allergy tests is part of the daily schedule. Since all of the 90 children at NJH are there because they have failed to respond to treatment in their home communities, a battery of tests is conducted daily and weekly to get at the root of their disease.

Soon after getting up, the kids go to the nurses' station and breathe into a device that checks the speed and volume of their breathing. This test is conducted three times a day.

Because asthma attacks come only sporadically, the children at National Jewish Hospital attend school regularly and are encouraged to participate in sports. After breakfast, Trevor Cope and Sarah Fee get their books and head for the nearby public elementary school. Other children in their family unit go to special remedial classes in the hospital's pediatrics building. When they come to NJH, many of the children are behind their grade level because of long absences from school. Helping the children make up for lost time is an important adjunct to treatment.

Since there is no cure for asthma—just control through careful diagnosis and drug therapy—getting used to this regular round of testing and treatment is essential in learning to live with the disease. The family units have also become a key to teaching the children how to handle their asthma in practical family situations when they go home.

The hospital's professional staff, who act as surrogate parents, have as tough a job as any mother or father. They work in teams of up to 10 people, including a doctor, nurse, social worker, physical therapist, teacher, occupation therapist, psychologist and a couple of counselors. If there are babies or toddlers in the family unit, a foster grandparent rounds out the team.

REGULAR DISCUSSIONS

In addition to the important social benefits to the children, the team arrangement has positive advantages for treatment. Meeting regularly, the teams discuss any problems in each child's medical management or emotional adjustment.

"This way, team members can become familiar with all aspects of a child's case, not just their particular slice," said psychiatrist John Sadler.

During a recent meeting of one team, staffers discussed how to deal with 10-year-old Richie, who lacked confidence in his ability to handle problems alone. The boy was small for his age and afraid of the bigger kids.

"Will I always need someone to protect me?" he asked counselor Leland Bebee.

Bebee suggested to the team that in this case the boy should be encouraged to stand up to his opponents. But Helen "Muffie" Shumaker, a teacher on the team, disagreed.

"There are ways of dealing with conflict other than direct confrontation," she said. "He'll probably be small for the rest of his life, and telling him to confront a physical adversary face to face will only get him bruised."

NO PHONY MACHISMO

Psychologist Irwin Matus said, "There's no shame in running away in a situation like this. Helping Richie to size up a situation and deal with it realistically is better than emphasizing a phony sense of machismo."

The team agreed to concentrate on giving Richie support in handling conflicts without feeling ashamed or afraid.

The establishment of the teams has solved a perennial problem that plagues all hospitals—continuity of care.

"With the family units, we have a unique forum where the children can form stable relationships with a single core of adults," said Dr. Sadler.

"Then, when a crisis situation arises the team and the children can sit down as a 'family' and talks about it openly," he added.

The success of the family unit experiment has convinced the hospital to expand the program when its new building for research and patient care is completed this summer. The top four floors of the 11-story structure will become a pediatrics pavillion, divided into eight family units to take in all the children in the hospital.

THE BALTIC STATES

Mr. PERCY. Mr. President, in June 1940, the peoples of Lithuania, Latvia, and Estonia were deprived of their freedom in a crushing defeat for the cause of justice.

As we take note of this sad anniversary, let us pause to honor the Baltic peoples—who have suffered so much—for their continuing faith and for their steadfastness in adversity.

We must never forget them.

NUCLEAR POWER: IS ITS BRIGHT PROMISE FADING? FROM PROMISE TO PERFORMANCE, IT IS PROVING TO BE A LONG AND DIFFICULT ROAD FOR MANY NUCLEAR POWER PLANTS

Mr. RANDOLPH. Mr. President, the U.S. News & World Report, in its June 10, 1974, issue, reported that—

In spite of the many operating difficulties which have been experienced by the manufacturers and operators of nuclear power plants, the Atomic Energy Commission and the nuclear industry still feel that the atom will live up to the bright future its supporters long have proclaimed for it. All that is needed is time, they say, to work out the wrinkles of this vast and complex technology. . . . More time—more research and development money—incredible amounts of both; these have been the pleas for more than two decades.

The same U.S. News & World Report article revealed that—

Some nuclear plants are "down" for repairs about as much of the time as they are actually generating power. The costs involved run into billions of dollars a year which, in the final analysis, have to come out of consumers' pockets.

Also, Mr. President, Weekly Energy Report, in its June 10, 1974, issue, revealed that a man whom it calls Britain's leading scientific advisor, says that light water reactors are too dangerous.

So, there is strong doubt about both the efficiency, reliability, and safety of nuclear power plants—at home and abroad. This is important, because of the necessity that we consider the nuclear power potential in our evaluations of energy sources and energy supplies at this particular time in history—and, apparently, during this period in our foreign relations.

Mr. President, the article from which I have quoted, in part, makes a sobering and thought-provoking report on atomic power and questions whether its bright promise might be fading. I ask unanimous consent that the whole of this article be printed in the RECORD, along with the item from the Weekly Energy Report concerning the British evaluation of light water reactors.

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

ATOMIC POWER: A BRIGHT PROMISE FADING?

(From promise to performance—it's proving to be a long and difficult road for many nuclear power plants. Jack McWethy of the magazine's staff reports on an industry struggling to get on top of troublesome problems.)

The advent of nuclear power as a major energy source for the U.S. continues to be marked by fits and starts.

Many atomic generating plants have run smoothly for years. But just as many, experience shows, are plagued by poor design, sloppy workmanship and inadequate quality control. The result is one costly breakdown after another.

Some nuclear plants are "down" for repairs about as much of the time as they are actually generating power. The costs involved run into billions of dollars a year which, in the final analysis, have to come out of consumers' pockets.

Official reports from the Atomic Energy Commission and industry sources document some recent troubles.

For example, the AEC reports that during March there were "25 forced outages" in the 31 reactors then producing commercial power. This resulted in a loss of 3,350 hours of generating time and more than 1 billion kilowatt-hours of electricity.

And, in late May, a new AEC report revealed that every reactor in the country had at least one "abnormal occurrence" last year.

These were unplanned power cuts with causes ranging from radioactive steam leaks, to storm damage and operator errors. One power plant, Browns Ferry Unit 1 near Decatur, Ala., reported 65 of these incidents to the AEC in 12 months.

RECORD IN CRISIS

In January—during the height of the energy crisis caused by the Arab oil embargo—22 of the nation's nuclear plants were reported by "Nucleonics Week," an industry trade publication, to have been out of commission for part or all of the month. Sixteen of these were down for repairs or maintenance.

In spite of the many operating difficulties, the Atomic Energy Commission and the nuclear industry still feel that the atom will live up to the bright future its supporters long have proclaimed for it. All that is needed is time, they say, to work out the wrinkles of this vast and complex technology. Projec-

tions for growth of atomic power are shown on this page.

Yet, the record thus far is disappointing. One of the strongest incentives for a utility to turn to nuclear power plants is the promised high "availability"—the amount of time a unit is producing. However, says L. Manning Muntzing, director of regulation for the AEC:

"A disturbing finding has been that the availability of nuclear power plants has fallen short of what was expected and has in fact not exceeded the availability of comparably sized fossil-fueled plants."

During 1973, the availability of the nation's nuclear facilities actually declined slightly. Says Mr. Muntzing: "Numerous forced outages, due primarily to equipment malfunctions, have been responsible for the disappointing performance we have had."

Some of the incidents that led to shutdowns also posed safety questions, as small doses of radioactivity escaped the protective "containment" area. No one has yet been injured by the radioactivity, but critics claim the industry has been fortunate thus far.

The kinds of troubles that force nuclear units out of service are shown by two case histories as related to "U.S. News & World Report" by the companies' officials.

PALISADES

On a Lake Michigan beach 6 miles from South Haven, Mich., sits the Palisades Nuclear Plant—a 700-megawatt system that went into commercial operation in December of 1971. In two and one-half years, the plant has run full-tilt for only five months.

In January of 1973, engineers for Consumers Power—the utility owner and operator—discovered leaks of radioactive steam from one of the facility's two generators. The plant was shut down for seven weeks to plug the holes.

Then last August, more leaks were found, this time from the second generator. The plant has not been in operation since. When engineers took apart the generator, they discovered that many of the tubes carrying water into the generator had deteriorated dangerously. A massive repair job was begun.

Just as the utility was getting ready to put Palisades back into operation in early May of this year, new steam leaks were detected in the generator that caused trouble back in January of 1973. Start-up has been delayed again, perhaps to midsummer.

The shutdown of the Palisades power plant is costing Consumers Power 3 million dollars per month.

PILGRIM-1

Boston Edison Company's nuclear plant near Plymouth, Mass.—called Pilgrim-1— is a 660-megawatt system that first went into commercial operation in December of 1972.

For just over a year it ran without problems. Then strange vibrations were detected inside the reactor. The AEC ordered it shut down on Dec. 28, 1973. It has not produced electricity since.

While the unit was down for adjustment to eliminate vibrations, officials decided to carry out a partial refueling of the reactor and run some routine tests.

During one ultrasonic examination of the reactor's inner works, engineers discovered a half-inch "discontinuity" in a 6-inch-thick—weld on a pipe that carries radioactive water back into the reactor after it has been run through a generator. The AEC has ordered further tests on the weld.

The shutdown is costing Boston Edison $305,000 per day, or more than 9 million dollars each month.

Inadequate quality controls is cited as the cause of problems at other plants. A spokesman for the Atomic Energy Commission said that in 1973, utilities in the U.S. reported 861 "abnormal occurrences" in their nuclear facilities and 43 per cent of these incidents had "potential safety significance."

Eighteen incidents were considered "significant" hazards and 12 of those involved release of radioactivity above permissible limits beyond the plant site boundaries, although still within AEC safety limits. Eleven releases of radioactivity in the form of gaseous iodine-131 were related to steam leaks at the Quad Cities nuclear plant near Cordova, Ill. Another release was at the Palisades facility near South Haven, Mich.

Quality control also has been a problem at the Vermont Yankee nuclear plant near Vernon, Vt. It was shut down 17 times in its first 19 months of commercial operation.

A CHAIN REACTION

In 1973, the plant was ordered out of action by the AEC for the same internal-vibration problems that plagued Pilgrim-1 at Plymouth, Mass. While workers were locating the difficulty, two control rods accidentally were pulled from the reactor core at the same time, setting off a chain reaction. The heavy steel protective lid was off the reactor at the time.

Control rods are long cylinders of a substance that absorbs neutrons. They are made of boron or hafnium and prevent the controlled-fission reaction in an atomic plant from turning into a nuclear holocaust.

Vermont Yankee Corporation was fined $15,000 for its violation of safety regulations. This was the second time the AEC began imposing fines in 1971 that a utility has been penalized this way.

According to Mr. Muntzing of the AEC: "Many of these occurrences would have been prevented had strong quality-assurance programs been in effect."

The AEC is working with the nuclear industry to step up quality control at the 45 atomic plants now licensed to operate commercially in the U.S.

SUMMER TROUBLE?

There is concern, however, that if these improvements in quality control do not show quick results, the nation could be in trouble this summer as consumers start using air conditioners and create new peak demands for electricity.

An official outlook on "brownout" possibilities across the nation is provided on page 46.

Delays in bringing atomic units into service, as well as huge cost increases accrued in getting them built, pose still other problems.

The 10 nuclear plants that had been licensed to operate by 1971 took less than 6 years to move from the planning stage into service, on the average. Today this lead time has stretched out to between 9 and 10 years. The delays are caused by prolonged licensing procedures, construction difficulties, technical problems, and intervention by groups concerned about safety and environment.

For example, the Toledo Edison Company's Davis-Besse nuclear plant was expected to start commercial service in December of 1974 on the shores of Lake Erie. Company officials now say a startup date in early 1976 is more likely and costs have increased 60 million dollars to a total of 415 million dollars.

"SHAKEDOWN" NEEDED

The industry feels that before any final judgments are made about the capabilities of nuclear power plants, utilities should be given an chance to work some of the "bugs" out of the systems. As spelled out by the Atomic Industrial Forum, an industry association:

"Valid comparisons between the performance of nuclear power stations and fossil-fired plants are difficult . . . Most fossil plants are much smaller than most nuclear plants, and they have been operating for considerably longer than the 1 to 5 years' experience of most nuclear plants."

The Forum points out that like any other piece of machinery, atomic plants, need a "shakedown" period before reaching their most efficient levels of production. Older facilities, the Forum reports, generally show improving operating figures.

Mr. Muntzing of the AEC notes, however, that 1973 figures for older plants are not anywhere near the 80 per cent availability estimates many thought would be achieved by these matured facilities. He reports: "The average 1973 availability factor for plants in this older age group was 67 per cent, less than the average for all plants."

The atom now accounts for about 1 per cent of total U.S. energy demand. If it is to become a major energy source that will carry the U.S. into the next century, say officials of the Atomic Energy Commission, it must prove itself a reliable and safe way to go.

"The enormous potential of energy from nuclear fission has been established beyond doubt," says Mr. Muntzing, but, he adds:

"Nuclear power facilities, to be safe, must be designed, constructed and operated with a discipline that has not normally been required in American industry . . . . People at every level must be made to understand that quality is everybody's business."

ON THE PLUS SIDE OF A-PLANT PICTURE

For all the nuclear plants that have suffered repeated breakdowns, there are others that have maintained a high record of both productivity and safety.

Commonwealth Edison in Illinois, which has the largest string of operating atomic stations of any utility in the U.S., also has achieved one of the best records of productivity from these facilities.

During 1973, for example, its nuclear plants were available to produce power 82 per cent of the time while its five newest coal-fired facilities were available just 69 per cent of the time. The company's seven operating atomic units generate more than 30 per cent of its total electricity.

By 1980, Commonwealth Edison plans to produce one half its power by nuclear units. To reach that goal, the firm will spend more than 1 million dollars per day between now and 1978 to build new plants.

Wisconsin Electric Power, with its twin-unit Point Beach nuclear plant near Two Creeks, Wis., has had almost 100 per cent availability from both reactors during the first quarter of 1974. In 1973, Unit 1 was available to produce power 79 per cent of the time, Unit 2 for 94 per cent.

Another way successful use of atomic power can be measured is by what it costs to generate electricity once the plant is running.

Shearon Harris, president of Carolina Power & Light Company, reports that his utility pays 1.7 cents per kilowatt-hour for electricity generated by oil and coal-fired plants, but less than half that, 0.68 cents, for the same unit of nuclear power.

Rochester Gas & Electric, which owns and operates the R. E. Ginna nuclear plant near Ontario, N.Y., reports that during 1973 it paid 0.31 cents per kilowatt-hour for its nuclear-generated electricity and 0.84 cents for that coming from its newest coal-fired facility. The Ginna plant, which was out of service for almost three months for repairs and maintenance in early 1974, was available to produce power 95 per cent of the time during 1973.

Wisconsin Electric Power reports a 2-to-1 ratio between costs of producing a kilowatt of electricity with fossil fuels and with nuclear material. Many other utilities are enjoying similar low-cost production from their nuclear units once they get the systems built and running smoothly.

LIGHT WATER REACTORS ARE TOO DANGEROUS, SAYS BRITAIN'S LEADING SCIENTIFIC ADVISOR

Light water reactors have been condemned by one of Britain's most eminent scientists as being too heavily dependent on the quality of manufacture and maintenance to be acceptable in Britain. Sir Alan Cottrell, the government's chief scientific advisor until his retirement in April, says: "I hope that the safety of the public in this country will never be made dependent upon almost superhuman engineering and operational qualities." (Light water reactors account for all installed capacity in the U.S.) In a letter to the London *Financial Times* in the aftermath of one of Britain's first factory accidents, the explosion of a caprolactam plant at Flixborough which devastated both the plant and surrounding houses, Cottrell warns of "plenty of examples, including recent ones from various fields of activity, where most carefully designed and maintained engineering projects have gone disastrously wrong."

When the consequences to the public are as "uniquely grave" as an accident to a reactor, the government would be "wise to choose a system less critically dependent on human perfection than the steel pressure-vessel water reactor." Cottrell refutes suggestions that all the evidence and expert opinion says that Britain should order LWRs. His letter makes it plain that he favors the pressure-tube heavy water type of reactor, such as CANDU or the British-designed SGHWR. In such systems, he points out, the high-pressure point of the system is distributed among a large number of small and independent tubes, "any of which would signal any incipient failure of itself by gently leaking long before it completely broke."

The security of the LWR, says Cottrell, depends on the maintenance of an "immaculate standard for manufacture and quality control and on regular in-service inspection of the most rigorous and detailed kind." The letter, from a scientist who has taken a leading role in advising successive U.K. governments on nuclear safety, will be seen by opponents of LWRs as one of the most powerful weapons to come to hand. In his previous public statements, Cottrell has gone no further than saying that not enough information was yet available to be sure the LWR could be engineered safely.

OCEANS AND ENERGY

Mr. HOLLINGS. Mr. President, I wish to commend the University of Miami for its recent ocean energy systems workshop. The participants of the workshop jointly incorporated their expertise on energy and ocean-related issues into a resolution.

They unanimously concurred that there is a dire need for the national ocean policy study to take an initiative by examining the ocean in the context of its vast reservoir of potential energy resources. Likewise, the national ocean policy study needs to examine the significant impact of finding oceanic energy sources upon the Nation's present and prospective supply and demand of energy.

The national ocean policy study, which I am privileged to chair, is presently conducting a comprehensive analysis of the social, economic, and environmental impact of oil and gas development along the Atlantic, Pacific, and Gulf of Alaska. The first phase of our study has been devoted to oversight hearings on the issues at hand. These hearings have shown that the oil and gas industry, Federal agencies, congressional Members, educators, environmentalists, and interested citizens are all indeed aware of the energy crisis and its consequences. But the heart of the issue lies in where, when, and how our Nation will find new sources of energy to meet the present and future demands.

It is becoming increasingly evident that beneath the ocean lies the Nations' largest untapped resources of energy—not only petroleum and gas—but energy from the Sun, hydrogen, geothermal sites, the tides, and the waves. Each of these potential oceanic energy sources could have a significant impact on total U.S. energy needs. Part of our study efforts will be devoted to a comprehensive examination of future alternate sources of energy such as a hydrogen economy. We will take into consideration the various proposals adopted in the ocean energy systems workshop's resolution, and I will incorporate these ideas into the national ocean policy study.

Mr. President, I ask unanimous consent that the resolution of the University of Miami Ocean Energy Systems Workshop be printed in the RECORD.

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

RESOLUTION

The February 25–26 University of Miami Ocean Energy Systems Workshop calls to the attention of the United States government, including energy and ocean-related Committees of Congress and appropriate institutions involved in the forthcoming National Ocean Policy Study, the numerous possibilities of extracting energy from the oceans at a scale significant to make an impact upon the total U.S. energy consumption and at costs competitive with other energy options.

The following program areas are identified and their study is recommended:

1. Direct and indirect conversion of solar energy in the ocean into electrical power.

2. The generation, storage, and transportation of the energy in the form of synthetic fuels, for example, hydrogen. We also note the potential for fresh water, seafood, and mineral production.

We recognize the need for a Steering Committee drawn from academic, government, and industry. This Steering Committee will be asked to:

1. Conduct an overview study of ocean energy systems;

2. Establish priorities for the various viable schemes consistent with realistically available funds, technology status, and potential impact on the total U.S. energy needs; and

3. Oversee the Development program management.

Whereas, the oceans of the world represent an almost infinite source of natural energy,

Whereas, this source is distributed in various forms throughout the world,

Whereas, the scientific feasibility of extracting ocean energy by various systems has been demonstrated,

Whereas, methods may be developed to produce energy in nonpolluting forms,

Whereas, the time has arrived to develop the engineering feasibility of those systems of highest priority,

Whereas, subsequent developments of prototype, ocean-based energy plants would be the result of engineering feasibility studies,

Now, therefore, be it resolved that the Federal Government immediately begin funding demonstration projects which will provide a consortium of industry, government, and university with the means to research how energy may be economically produced by environmentally acceptable means from these ocean energy resources.

The time for action has arrived, and the members of this assembled Ocean Energy Systems Workshop on Virginia Key, Florida, on this twenty-sixth day of February, 1974, unanimously ascribe to this resolution.

The following persons were in attendance:

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February 25–26, 1974

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William Kirk, Mrg., Francis L. LeQue Corr. Lab., International Nickel Co., Inc., P.O. Box 656, Wrightsville Beach, N.C.

Dr. Abrahim Lavi, Carnegie-Mellon University (EE Dept.), Pittsburgh, Pennsylvania 15213.

Thomas H. Leggett, President, Thomas Leggett Associates, 76 W. Front Street, Red Bank, New Jersey 07701.

Dr. Eugene H. Man, Dean, Research Coordination, University of Miami.

Dr. Fendall Marbury, Naval Architect, Ketron, Inc., 1400 Wilson Blvd., Arlington, Virginia 22209.

Dr. Hugh L. McLellan, National Sea Grant Program, U.S. Dept. of Commerce, NOAA, Rockville, Maryland 20852.

David L. Motherway, Mechanical Engineering, Ocean Systems Branch, U.S. Coast Guard RID Ctr., Avery Point, Groton, Conn. 06335.

Donald Neale, Head, Naval Undersea Systems Center, Atlantic Underwater Tech., West Palm Beach, Fla.

Dr. Perry A. Pepper, Princ. Res. Scientist, EDO Corp., College Pt., New York.

Mr. John A. Satkowski, Physical Science Administrator, Office of Naval Research, Arlington, Va. 22217.

Dr. Herman E. Sheets, Chairman, Ocean Engineering Department, University of Rhode Island, Kingston, Rhode Island 02881.

Dr. Herman Shoupp, Senior Vice Pres. for Research, Westinghouse Electric, 343 Maple Ave., Pittsburgh, Pa. 15218.

Carroll Smith, Res. Assoc. Prof., Ocean Engineering, RSMAS.

Dr. Gary Steelman, Inventor, Route 3, Adel, Iowa 50003.

Dr. Charles Stephan, Professor, Ocean Engineering Dept., Florida Atlantic Univ., Boca Raton, Fla. 33432.

Dr. Harris Stewart, Director NOAA/AOML, 15 Rickenbacker Cswy, Miami, Fla. 33149.

Joseph R. Vadus, Mgr. Technology, NOAA Manned Undersea Science & Tech., 11,400 Rockville Pike, Rockville, Md. 20852.

Mr. Al Volker, Research Editorial Specialist, Research Coordination, University of Miami.

Douglas K. Warinner, Assist. Professor, Florida Atlantic University, Boca Raton, Fla. 33432.

Dr. Warren Wisby, Assoc. Dean, RSMAS.

Brig. Gen. J. J. George, Director of Meteorology, Eastern Airlines, Box 787, International Airport Branch, Miami, Fla. 33148.

L. E. Poteat, University of Miami, Mechanical Engineering, SEED.

Mr. Dennis M. O'Connor, Prof. of Law & Oceanography, School of Law, Box 423, U/M.

Dr. Oswald A. Roels, Chairman, Biological Oceanography, Lamont-Doherty, Geological Observatory of Columbia U., Palisades, New York 10964.

Dr. Richard G. Bader, Director, Sea Grant Program—Center for Urban Studies, University of Miami.

D. Howard Harrenstein, Dean, School of Engineering & Environmental Design, University of Miami—P.O. Box 8294, Coral Gables, Florida 33134.

Dr. T. Najat Veziroglu, Chairman, Mechanical & Industrial Engineering Dept., University of Miami.

LEGAL SERVICES CONFERENCE REPORT

Mr. JAVITS. Mr. President, it is expected that the Senate will consider soon the conference report on H.R. 7824, the Legal Services Corporation Act of 1974, which the House already approved on May 16 by a vote of 227 to 143.

This measure would establish, as requested by the President, a new independent nonprofit legal services corporation, to conduct the legal services program, now under OEO administration, under the governance of an 11-member Board of Directors, appointed by the President, with the advice and consent of the Senate; a majority of the Board must be members of the bar.

The conference report, which was signed by all the conferees, represents a reasonable accommodation between the Senate and the House measures, toward the objective of establishing such a corporation, an objective which has already been frustrated twice: first by veto by the President in December 1971 and then the following year when the corporation provisions were dropped from the Economic Opportunity Amendments of 1972, by virtue of disagreement over the Board and other provisions.

On May 31, 1974, I reported that the American Bar Association, which has been one of the strongest advocates of the legislation, had on May 23 formalized its support for the concept of a new independent corporation and for the conference report in particular. The resolution adopted by the governors of the American Bar Association, urged that the conference report be approved by the Senate and signed into law by the President.

At that time, I noted that the president of the ABA, Chesterfield Smith, had transmitted the resolution to each of the State and local bar organizations, urging them to make their support known to the Senate and to the administration.

I am pleased to report today that on June 12, 1974, the New York State Bar Association, the Association of the Bar of the City of New York, the New York County Lawyers' Association, as well as the major organizations in New York City conducting the programs—the New York City Legal Aid Society, the New York City Community Action for Legal Services, and the New York Community Law Offices—jointly adopted a resolution similar to the ABA resolution, urging immediate enactment of H.R. 7824.

It should be noted that the bar associations and other groups expressed concern with "several unfortunate restrictions on the kinds of cases that can be taken and on personnel policies."

I have shared these concerns throughout consideration of the legislation and have made every effort to get a bill without unreasonable restrictions, while recognizing the need to compromise to some extent to achieve the overall objective.

I am very pleased that the bar associations and other organizations which I have named have also kept this objective in mind and, accordingly, while noting their reservations with respect to certain restrictions, have concluded that the conference bill does:

Preserve the basic structure of an independent corporation contained in the President's original bill and endorsed by the organized bar.

And that:

Further delay in the legislation might imperil the continuation of the entire legal services program.

The adopted resolution concludes as follows:

We therefore urge speedy passage by the Senate of the legislation in its current form, and ask that the President promptly sign the bill, so that the future of this vital program may be secure.

Mr. President, this support for the conference bill from the organized bar, and other organizations in New York State and New York City is most gratifying and characteristic of the support they have given on so many occasions when the program has been challenged, both in words and in deeds, to the existing legal services program and to the gifted concept of a national legal services corporation; I pledge every continued effort toward the establishment of such a corporation, and, in the interim, to maintenance of the current legal services program.

Mr. President, I ask unanimous consent that the resolution of the bar associations, and other groups to which I referred be printed in the RECORD.

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

RESOLUTION OF THE BAR ASSOCIATIONS ON THE PROPOSED NATIONAL LEGAL SERVICES CORPORATION (H.R. 7824)

We join in urging immediate enactment of the Legal Services Corporation Bill, H.R. 7824, as reported out of Conference on May 13, 1974, and passed by the House on May 16, 1974.

In earlier joint statements issued by our organizations in July and December, 1973, we urged the creation of a National Legal Services Corporation which

"(a) is adequately funded to meet the compelling need for legal representation of eligible indigent clients;

"(b) permits legal services lawyers to provide the same representation to indigent clients that the private bar provides to its clients;

"(c) has sufficient flexibility in its personnel policies and in the use and application of its funds to permit an innovative attack on the problem of providing legal representation to the indigent; and

"(d) is not restricted by statute in the kind of cases that it can take or the nature of the legal assistance it can provide to eligible clients."*

We concluded in our July statement that H.R. 7824, as it passed the House, failed to meet the standards for an acceptable program. On the other hand, we did support, in our December statement, the version of the bill reported out by the Senate Committee on Labor and Public Welfare, although it was in our view "only minimally adequate to assure an independent and professional program."

Provisions contrary to our standards were added in the Senate and the Conference Committee, so that the bill now contains several unfortunate restrictions on the kinds of cases that can be taken and on personnel policies. It does, however, preserve the basic structure of an independent corporation contained in the President's original bill and endorsed by the organized bar.

The current uncertainty over the future structure and funding of the legal services program is causing severe problems within local legal services offices; further delay in the legislation might imperil the continuation of the entire legal services program. We therefore urge speedy passage by the Senate of the legislation in its current form,

*Joint Statement of New York State Bar Association, Association of the Bar of the City of New York, New York County Lawyers Association, The Legal Aid Society, Community Action for Legal Services, and Community Law Offices, July 1973, accepting the principles contained in a Resolution adopted by the House of Delegates of the New York State Bar Association on June 29, 1973.

and ask that the President promptly sign the bill, so that the future of this vital program may be secure.

THE CATTLE INDUSTRY IN IDAHO THREATENED WITH A SHUTDOWN

Mr. CHURCH. Mr. President, cattlemen and feeders in Idaho are facing a cost-price squeeze which has caused bankruptcies by the dozens and threatens the same fate for scores of other small, family-sized operators.

The seriousness of this situation has reached crisis proportions. Feeders have suffered losses on fat cattle running anywhere from $75 to $200 per head. For almost a year producers in Idaho have watched helplessly as feeding margins—the difference between selling price of fed cattle and price of feeder calves 6 months earlier—have taken a nose-dive. The large negative margins the feeding industry has faced since August 1973, along with rising feed costs, have eliminated all profits. Tom Hovenden, secretary-manager of the Idaho Cattle Feeders Association, reports that on a 700-pound calf, which requires about 120 days to feed out to 1,000 pounds, the feeder needs about 43 cents per pound to break even. At present market prices, he is getting 35 cents a pound and thus losing $80 on each head. This loss is even more serious for those feeders who bought 400-pound calves at 60 and 80 cents a pound and are now getting ready to market that beef.

By telephone and letter I have heard and read the outrage and despair of Idaho farm families. The Idaho Commissioner of Agriculture, Wilson Kellogg; county commissioners; the president of the Idaho Cattlemen's Association; and many feeders and cow-calf operators have informed me that unless relief is fast in coming more barn doors will be closed permanently.

In Idaho, the cow-calf operator, like the feeder, is also being hit with depressed prices for feeder animals, and that in turn is causing many such operators to sell off cows from their production herds.

Mr. President, it is not an overstatement when I say that at all levels of the industry, ranchers have been caught in a merciless cost-price squeeze with no hope of breaking even in the near future. Mr. and Mrs. Cleo Ahlers of Priest River, Idaho, are typical victims of the sagging cattle industry. Their letter to me is testimony to the cattle industry crisis and I ask unanimous consent that the letter appear at the end of my remarks.

The economic well-being of my State, which is predominantly rural and agricultural, is gauged by the health of the farming industry. In 1972, the latest figures available, beef cattle and milk made up almost 45 percent of all cash farm receipts. Both the dairy and cattle industry are in deep trouble and this spells bad times for the entire economy of the State. Further, it does not take an economist to know that farmers in Idaho, like those around Malad who grow substantial acreages of barley, or others who grow hay or other roughage, will feel the spikes of a general decline in the Idaho cattle industry.

I have been informed that more than one billion pounds of meat, mostly beef, is presently in cold storage in this country. Add to this reserve the fact that the United States is the only major meat consuming nation that has no restrictions on the importation of foreign beef. Japan, the European economic community and Canada all have placed complete or nearly complete embargoes on beef imports because of the depressed state of their domestic cattle and beef markets. Yet, in the United States Bob Henderlider of the Idaho Cattlemen's Association informs me that there is an estimated "115 million pounds of foreign beef in cold storage, waiting to enter our trade channels." The depressing effect of foreign beef on prices will not be lifted unless steps are taken to reimpose the import quotas, suspended by President Nixon in 1972, provided for under the 1964 Meat Import Act.

Certain immediate actions can be taken to help relieve the glut on the beef market.

I have joined with 43 of my Senate colleagues in urging the President to reimpose the beef import quotas.

It is clear to me that the administration's removal of the import quotas on beef has not had the intended result. The President's economic advisers assumed that increased imports of beef would have the effect of lowering prices at the grocery store. But these retail prices have come down very little. The housewife has not benefited. Rather, our own cattlemen and feeders have been the victims of increased imports. The administration has it within its power to reimpose import restrictions. I hope the President will heed our appeal and grant the relief that is so urgently needed.

In addition to requesting the reimposition of import quotas, we have asked the administration to increase its beef buying program for the Department of Defense and the commodity distribution program.

Also, I have been informed that negotiations are presently taking place with Canada to reduce the restrictions on American exports of beef to that country.

I support each of these efforts.

If the administration will act positively the panic which pervades the cattle industry can be calmed. Rural bankers are threatening to foreclose as they witness the continued dip in the beef market; feeders and cow-calf owners are selling off herds hoping to stave off even larger losses. This reaction to skidding prices has put even more beef on the market. Still, if given time and some Government assistance, I have every confidence that the cattle industry can rebound.

Some additional legislation may be needed to stabilize the industry. Hearings in the Senate and House of Representatives Agriculture Committees will begin this week on legislation to establish a program whereby the Government would, if necessary, guarantee 90 percent of commercial loans to cattlemen. With adequate provisions to prevent misuse of such a program, this may well be helpful in preventing further shutdowns while the cattle industry recovers. The public hearings will help to bear out the advisability of such a proposal.

Agriculture is the heart of Idaho's economy. I will support Idaho cattlemen and feeders in any way I can.

THE MIDDLE EAST

Mr. GURNEY. Mr. President, less than a month ago, I addressed this Chamber on the state of affairs in the Middle East. At that time, the world was still reeling in shock as a response to the slaughter of innocent schoolchildren in the village of Maalot. Fortunately, as a result of the prudent and skilled diplomatic efforts of Secretary of State Kissinger, it appears that we are finally at a point where peace in that troubled region of the world may be a reality. I add my hopes to those of civilized men the world over that the peoples of this region can finally live in harmonious accord.

As this Chamber remembers, at the time I discussed the situation in the Middle East, I indicated that a group of Florida dentists who were visiting the Soviet Union had been subjected to base and unnecessary harassment by that country's militiamen while attending a religious service.

I now note with horror that, in spite of protestations of innocence by Breshnev's puppets, this harassment of Russia's Jewish people continues. An article in a local Washington paper this morning indicates that, as part of Russia's preparations to welcome President Nixon, the leader of a free people, Russia is stepping up their tactics of harassment and surveillance of that nation's Jews.

It well behooves this Chamber to bring this situation to the attention of the President and caution the Soviets that, if they seek peace and accord with this Nation, they had best realize that Americans will not tolerate harassment of any form anywhere in the world.

I ask unanimous consent that this article be printed in the RECORD.

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

SOVIETS CUT PHONE TIES OF JEWS

(By William R. MacKaye)

The Soviet government has shut off the telephone of virtually every Jewish activist in the U.S.S.R., American groups concerned about Soviet Jews have reported.

The maneuver is apparently designed to thwart any effort by Soviet Jews to dramatize to President Nixon their campaign for freedom to emigrate to Israel during the President's visit to the Soviet Union later this month, representatives of the groups said.

Jerry Goodman, executive director of the National Conference on Soviet Jewry in New York, estimated that 98 per cent of the activists' phones had been disconnected, most of them in the last two weeks.

Karen Kravette, Washington representative of the somewhat more militant Union of Councils for Soviet Jews, who also reported the massive telephone disconnection, speculated that the Soviet authorities also hoped to block news of other repressive moves against Jews by cutting their telephone ties to the West.

Activist Jews, however, have used other contingency lines of communications to

alert Western friends of an increase in secret police surveillance of leading activists and of growing fears among male Jews that they will be called up for military service, she said.

Before President Nixon's Moscow trip two years ago, a number of key activists, many of them over 40, were drafted for up to 90 days of military service, effectively removing them from Moscow during the presidential visit. A similar wave of telephone disconnections also preceded the 1972 Nixon trip.

Agencies involved in the cause of Soviet Jewry are particularly edgy about the possible impact on Soviet Jews of President Nixon's speech in Annapolis last week in which he pledged a U.S. "hands off" policy regarding internal Soviet affairs and urged defeat of the Jackson-Vanik amendment to the pending trade bill.

The proposed amendment, which has the vigorous backing of the agencies and the American Jewish community generally, would tie liberalized U.S. trade policies toward the Soviet Union to Soviet government easing of the emigration restrictions.

Goodman noted that Stanley Lowell, the new chairman of his agency, which is funded by a broad coalition of Jewish groups, issued a statement shortly after the President's speech expressing the hope that Soviet Jews would not suffer as a result of Mr. Nixon's assurances to the Soviet government.

FEDERAL SPENDING

Mr. HOLLINGS. Mr. President, on May 22, 1974, the General Assembly of South Carolina adopted a concurrent resolution addressing the Congress of the United States to enact appropriate legislation to insure that annual Federal appropriations by the Congress shall not exceed anticipated annual revenues.

On behalf of Senator THURMOND and myself, I would like to bring this resolution to the attention of my colleagues in the Senate, and I ask unanimous consent that it be printed in the RECORD.

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

CALENDAR NO. S. 947

A concurrent resolution to memorialize the Congress of the United States to enact appropriate legislation to ensure that annual Federal appropriations by the Congress shall not exceed anticipated annual revenues

Whereas, it has become the habitual practice of the Congress to appropriate Federal funds in excess of anticipated Federal revenues; and

Whereas, this practice has not only created a massive national debt but has been a major factor in the ever increasing inflation with its dire consequences for the economy and the budgets of our citizens; and

Whereas, the continuation of deficit spending can only increase inflationary pressures which most probably will cause more problems than the additional appropriations will solve; and

Whereas, the State of South Carolina has for many years demonstrated that limiting spending to anticipated revenue is feasible and develops financial stability and public confidence in government. Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

That the Congress of the United States be and hereby is memorialized to enact appropriate legislation to ensure that annual Federal appropriations by the Congress shall not exceed anticipated annual Federal revenues.

Be it further resolved that copies of this resolution be sent to the Vice President, the Speaker of the House of Representatives, and each member of the South Carolina Congressional Delegation in Washington, D.C.

PSRO PROGRESS REPORT

Mr. BENNETT. Mr. President, today, at the Department of Health, Education, and Welfare, I had the pleasure of participating in the signing of the first Professional Standards Review Organization contract under which operational responsibilities will be assumed by practicing physicians for review of the care and services provided under medicare and medicaid.

I attended the contract signing with a distinct sense of pride and achievement because the contracting parties were the physicians of my own State of Utah and the Department of Health, Education, and Welfare.

The PSRO program is now an operating reality. Many more contracts will be let within the next 2 weeks to physician-sponsored professional review entities. These contracts—expected to total more than 100—include those for operational review activities as well as those for PSRO planning purposes.

The Office of Professional Standards Review in HEW has just mailed to every physician a report on the program's current status and activities. The report also includes some simple and succinct responses to the more frequent and unfounded allegations made against the PSRO program. It is a document which will prove helpful in enhancing understanding of a most vital and necessary effort.

Mr. President, I ask unanimous consent that the text of the HEW memorandum entitled "Report on PSRO" be printed in the RECORD.

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

REPORT ON PSRO

As part of a continuing effort to keep the practicing physicians informed about the Professional Standards Review Organization (PSRO) program, this Memo has been prepared to report on the program's current status and activities. Implementation of the PSRO legislation is proceeding through the cooperative efforts of the public and private sectors of medicine.

Two hundred and three (203) PSRO areas have been designated and over 125 physician organizations to date have applied to DHEW for funds to plan and establish PSROs and to provide assistance to groups to help them qualify as PSROs. Organizations from all but four States have applied for PSRO funding. Additional physician organizations are expected to apply in the future, and it is anticipated that PSROs will exist in each of the designated areas by 1976.

TYPES OF FUNDING

Three types of funding are being provided—planning contracts, conditional PSRO contracts and contracts for Statewide PSRO Support Centers.

Planning contracts for potential PSROs will be awarded to organizations to help them meet the requirements for conditional designation as a PSRO and will help finance activities, such as recruiting of physician members, designing their review plan, and selecting staff. It is anticipated that approximately 100 planning contracts will be awarded by July 1, 1974.

Organizations that are ready to conduct PSRO review of medical care will be awarded funds as conditional PSROs. These organizations will have met the statutory organizational requirements, such as open and voluntary membership including a substantial proportion of physicians in the PSRO area—which has been set at about 25 percent. They will have open election of officers and they will rotate reviewers. As conditional PSROs, they will have developed an appropriate review plan approved by DHEW. DHEW has announced its intention to contract with 13 conditional PSROs by July 1, 1974.

A third type of activity to be funded is the Statewide PSRO Support Centers. These Centers are designed to capitalize upon the experience and knowledge of State professional organizations, particularly the State medical societies and foundations. These organizations will stimulate and support the development and operation of the PSRO program. They will be of particular help to local PSROs in activities, such as educating physicians about peer review and assisting groups to develop their organizational structures and review plans. The development of local PSROs can be significantly facilitated through the leadership, experience, and support of State-level organizations. The first Statewide Support Center contract has been awarded to the Pennsylvania Foundation for Medical Care. Approximately 11 more Support Center contracts will be awarded by July 1, 1974.

PSRO PROGRAM MANUAL

In March, DHEW issued the PSRO Program Manual which contains explicit instructions on how to apply to be a PSRO and the basic PSRO qualifications and requirements. In early April, at a Washington, D.C., meeting organized by the American Association of Foundations for Medical Care, the basic PSRO requirements were discussed by over 400 participants. The Manual was also reviewed at open public meetings of the National Professional Standards Review Council, as well as with the major national organizations, such as the American Medical Association, the American Hospital Association, and the Joint Commission on Accreditation of Hospitals.

The Manual contains a set of guidelines. They are not regulations. This was done so that DHEW can gather comments and modify the Manual based upon actual operating experience. The medical care review system which is described in the Manual is flexible and encourages local decision-making and innovation. Local PSROs may recommend alternative review systems which are based upon their best judgment and experience and are in compliance with statutory requirements.

PRIVATE INITIATIVE

The W. R. Kellogg Foundation has awarded a grant of over $1 million for a study of six prototype PSROs. This major, private initiative will aid the implementation of the PSRO program. The study will develop and test alternative approaches to incorporating a greater emphasis on quality assessment and assurance in PSRO. The American Association of Foundations for Medical Care, the American College of Physicians, the American Medical Association, the American Hospital Association, and the American Society of Internal Medicine are responsible for the conduct of this study.

GUIDELINES FOR USE OF ANTIBIOTICS

DHEW is awarding a contract to develop guidelines, criteria, and standards for the use of antibiotics. Such criteria and standards will be used for screening purposes to identify cases of potentially excessive, insufficient, or inappropriate use of antibiotics. The guidelines will take into account the uncertainties of antibiotic use under many conditions and will deal with the realistic problems of

the practitioner. This activity will be conducted by the American College of Physicians, the American Academy of Pediatrics, the American Academy of Family Physicians, the American College of Surgeons, and the Infectious Disease Society of America.

MODEL SCREENING CRITERIA

Many medical specialty societies are working in the development of the PSRO program, including the American College of Physicians, the American College of Surgeons, the American Academy of Pediatrics, the American Society of Internal Medicine, the American Academy of Family Physicians, the American College of Obstetricians and Gynecologists, and the American College of Radiology. These and other medical specialty societies are developing, under the leadership of the American Medical Association, model screening criteria for their specialty area which can be of assistance to the local PSROs.

The local physicians will develop the norms, standards, and criteria to be used in their area. The PSRO can adopt or adapt to meet their specific situation the criteria developed by the national specialty societies, or they can reject the model criteria completely and develop their own, if they wish.

The norms, standards, and criteria are checkpoints which identify instances of care that fall outside what would normally be expected to occur. These checkpoints will be established for classes of patients with a particular diagnosis or problem. When applied, they screen out cases requiring more in-depth review. It is at this point that peer review really comes into play. All factors related to the particular case in question must be considered before any decision affecting payment is made. For example, consideration of the patient's psychological and social situation and the availability of alternative facilities must be considered as, of course, must the distinction between the case in question and the criteria themselves.

OBJECTION TO THE PROGRAM

Many physicians are concerned about the impact of the PSRO program upon the practice of medicine. Some of that concern is legitimate. Much of it, however, is based upon incomplete information or misunderstanding about the purpose and activities of the program. DHEW has prepared an information document that addresses the most common concerns expressed about the program. This document is available from the Office of Professional Standards Review.

CONFIDENTIALITY: A MAJOR ISSUE

The issue of confidentiality which is often raised in connection with the PSRO program is a potential problem, not only in our present Medicare and Medicaid programs and in existing private health insurance plans, but throughout our society.

The PSRO legislation contains strong penalties for breech of confidentiality. With the help of experts and affected organizations, DHEW currently is developing guidelines and regulations which will address confidentiality in very specific terms. These guidelines will be made available to the PSROs, to data processors who support PSROs, and other involved groups. Their application will be mandatory for all the PSROs and all groups which handle data for any PSRO.

The privacy of patients and physicians is a basic civil right and must be respected. Medical records contain a great deal of privileged information, but the data collected for PSRO purposes will be limited to that required for review. While the law requires the development of patient and physician profiles, the identity of the individuals will be protected from disclosure. There will be no national data bank of individual patient records and everything possible will be done to protect the confidential nature of any records maintained on a local level.

COST OF THE PROGRAM

PSRO will involve substantial administrative cost which will be financed totally by the Federal Government. These costs will be reasonable in comparison with the total cost of the health care programs which are subject to PSRO review. The Administration's proposed $55 million PSRO fiscal year 1975 budget, for example, is about one-fourth of one per cent of the total estimated cost of the Medicare and Medicaid programs for 1975.

FUTURE PROGRAM ACTIVITIES

DHEW is studying ways in which the program might be improved. It is still too early in the development of the program to determine exactly the form those improvements should take—which aspects of the law will work and which may require modification. Many organizations have recommended amendments to the legislation. DHEW has analyzed the law and some of the proposed changes and has concluded that the law should be implemented as it was enacted until the experience of operating PSROs can be evaluated. In addition, many of the proposed amendments are no longer necessary because the issues they deal with have been covered in administrative guidelines developed by DHEW. Any problem areas that arise in the operation of PSROs which cannot be handled satisfactorily through administrative actions will be the subject of recommended legislative modifications.

ACQUISITION OF MARCOR CORP.

Mr. BROOKE. Mr. President, I was concerned to read in several newspapers this morning of the proposed acquisition of the Marcor Corp. by Mobil Oil Corp.

Any such proposed merger surely raises questions of the concentration of economic power. Mobil Oil Corp. is the Nation's third largest oil company and our seventh largest corporation. In 1973 it had total assets in excess of $10 billion. Marcor Corp. is the parent company of both Montgomery Ward and the Container Corp. Its assets exceed $2.8 billion. The combination of these two powerful corporations would certainly result in a tremendous increase of economic and social leverage.

But the issue that most aroused my interest, Mr. President, was the suggestion that a large portion of the funds to be used by the Mobil Oil Corp. in the proposed acquisition would come from the greatly increased profits reported by Mobil since the onset of last year's oil crisis. Only 4 months ago the presidents of major oil companies in their testimony before the permanent Subcommittee on Investigations stated that it was imperative for them to increase their profit margins in order to provide the necessary capital for increased exploration and drilling. Moreover, it has been repeatedly stated that the continuation of exploration efforts is dependent solely on the oil companies abilities to generate increased profits. In this the administration concurred. The administration's justification for granting price increases on domestic oil was to permit the generation of increased profits and, thus, further increased exploration and drilling activities.

Mr. President, it would appear that increased profits are being used to increase economic power, not to expand exploration for new energy sources.

I have, today, written to Rawleigh Warner, Jr., chairman of the board of the Mobil Oil Corp., asking him to explain this apparent contradiction.

I hope, Mr. President, that appropriate committees of the Senate and the House may decide to pose similar questions in an open forum. At this point, Mr. President, I ask unanimous consent to insert the text of my letter to Mr. Warner.

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

U.S. SENATE,
Washington, D.C., June 18, 1974.

RAWLEIGH WARNER, Jr.,
Chairman of the Board, Mobil Oil Corp., New York, N.Y.

DEAR MR. WARNER: I have learned with considerable surprise that the Mobil Oil Corporation is contemplating acquisition of a controlling interest in the Marcor Corporation. It has been suggested that a significant fraction of the proposed acquisition will be financed by the increased profits reported by Mobil Oil Corporation during the past year.

The justification presented to the Congress by spokesmen for the petroleum industry and for the Administration for allowing major oil company profits to increase substantially has been that increased profits are necessary in order to fund increased exploration and drilling costs. The utilization of your profits to acquire a major American corporation would appear inconsistent with the above explanation.

I would be most grateful to receive any comments on this matter that you would care to send to me.

Sincerely,

EDWARD W. BROOKE.

HYPERACTIVITY IN CHILDREN

Mr. BEALL. Mr. President, Senators may recall that I have previously called to their attention the interesting work of Dr. Ben F. Feingold of the Kaiser Foundation Hospitals and Permanente Medical Group with respect to a possible link between food additives and hyperactivity in children. See CONGRESSIONAL RECORD, volume 119, part 27, page 35403.

Dr. Feingold, by altering the diets of hyperactive children has achieved some dramatic results. There have been some who have criticized the methodology. Dr. Feingold himself recognizes some of the limitations of his work to date, particularly the lack of a control group. As a result, I have been working with Dr. Feingold and the National Institute of Education, including a personal meeting with Dr. Feingold and Dr. Boesel in early March, in an effort to pursue Dr. Feingold's hypothesis.

I am pleased to advise my colleagues that the National Institute of Education has awarded a $50,000 Federal grant to Dr. C. Keith Conners of Harvard to see if Dr. Feingold's work can be replicated. A control group will be employed. I ask unanimous consent that a background material on this grant be printed in the RECORD.

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

BACKGROUND MATERIAL

(Attachment A—Scope of Work; Contract No. NIE–C–74–0093)

I. INTRODUCTION

Within the last year an intriguing new hypothesis about the etiology of hyperkinesis has been suggested. Dr. Ben Feingold, Chief Emeritus of the Division of Allergy at the Kaiser Institute and Permanente Group in San Francisco has found evidence in his clinical experience which convinces him that the ingestion of food additives and salicylates causes hyperkinesis in some children, and that in many cases adherence to a diet free of additives and salicylates can substantially reduce or eliminate hyperkinetic behavior within two weeks. If this hypothesis is verified, an etiologic factor and a method of treatment will have been simultaneously identified.

The question is of importance to educational policy for at least two reasons—first because hyperkinesis affects a significant number of elementary school children, frustrating their attempts to do well in school and to get along with their peers and teachers; second because the Federal Government subsidizes school lunch programs in which foods with additives are served. The National Institute of Education therefore intends to fund an experiment to discover whether Dr. Feingold's hypothesis is correct. The experiment, together with the activities necessary to start it, carry it through, and complete a comprehensive report on it, will constitute a project. Dr. Feingold will serve as dietary advisor to the project.

II. METHODOLOGY

NIE is seeking a double-blind experiment in which a sample of hyperkinetic children is divided into experimental and control groups on a random or stratified-random basis. Both groups will be put on "special" diets, but only one of the diets will be free of additives and salicylates. Ideally both diets should be identical except for the presence of additives and salicylates in one; operationally, the diets should approximate this equivalence as closely as possible, consistent with the other objectives of the study. Both groups will be rated and tested before, during, and after the experiment to determine whether the additive- and salicylate-free diet is effective.

Potential subjects for the experiment should be carefully screened so that borderline and non-hyperkinetic cases can be excluded. The two groups should be put on their respective diets and kept on them for a period of time sufficient to test the hypothesis, providing that enough time remains after the experiment to complete a preliminary report within nine months of the project's initiation. While as little as one month's experimentation would probably be sufficient to show whether the diet has an immediate effect, NIE is also interested in discovering whether effects persist at the same level, increase, or diminish over a longer period.

As a minimum, analysis should indicate, for each test or criterion, changes over time (if any) in the number and percent of children showing improvement in each group and variation within groups in the degree of improvement.

III. WORK STATEMENT

The contractor will design and conduct a double-blind experiment which will, in terms of acceptable measures of hyperkinesis:

(a) Discover whether an additive- and salicyclate-free diet can reduce or eliminate hyperkinetic behavior.

(b) Indicate both the proportion of subjects in each group showing change in dependent variables and the degree of change.

(c) Indicate changes over time in dependent variables (measures of hyperkinesis).

(d) Be capable of detecting large changes in dependent variables in as little as 15% of the subjects in each group at the .05 level of significance.

The project should include, but need not be limited to, the following tasks:

1. Recruit candidates from whom participants in the experiment will be drawn.
2. Screen candidates for inclusion in the experiment.
3. Divide subjects into experimental and control groups on a random or stratified-random basis.
4. Before introducing diets, test and rate subjects using instruments sensitive to hyperkinesis.
5. Put experimental and control groups on appropriate diets.
6. Re-administer the same instruments at least once during the experiment and again at its conclusion.
7. Code and process data.
8. Analyze results.
9. Within nine months of the beginning of the project complete a preliminary report on the experiment and submit it to NIE; within 12 months, complete a final report and submit it to NIE.

IV. ADDITIONAL SPECIFICATIONS

1. Screening of Subjects:

Rigorous criteria should be adopted to distinguish between hyperkinetic children on the one hand and borderline and non-hyperkinetic children on the other. Subjects should be clearly hyperkinetic, insofar as current methods of diagnosis permit identification.

2. Control and Monitoring of Diet:

Strict adherence to diet is of course desirable, and any reasonable method to encourage adherence should be considered. Monitoring procedures should make it possible to note instances of non-compliance.

V. CONTRACTOR'S OBLIGATIONS

Put succinctly, the contractor will be responsible for the project from start to finish. He or she will organize, manage and oversee the project and will provide all personnel, facilities, goods and services necessary for its successful completion.

VI. STAFFING

Project staff should be selected and organized so as to maximize the efficient conduct of the project and the quality of the final product. Many staffing arrangements can be considered; the following is set forth as an illustration:

Principal Investigator: 6 months (1 year at ½ time).
Two psychologists: 9 months each.
Two diet monitors: 3 months each.
Nutritionist: 1 month.
Dietary consultant.
Dr. Feingold: 15 days.
Secretary: 1 year.

NURSE–CLINICIANS

Mr. HOLLINGS. Mr. President, a recent article in the Spartanburg, S.C., Herald-Journal, tells about a new program at the Spartanburg General Hospital to prepare registered nurses as nurse-clinicians. This program is the first of its kind in South Carolina.

Programs like this are helping to expand the functions of nurses and free doctors to spend more time on the more complex medical problems. Mr. President, this is a promising development in efforts to improve health care in this country. I think this article describing the program at Spartanburg General Hospital would be of interest to all of my colleagues. I ask unanimous consent to have the article printed in the RECORD.

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

[From the Spartanburg (S.C.) Herald-Journal, May 26, 1974]

NURSES' ROLES EXPAND AS NURSE-CLINICIANS

(By Linda Hembree)

Nurses in Spartanburg and throughout the state are expanding their roles. They are taking on new duties and responsibilities that traditionally belonged to the doctors.

This new "nurse" is called a nurse-clinician and the first program of its type for registered nurses in South Carolina is available at Spartanburg General Hospital.

"The primary objective of the program," says Mrs. Theo Thomas, nursing coordinator for department of medical education and nursing supervisor for family practice at General Hospital, "is to provide opportunities for students to learn and demonstrate basic skills of medical history taking and physical diagnosis as developed by the speciality of family practice and interrelationship of nursing processes. We call it the expanded role of the nurse.

"The program is open only to registered nurses and we prefer to admit those who have at least two years experience," she adds. "This makes our program unlike the doctors' assistants program at Medical University of South Carolina where former medics are usually the students who are getting further education.

"Fourteen students have graduated from the program here so far," Mrs. Thomas asserts. "Not all of these have been residents of the Spartansburg area. Those who have remained here are now working in the family practice center at the hospital, at the county health department or in private doctors' offices."

"We do not encourage the girls to remain at the hospital. Instead, we want them to go in whichever direction their skills enable them," she explains.

Two of the graduates of the program have gone to work in private doctors offices.

Mrs. Ray Kimmons works in the office of Dr. David K. Stokes Jr. in Inman and Mrs. Frank Chalmers works at the Wallace Wilson Brailsford Clinic.

"My work in the office is done in close consultation with the doctors," Mrs. Kimmons says. "I do complete physicals and histories for school, insurance and employment and work closely with diabetic and hypertensive patients and their diets. If I feel a patient should see the doctor for further examination, then an appointment is made for him.

"I went into the nurse-clinician program because I felt it was an area where I could extend my role as a nurse as well as relieve the doctor of some of his duties," she continues. "I love to work with and help people. I think people need to understand what is wrong with them and I try to help them have better understandings of their conditions. I have never given any consideration to going to medical school. I like the role of nurse too much.

"So far I have been accepted well by the doctors here. Some nurses think nurse-clinicians are stepping out of their bounds and accepting responsibility that is not theirs and others are very much in favor of the program. So far the patients have accepted me very well. They appreciate the time I can give them."

Dr. Stokes is wholeheartedly in favor of the new program. "In fact," I encouraged Mrs. Kimmons to take the training," he says. "She had previously worked in my office as an R.N.

"I feel there is a great need for nurse clinicians," he adds. "They can perform a great service as well as help cut down on the expense of medical care. I plan to have another girl from my office begin training in the fall and will use her along with Mrs. Kimmons in the practice."

Mrs. Chalmers' duties at the Wallace Wilson Brailsford Clinic are a bit different from

those of Mrs. Kimmons in general practitioners' office.

"I work at the hospital a great deal of the time," she says. "I see all patients preoperatively, make morning and evening rounds with the doctors, verify daily scheduled admissions and review charts of newly admitted and dismissed patients, provide a liaison between the hospital and the office, augment the patients' understanding of his condition and treatment, review in-hospital nursing plans with hospital nurses, visit patients in extended-care facilities and report on their progress and maintain a liaison with the operating room staff." Her doctors comment that her duties are not in lieu of any duties of the doctor. She does not replace the doctor and there are no fees for her duties.

Mrs. Roy Lancaster is employed by the Spartanburg County Health Department. She works with patients who come into the clinic and those in neighborhood centers and also makes house calls. At present she is working with the Cherokee County Health Department while a nurse from there attends the nurse-clinician program in Spartanburg. Other nurse-clinicians at the Health Department are Mrs. Charles Silverman, who is family planning coordinator; Mrs. Eugene Cote, who is in home health services, and Mrs. Gary Hutchins, maternal and child care coordinator for early screening clinic for children.

"I enjoy most the versatility of my work," Mrs. Lancaster says. "I am involved in a family planning clinic as well as do routine physicals and Pap smears. The Brotherhood Center is a free clinic, a walk-in type thing, so there I get a variety of duties.

"I feel the nurse-clinician program is a worthwhile thing for Spartanburg and I hope more registered nurses will take advantage of its availability here," she says.

THE LOCKHEED LOAN

Mr. JAVITS. Mr. President, I am gratified to draw the attention of my colleagues to an important development in the Lockheed loan guarantee legislation which was announced on June 3 and could take the United States out of its loan guarantee for which I voted. On that date the Textron Corp. announced jointly with Lockheed Aircraft Corp., a tentative plan which will include an equity investment by Textron in Lockheed and a restructuring of Lockheed's debt.

The plan is extraordinarily complex involving in excess of $300 million, and the issuance of new Lockheed common shares and new Lockheed preferred stock. What is important about this plan, however, is that, if consummated, it contemplates a release of the U.S. Government loan guarantee for Lockheed which was approved by Congress by a one-vote Senate margin in 1971; in effect, saving the United States harmless in its commitment.

My colleagues in the Senate will recall that at the time I sought actively to insure emergency loan guarantees for key corporations which were then possibly only a few steps behind Lockheed, and which included Lockheed. At the time, I cited the fact that many basically sound corporations with good management were facing liquidity problems having been caught in the squeeze of tight money, costly labor, higher prices for raw materials, and higher operating costs while at the same time sales and profits were declining and taxes increasing, which could collapse them and the U.S. economy, too. This set of conditions had caused the deterioration of the credit standing of many corporations, which in turn had an effect on their debt refinancing.

In Lockheed's particular case, a series of extraordinary shocks—including the failure of the Rolls Royce Corp., which supplied engines for the L1011 Tristar aircraft—made the bankruptcy of Lockheed virtually inevitable unless some extraordinary step was taken. The debate in Congress over the advisability of a Government-backed loan guarantee was heated and the vote was close.

My purpose this morning is to draw my colleagues' attention to the fact that when faced with this great Lockheed dilemma back in 1971 we did the right thing: We kept one of the Nation's major corporations and leading defense contractors, employer of 60,000 workers and a partner with the British Government in the production of a new commercial plane, in business. We did this even though it placed a contingent liability on the U.S. Treasury and even though none of us wanted the Lockheed experience to serve as a precedent for loans to corporations faced with financial troubles generally.

Since the passage of that loan guarantee, the world has not been stable, and yet Lockheed seems to have been able to improve its financial condition to the extent that this new development has taken place. The Mideast oil crisis, for example, has raised the price of jet fuel so high that airframe manufacturers are necessarily affected. However, Lockheed has not come running back to Washington seeking additional financial aid; instead it has turned to the traditional sources of capital in this country, the investment banking community, and the Loan Guarantee Board and the British representatives for Rolls Royce. And there, within the next 6 months, an imaginative solution to Lockheed's long-range problems may well have been worked out. And, of course, the most refreshing, reassuring, and distinctive feature of the Lockheed-Textron proposal is the contemplated release of the U.S. Government from its loan guarantee on terms negotiated by Lockheed, Textron, and the banks who originally sought the guarantee.

It is a proposed solution that has many tough features to it for the management and shareholders of Lockheed; the banks are being asked to agree to unconventional rearrangements of debt and interest payments; and Textron Corp. would be putting up a substantial amount of capital to help relieve the financial strain on Lockheed Corp. Also, there are still hurdles that the parties to the agreement may find difficult to cross but if, as we hope and expect, it succeeds, it could prove once again the resourcefulness of the private sector so important to the economic history of our country.

I point out the fact that Treasury Secretary Simons in commenting on the proposed Lockheed-Textron plan said:

The [Loan Guarantee] Board believes such an arrangement will considerably improve Lockheed's capital position. This, in turn, would enhance and better assure the company's long-term viability and the success of its existing commercial and military progress.

As a footnote, I would point out to my colleagues that over the years much has been said about Government-industry partnerships, and the need for cooperation and understanding among the various sectors of our pluralistic society. The Lockheed loan guarantee program illustrated an extraordinarily constructive example of that kind of partnership at work. I hope that if the plan is consummated the Congress can keep in mind the lessons to be learned from that experience, lessons which would illustrate the continued vitality of America's business community and of the possibilities for other creative Government-business partnerships in the future.

Mr. President, I ask unanimous consent that a press release from Textron Corp. and a recent article from Business Week, describing the Textron-Lockheed plan, be printed in the RECORD.

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

NEWS FROM TEXTRON

JUNE 3, 1974.—Daniel J. Haughton, Chairman of the Board of Lockheed Aircraft Corporation, and G. William Miller, Chairman of the Board of Textron Inc., jointly announced today that their respective Boards of Directors have approved a tentative plan which would include an equity investment by Textron in Lockheed and a restructuring of Lockheed's debt. Mr. Miller indicated that Textron has held talks concerning the plan with Lazard Freres & Co., Lockheed's financial advisor, and also with some of the Lockheed lending banks.

The plan contemplates a new equity investment in Lockheed of $100 million, of which Textron would provide $85 million by acquiring 12 million new common shares of Lockheed at $5 per share and $25 million of a new Lockheed preferred stock. The remaining $15 million would be provided by a rights offering of 3 million new Lockheed common shares to Lockheed shareholders at $5 per share to be underwritten by Lazard. After the purchase of 12 million shares of Lockheed common stock, Textron would own about 45% of the approximately 26.4 million Lockheed common shares then outstanding.

It will be a condition of the plan that the Lockheed lending banks convert $275 million of the present $620 million Lockheed bank debt into the new Lockheed preferred stock, and confirm a bank credit to Lockheed of $375 million.

In addition to the infusion of new equity, the plan would result in a significant reduction in Lockheed's debt service costs and would improve cash flow during the next several years.

Under the plan, Lockheed would continue as a separate corporation, with the benefit of the new financial support provided by the lending banks, Textron and Lockheed shareholders. The stock of Lockheed acquired by Textron would be held for investment, and there would not be a merger or consolidation of the two companies. Textron operations would not be affected in any way.

Except for Mr. Miller becoming Chairman and Chief Executive Officer of Lockheed after the proposed recapitalization is finalized, at which time Mr. Haughton will become Vice Chairman, no other changes in the management of Lockheed are contemplated. Mr.

Miller will continue as Chairman and Chief Executive Officer of Textron.

Textron is a diversified company with total assets of $1.3 billion, and with 1973 sales of $1.9 billion and net income after taxes of $100.5 million.

One of the primary purposes of the plan is to give additional support to Lockheed's TriStar L–1011 commercial air transport program. The TriStar is an important part of the air fleet of many major airlines around the world.

In order for the plan to become effective, it would be a condition that sufficient airline second buy options be converted into firm orders, or new orders be obtained, to bring the TriStar program to a total of 180 firm production commitments including the 74 airplanes already delivered. Cumulative orders to date total 202, including 135 firm orders and 67 second buy options. It is contemplated that the TriStar program will run to at least 300 aircraft over its entire lifetime, extending well into the next decade.

Under the proposed plan Lockheed would undertake to adopt a change in accounting policy by writing off certain non-recurring costs related to the TriStar program. These non-recurring costs have already been expended and are currently being amortized by Lockheed over the planned 300 airplane program. It is estimated that under the amended accounting policy, the write-off, which would be charged to Lockheed's accounting policy, the write-off, which would be charged to Lockheed's income in 1974 as a condition to and before the plan becomes effective, would amount to approximately $300 million net after providing for the anticipated related tax benefits. It is anticipated that in future years the TriStar program would operate near a breakeven after all charges. With continuation of Lockheed's other substantial and profitable programs, this would permit Lockheed to return to greater profitability.

Lockheed's operations include Lockheed Missiles and Space, located in Sunnyvale, California, which produces fleet submarine ballistic missiles such as the Poseidon, satellite space vehicles and other research and development projects; Lockheed California, with plants in Burbank and Palmdale, which, in addition to producing the TriStar L–1011, designs and manufactures military aircraft such as the P–3C Orion and the S–3A Viking; Lockheed-Georgia, located in Marietta, which designs and builds large military and commercial airlift and cargo aircraft such as the C–130 Hercules; Lockheed Aircraft Service, with headquarters in Ontario, California, which is the nation's oldest and largest aircraft maintenance and modification firm with operating branches around the world; and a number of other divisions.

The plan is intended to assure availability of sufficient capital so that these Lockheed operations will not be restricted by lack of adequate financial resources. Many Lockheed programs are essential to national security and represent some of the most advanced technology in the world.

The suggested plan contemplates release, on terms satisfactory to the parties, of the U.S. Government loan guarantee for Lockheed which was approved by Congress in 1971. The proposed support from private banks and private industry should assure continued vitality of Lockheed as a unique and vital American enterprise.

With the restructuring of debt, it is expected that Lockheed would be able to generate sufficient cash over the next few years to make substantial reduction in its senior securities and maintain itself on a sound financial basis.

The preliminary plan, if accepted and implemented, would be subject to approval by Lockheed's banks and other creditors and by Lockheed and Textron directors and shareholders. It would also be subject to several other conditions, including agreement by Rolls-Royce as engine supplier to continue its support of the TriStar L–1011 program, and approval of various U.S. Government agencies.

It is expected that closing would occur by 30 November 1974.

[From Business Week, June 8, 1974]

TEXTRON EASES THE PRESSURE ON LOCKHEED

G. William Miller, chairman and chief executive officer of Textron, Inc., the self-styled conservative conglomerate, has no second thoughts about the $85-million he plans to pump into ailing Lockheed Aircraft Corp.—a move one New England businessman calls "a radical roll of the dice out of character with Miller's usual style."

"I'm afraid people will look back and say it was too easy," the 49-year-old executive says confidently. If all the conditions of the complex deal O.K.'d by Textron and Lockheed directors this week are met—perhaps the biggest corporate "if" of the year—Miller will become chairman and chief executive of Lockheed as well as of Textron, and the Providence (R.I.) conglomerate will own 45% of Lockheed's common stocks.

"A big risk? Not at all," Miller demurs. "In relation to some other things Textron has done, this is a moderate investment—a constructive, exciting, once-in-a-lifetime opportunity."

According to Miller, a recapitalized Lockheed, assuming it meets the conditions of the proposed rescue, "will be profitable at once, the first month after the deal is completed." The tentative agreement is contingent on:

Lockheed's ability to find 45 additional orders for its $20-million L–1011 by Nov. 30, the target date for consummation of the deal.

Acceptance by all 24 Lockheed's creditor banks of a restructure of its $650-million bank debt that would convert $275-million into Lockheed preferred shares bearing 5% interest and reduce the interest on the remaining $375-million to 4% from the present prime rate of 11½%.

The creditor banks' release of the federal government from its 1971 pledge to guarantee up to $250-million of the bank debt.

The British government and Rolls-Royce (1971), Ltd.'s agreement to produce the big jet engines Lockheed might need to sell the L–1011.

As Miller sees it, if these provisos are met and Lockheed immediately writes off some $600-million of "nonrecurring" development and preproduction costs of the L–1011, Lockheed should contribute substantially to Textron's 1975 earnings. As 45% owner of Lockheed common, Textron could add 45% of any Lockheed earnings to its own income. That could mean nearly $1 a share to Textron in 1975 if Lockheed earns the $2 a share some analysts forecast. Textron netted $2.65 a share last year on $1.9-billion in sales.

Under the agreement, Textron would purchase 12-million shares of a new issue of Lockheed common at $5 a share, or 45% of the 26.4-million to be outstanding after the offering. It would also buy $25-million worth of a new Lockheed preferred. In addition to Textron's $85-million investment, Lockheed will also offer $15-million worth of the preferred to the public in the underwriting, which will be handled by the New York investment banking house of Lazard Frères & Co.

Making it work. Miller insists that the whole plan will come apart unless all the conditions are met, just as a picture puzzle is not complete until all the pieces fit. He denies that Textron might be willing to compromise if Lockheed cannot come up with 45 firm new aircraft orders—enough to keep the production lines fully scheduled through 1978.

"That's a must condition—we can't go through without it," he says. Miller believes that bad mouthing by competitive aircraft makers may be behind the pessimism some express over the prospects of lining up new L–1011 orders. The much traveled Miller says he will visit all the airlines this summer to assure them of Lockheed's viability if the rescue deal goes through. He is sure the orders are there.

"All of Lockheed's troubles are bound up in the L–1011, which tied up cash and required too much debt and interest," says Miller. "But once that's on a sound operating platform, you'll see the strength of one of the world's great technology companies. We figure we have a very attractive deal when we can let Textron's shareholders share in Lockheed's progress for years to come for only $60-million."

Organizing it. Miller does not intend to merge Textron with Lockheed. That, he says, would destroy the advantages of the "alliance," as he calls the proposed relationship of the two companies. Nor does he anticipate assigning other Textron executives to the Burbank-based aerospace giant.

"This way we'll retain our independence at Textron without wrecking the balance that we now have with 100% control of our [34] diversified companies," he explains. Last fall Textron directors formally considered a Lockheed merger after talks between the two companies were set up by their mutual auditors, Arthur Young & Co. That proposal was voted down by Textron directors, Miller says, but the investment "alliance" appealed to them.

Miller says that he insists on taking over as chairman and chief executive at Lockheed so that he can represent Textron's 45% interest. He intends to do this by managing Lockheed in the same tightly controlled, financially conservative way he has managed Textron since he became president at age 35 in 1960. He plans to spend most of the coming months in California.

"We're beautifully organized at Textron. They won't miss me," he declares, pointing out that he will now cancel a planned three-month sabbatical beginning in July. Textron's newly elected president, Joseph B. Collinson, will handle most of Miller's Textron duties while he is initially absorbed in Lockheed's affairs.

Putting it together. Miller was born in Oklahoma, grew up in Texas, went to school in California and Connecticut, and has traveled widely throughout the world on Textron business. But he has yet to visit Burbank. He knows Lockheed's chairman, Daniel J. Haughton, through Textron's aerospace interests at its Bell Helicopter Co. and Bell Aerospace Co. subsidiaries. But most of the negotiating on the Lockheed deal was done by telephone from Miller's Providence office, which overlooks Brown University, with Lazard Frères partner Felix G. Rohatyn serving as catalyst and middleman.

Rohatyn headed a team of his firm's partners who had been seeking a solution to Lockheed's problems since December. That was when a special committee of Lockheed's outside directors, headed by former New York Stock Exchange president Robert W. Haack, retained Lazard as a consultant. "Our task was to address ourselves to the financial problems of Lockheed through merger or some other means," Haack says. "The problems were so serious that I thought of my old problem solver at the Exchange, Felix Rohatyn, who headed up our surveillance committee of beleaguered member firms during the financial crisis of 1970–71."

Working closely with Haack, Rohatyn developed a scenario that called for persuading the banks to take a junior position on some of the debt, thereby reducing the cash drain in interest payments, which amount to nearly $90-million this year. At one time Rohatyn was talking in terms of a write-off

of as much as $1-billion, but the auditors balked. He and Haack put a proposal from General Dynamics Corp. to the banks in late February. General Dynamics Chairman David S. Lewis wanted to build a financial fence around the L–1011 to insulate GD from the troubled aircraft. "He wanted to make the banks' situation contingent on the success of the L–1011, and they wouldn't buy that," Haack says.

With the General Dynamics deal rejected by the banks, Rohatyn turned to Miller at Textron. "Miller was willing to talk in terms of participating in the whole Lockheed situation, not just part of it," Rohatyn recalls.

Some observers describe the negotiations among Textron, Lockheed, Lazard, the British, the government, the banks, and the airlines as a business counterpart of the recent Middle East "shuttle" diplomacy of Secretary of State Henry A. Kissinger. Miller says he sees a parallel in the many groups of interests that had to be satisfied in both negotiations. But, he adds, once the banks and government agreed to their parts in the rescue, it became relatively smooth sailing. "As far as I know, we were the only company that was approached on this specific deal," he says. "To their credit, Lazard didn't try to 'shop it around.' "

Rohatyn confirms this, noting that although he held his first talks with Miller in February, while the General Dynamics deal was very much alive, "We kept all parties informed of what was going on at all times." He adds that tentative discussions were also held with Rockwell International Corp.

Miller points out that Textron can simply walk away from the Lockheed deal if all the conditions are not met. But that is not what he is counting on as he lauds the deal as good for Lockheed, good for the nation, good for the private sector, and "very good indeed for Textron shareholders."

PART "B" OF ESEA TITLE I

Mr. DOMINICK. Mr. President, the House and Senate are currently in conference on H.R. 69, the Education Amendments of 1974. For the information of my colleagues, I would like to offer a table showing the State allocations, as proposed by the Senate amendment to H.R. 69, for the special incentive grants program of title I of the Elementary and Secondary Education Act—the so-called part "B" program of title I. The House bill would eliminate all of part B.

The special incentive grants program is designed to provide an incentive to those States whose citizens carry a larger burden than the national average in taxing themselves in order to finance their elementary and secondary schools.

Due to increases in the costs of living and the costs of education, the Senate has proposed to update part B by allowing for an increase in the amount available to eligible States. Under the proposed Senate language, the part B program would be extended through fiscal year 1978 under the same conditions and limitations of existing law with the following additions:

First, the aggregate amount from title I funds to which the States are entitled under the computation of $1 per eligible title I student shall not exceed $50 million for any fiscal year; and

Second, a separate amount, not to exceed $25 million for any fiscal year, is authorized for the purpose of computing an additional $0.50 payable to the States for each eligible title I student.

Mr. President, the following table indicates the State allocations for part B which would have been received if the part B program were funded at the projected appropriation level, allowing for the ratable reduction applied to title I moneys.

I ask unanimous consent to have the table printed in the RECORD.

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

TOTAL ESTIMATED PART B GRANTS INCLUDING (A) GRANTS BASED ON $1 PAYMENT RATE AND RATABLY REDUCED TO $39,000,000 OUT OF TITLE I APPROPRIATIONS AND (B) GRANTS BASED ON $0.50 PAYMENT RATE WITH SEPARATE AUTHORIZATION OF $25,000,000 USED AS APPROPRIATION LEVEL—NO STATE TO RECEIVE MORE THAN 15 PERCENT OF EITHER GRANT WHICH IS THE SAME AS NO MORE THAN 15 PERCENT OF TOTAL PART B GRANTS

State	1st allocation (Col. A)	Separate allocation (Col. B)	Total
Alaska	1,082,307	689,948	1,772,255
California	248,163	158,199	406,362
Colorado	87,129	55,543	142,672
Connecticut	443,438	282,683	726,121
Delaware	105,185	67,053	172,238
Indiana	279,778	178,352	458,130
Iowa	1,726,673	1,100,717	2,827,390
Louisiana	3,535,362	2,253,716	5,789,078
Maine	844,582	538,403	1,382,985
Maryland	577,376	368,065	945,441
Michigan	5,882,555	3,750,000	[1] 9,632,555
Minnesota	5,429,275	3,461,044	8,890,319
Montana	708,208	451,467	1,159,675
New Jersey	1,804,224	1,150,153	2,954,377
New Mexico	942,589	600,880	1,534,469
New York	5,882,555	3,750,000	[1] 9,632,555
Oregon	1,400,705	892,919	2,293,624
Pennsylvania	1,030,620	656,998	1,687,618
South Dakota	314,248	200,327	514,575
Utah	419,235	267,254	686,489
Vermont	890,545	567,703	1,458,248
Washington	1,656,784	1,056,164	2,712,948
West Virginia	187,041	119,234	306,275
Wisconsin	3,296,550	2,101,478	5,398,028
Wyoming	441,880	281,689	723,569
Total	39,217,007	24,999,989	64,216,996

[1] Denotes those States which are at 15 percent of available grants.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the unfinished business, H.R. 14832, which the clerk will state by title.

The assistant legislative clerk read the bill by title, as follows:

A bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

The Senate resumed the consideration of the bill.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum, without prejudicing the rights of the Senator from Alabama.

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

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. ROBERT C. BYRD. Mr. President, the Senator from Alabama is to be recognized. Will the Senator then yield to me?

The ACTING PRESIDENT pro tempore. Under the previous order the Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I have no objection to yielding to the distinguished assistant majority leader provided I do not lose my right to the floor.

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

Mr. ROBERT C. BYRD. Mr. President, what is the pending question before the Senate?

The ACTING PRESIDENT pro tempore. The pending question is on agreeing to the amendment of the Senator from Alabama.

Mr. ROBERT C. BYRD. On yesterday, the distinguished Senator from Alabama made a motion, which appears on page 19486 of the CONGRESSIONAL RECORD, as follows:

I move that the bill and the pending amendment be postponed until the next legislative day.

Mr. President, that motion, in my opinion, became moot with the adjournment of the Senate on yesterday, the purpose of the motion being to lay the matter over until the next legislative day, which would have been today. If the Senate had recessed last evening, of course, the question in my opinion would still be pending before the Senate, but in view of the adjournment, the purpose of the motion has been accomplished.

I have discussed this matter with the distinguished Senator from Alabama and he, of course, will speak for himself, but I believe that he agrees with me that this is the case.

Such motions have been made from time to time in the past, and no challenge has been raised, as I understand it. Hence, there has never been a ruling of the Chair on this point. I feel, from the standpoint of being a member of the leadership, that it is desirable to have such a ruling from the Chair, for this reason: I feel that if a Senator makes a motion to postpone to a definite date, say the 20th of June, then that motion would continue in a pending status with daily adjournments of the Senate until the 20th of June, if it were not agreed to in the meantime. But if such a motion is for postponement only until the next legislative day, then for it to continue in effect, I think, gives it valid life that should not continue to attach to it. I believe that any Senator should be required to again obtain recognition time on the next legislative day and make his motion anew, if he wishes to make such a motion.

I am not raising this question because of Senator ALLEN in this instance, and he understands that, but were it any Senator I would raise the question, because I think it is time that it ought to be raised and settled. Of course, as the Senator from Alabama knows, if he wishes to make another similar motion

he can do it as soon as the Chair has stated its opinion.

I ask unanimous consent, Mr. President, that the Senator from Alabama and I be permitted to discuss this matter for no more than 10 minutes at the most, 8 minutes of the time to be under his control, because I have already taken a good bit of time, and that he then be recognized again, and if he wishes to renew his motion he can do it at that time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I thank the distinguished acting majority leader.

There is no point in controversy as far as the Senator from Alabama is concerned. At the time I made the motion that the bill and the pending amendment be postponed to the next legislative day, no decision had been made, and if one had been made it could have been changed at any time, as to whether the Senate was going to adjourn at the close of business yesterday, or recess.

As the distinguished Senator has said, if the Senate had recessed at the close of business yesterday, we would still be in the same legislative day, and obviously the motion of the Senator from Alabama would still be alive and the pending question before the Senate. But we did adjourn yesterday evening, and that did make the motion moot. I agree with the contention and statement of the distinguished acting majority leader in this regard that the motion is dead, that it is not now pending before the Senate, and that the pending question is on agreeing to the amendment of the Senator from Alabama, on which he would like to speak at the proper time in accordance with the unanimous-consent agreement of yesterday.

So I agree entirely with the distinguished acting majority leader.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. ALLEN. Yes.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Alabama. This question has never been raised, as I understand it. Such a motion has been made in a recent instance by the Senator from Wisconsin (Mr. PROXMIRE), I believe, in connection with the debate on the SST, and there was no challenge when such a motion went over, and no ruling from the Chair.

While the Senator and I are in agreement on this matter, I would like—if the Senator will allow sufficient time—for the Chair to rule as to whether, in the opinion of the Chair, a motion to postpone to the next legislative day dies with adjournment, so that there will be a precedent by which we can be guided in the future.

Mr. ALLEN. I thank the distinguished Senator. I have no objection. I believe, however—and I have consulted with the Parliamentarian on this question—that the matter of the motion by the distinguished Senator from Wisconsin (Mr. PROXMIRE) was somewhat different and would not be a case in point, because he renewed his motion each day. I do not believe there is any parallel there.

Mr. ROBERT C. BYRD. I see. Very well.

Mr. ALLEN. I have no objection to a ruling from the Chair on this question.

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

The ACTING PRESIDENT pro tempore. Does the Senator now ask for the ruling?

Mr. ROBERT C. BYRD. Yes, I do.

The ACTING PRESIDENT pro tempore (Mr. HUGHES). The motion made yesterday by the Senator from Alabama (Mr. ALLEN) to postpone further consideration of the pending bill, H.R. 14832, and the pending amendment thereto, until the next legislative day was the pending question when the Senate adjourned last night. But having adjourned last night, the Senate is now in a new legislative day. Had that motion been to postpone until June 18, instead of until a new legislative day, that motion would now be a moot question. Reasoning on the same basis, it would appear that the motion made yesterday to postpone further consideration of the bill and amendment until the next legislative day, if it were in order in the first instance, would now also be a moot question, or otherwise it could not have been considered in compliance with rule XXII, which makes it in order to make a motion "to postpone until a day certain." If the Senate had recessed last night, instead of adjourning, the Senate would not be in a new legislative day, so there would be reason to assume that the motion would still be alive. Consequently, the Chair holds that the motion in question is now moot and would have to be renewed.

Mr. ALLEN. I thank the Chair, and I thank the Senator from West Virginia.

Mr. NELSON. Mr. President, will the Senator now yield for the purpose of a unanimous-consent request?

Mr. ALLEN. Yes, if I may do so without the resumption of my remarks being considered a second speech.

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

Mr. NELSON. Mr. President, I ask unanimous consent that Mr. James Verdier be accorded the privilege of the floor during the debate on the pending debt limit bill.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Without objection, it is so ordered.

Mr. ALLEN. Mr. President, we have continuing before us at this time the consideration of H.R. 14832 as the unfinished business. The pending question, of course, is on agreeing to an amendment by the Senator from Alabama, which I shall discuss momentarily. This bill has to do with the debt limit of the National Government. It has no reference whatsoever to taxation. Tax legislation is generally and traditionally embraced in what is called a revenue bill. It would seem to the Senator from Alabama that any changes in the tax laws should be embraced in revenue bills or a revenue bill originating as required by the Constitution in the House of Representatives. It was never contemplated, in the judgment of the Senator from Alabama, that the Senate should pounce on a bill coming from the House of Representatives and add nongermane tax legislation thereto. It was contemplated, Mr. President, that the Senate would have the right to offer and adopt amendments to revenue bills but not to originate them to amend revenue bills as to the specific provisions of revenue bills coming over from the House.

This is no revenue bill. This is a 12-line bill dealing with the national debt. Our national debt limit right now is $475.7 billion. That is a staggering sum, and I am sure none of us have any conception of what that amount of money is—$475.7 billion. That is the limitation. I understand from figures furnished by the Treasury Department that we are within a couple billion dollars or so of having reached that limitation.

Now the national debt is divided into two portions or two divisions. The permanent debt of $400 billion—and we never do legislate with respect to that. That is there. It is frozen. We pay, I dare say, $23 billion or $24 billion each year on it in interest, and that limitation remains intact. It goes on year after year. Then they have what they call the temporary debt limit and that temporary debt limit is, right now, as I have stated, in effect, $75.7 billion.

I might say that I am ready to vote on the bill right now. I am not arguing against the bill. I am ready to vote right now and order the bill to a third reading and vote on it. So my remarks are not directed against the bill. Let us vote any time on the bill. So we need not worry about the debt limit authorizations expiring and the Senator from Alabama's preventing action on the bill. He is ready at any time to vote on the bill and I hope that somewhere along the line we will come to a vote on it.

I might state, Mr. President, that the effort that is being made in connection with this bill, from those who do not feel that tax legislation should be added to it, that this action on the part of those Senators will, in the judgment of the Senator from Alabama, lessen the amount of time that is expended with respect to the bill, because I do not believe that the leadership on both sides of the aisle is going to be willing to see Senators who seek to load down the bill with tax legislation and continue to hold this bill hostage while they make speeches here on the floor of the Senate talking about the great need for their amendments. I do not believe that will take place. I believe that sometime before many days have elapsed a halt will be called to this charade on their part of insisting that they be allowed to tack tax measures on a bill that is not a tax bill.

Let us consider some of the bills in the past which have been before the Senate having to do with taxation.

Mr. NELSON. Mr. President, will the Senator from Alabama yield for a question?

Mr. ALLEN. I am happy to yield to the Senator from Wisconsin.

Mr. NELSON. Do I understand correctly from the Senator's comments that if there were before us a revenue measure of some kind, the Senator would permit amendments to it and let them come to

a rollcall vote after reasonable discussion?

Mr. ALLEN. This Senator has no authority or any right to prevent amendments. This Senator certainly does not have in mind speaking at length on revenue measures coming from the House having been considered by the Ways and Means Committee of the House, passed by the House, considered by the Senate, and a recommendation having been made by the Senate in a revenue measure. The Senator from Alabama would not speak at length on any such measure. He is hopeful that such a bill will come forward. The Senator from Alabama believes that if such a bill does come from those committees, it will be a bill that will balance the reductions with the increases, and with the closing of loopholes, and that it will be something that the committee with its knowledge and expertise would recommend to the Senate.

The Senator from Alabama would not have any idea whatsoever of speaking at length on any such measure. But he does object to a measure coming over from the House of Representatives in a simple form like the pending bill, to accomplish a necessary function, and then being pounced on by Senators to seek to add these measures to a bill that must be passed and must be approved, and so force the President to sign ill-advised legislation. He feels that that is not the proper way to run the legislative system, because it is not the system which has been set up, and it deprives the House and Senate of the expertise of the Ways and Means Committee. It deprives the Senate of the expertise of the Finance Committee. These committees, I assume, are carrying on continuous studies of the necessity for tax reform.

That is a far cry from "throwing" a bill into the Senate and allowing Senators to offer any sort of amendment they wish, and having each Senator vying with his colleagues in offering the best tax reduction measure that can be conceived, with no concern about the loss to the Treasury, no concern about the effect of various amendments on the existing tax laws.

In answer to the question by the Senator from Wisconsin, if a real revenue measure were before the Senate, it would remove many of the objections of the Senator from Alabama to this approach.

Mr. NELSON. Mr. President, will the Senator yield further?

Mr. ALLEN. Yes, for a question.

Mr. NELSON. Just for the clarification and guidance of Senators who are proponents of a tax cut as well as proponents of amendments to raise additional revenues in various ways—for the guidance of those who are proponents of that concept—I should like to have the RECORD clear on this point.

The amendments, as I understand, were offered to this bill by the proponents because they think the chances for their adoption would be better if the amendments were attached to an important bill such as this which the President would be likely to sign, rather than if they were attached to another bill. That was the tactical reason for doing what is being proposed.

I think everybody understands. Some Senators would rather do, or just as soon do, as the Senator suggests—attach these revenue measures and tax-cut measures to some revenue bill.

Mr. ALLEN. The Senator from Wisconsin has misunderstood the Senator from Alabama. The Senator from Alabama is not talking about jumping on a little bill such as H.R. 8217, which has to do with duty on ships, or something of that sort. He is not talking about that.

He is talking about a general revenue measure which purports to be the solution of some of the tax inequities which have been considered by the House of Representatives and the House Ways and Means Committee and have been considered by the Senate Finance Committee.

He is not talking about a tax on jute, which I believe is one vehicle that was employed in the Senate at one time. He is talking about a bill on which the Ways and Means Committee of the House and the Finance Committee of the Senate say, "Here is a bill that will cure some of the inequities in our tax system. It will close loopholes. It will reduce taxes in an amount that will not add fuel to the fires of inflation. It is a tax bill that is in the best interests of the country."

That is the type of tax bill the Senator from Alabama is talking about. He is not talking about getting amendments onto H.R. 8217, if that is what the Senator has in mind.

Mr. NELSON. Mr. President, will the Senator yield further for a question?

Mr. ALLEN. I yield.

Mr. NELSON. That is precisely the question I wanted answered.

Mr. ALLEN. I am glad the Senator clarified his intention, because that is not what the Senator from Alabama is talking about.

Mr. NELSON. I understand what the Senator is saying. Just to be certain about it, there is no reason, then, for the proponents of amendments to raise revenues or amendments to reduce taxes to attempt to offer them amendments to any small revenue bill such as the Senator discussed, because there will be, as the Senator euphemistically calls it, extended debate if they come to the floor of the Senate in that fashion.

Mr. ALLEN. I did not say that; the Senator is saying that. I will decide that when the bill is before the Senate. I have no advice to give Senators who are so inclined.

Mr. NELSON. But I understood the Senator to say that he would be opposed to any bill unless it had come from the Ways and Means Committee, unless it had been a proposal for tax reductions balanced with proposals for raising additional taxes, and unless it had come over to the Senate, been considered by the Finance Committee and then had come to the floor of the Senate.

Mr. ALLEN. No, I believe the Senator misunderstood the Senator from Alabama. What the Senator from Alabama said was that such a measure would certainly not be discussed extensively by the Senator from Alabama, a measure that met those qualifications.

Mr. NELSON. I understand what the Senator said. But the Senator does say that, if it is a small revenue measure of some kind that comes from the Ways and Means Committee goes to the Finance Committee, and then to the floor of the Senate, and, if these types of amendments are offered here, although they have not been approved by the Ways and Means Committee or the Finance Committee, then, when those amendments are called up, the Senator would engage in extended——

Mr. ALLEN. No, the Senator from Alabama did not say that. He said he would not discuss the other type of bill at length, but he did not make any statement with respect to the bill to which the Senator now has reference.

Mr. NELSON. That is what I would like clarified. Is the Senator prepared to say that if a revenue measure of the kind mentioned by the Senator, a small tax on jute or something else, came to the floor of the Senate, and these amendments were offered, he would discuss them at length—as we say here, extensively, or in what some people call a filibuster, but what others would rather call an extended debate?

Mr. ALLEN. That is a moot question. It is too hypothetical. We do not know whether we will ever be confronted with such a bill. I do not want to commit myself to an activity that may be way down the line or may be in the next session of Congress. I do not know what the circumstances might be.

Mr. NELSON. There is a bill, which the Senator mentioned, to which these amendments could be offered. I am trying to see whether we can get the Senate to proceed to act on its business and dispose of it. If the Senator is going to discuss at length any revenue measure that comes before the Senate on which are offered amendments of the kind pending, then there is hardly any point in pulling down these amendments and waiting for a revenue bill. I am trying to clarify the situation so that every Senator will know.

Mr. ALLEN. The Senator has not given thought to that.

Mr. NELSON. Would the Senator give some thought to it?

Mr. ALLEN. Yes, I will take it under consideration.

Mr. NELSON. When might the Senator give us an answer to that question?

Mr. ALLEN. I would say that sometime before the close of this Congress I would be able to reach a decision on that matter.

Mr. NELSON. Sometime before the close of this Congress?

Mr. ALLEN. Yes.

Mr. NELSON. I think I understand what the Senator's position is. I had hoped that the Senator would say we would get a chance to vote on these bills. We voted on the depletion allowance, minimum tax, ADR, and a whole series of amendments such as are before the Senate now, at least a half dozen times on previous occasions.

It seems to me that the business of the Senate would be expedited if we could just have a vote on them. Every Senator knows what is in the amendments.

Mr. ALLEN. Why does the House not, having in mind all of the votes that have

been taken on this legislation, come up with a tax package and send it over to us?

Mr. NELSON. I think we should address that to the chairman of the Ways and Means Committee, but that should not prevent the Senate from suggesting amendments to revenue measures and having a vote on them. That has been traditional here for many, many years.

Speaking for myself, I would be perfectly willing, on the amendments that I have submitted, to agree to a limitation of 1 hour on each one of them and vote them all up or down.

Mr. ALLEN. The Senator from Alabama would certainly agree to that provided it is stipulated that the amendment shall be germane to the bill.

Mr. NELSON. I am assuming that if it were a revenue measure of any kind that came from the House, it would be germane. I suppose the Senator would agree to that?

Mr. ALLEN. No, sir; the Senator would not agree to that, and that is not the case.

Mr. NELSON. The Senator does not think that if there is a revenue measure of some kind that came from the House, one which would add another amendment to raise some revenue from some different source, it is not germane?

Mr. ALLEN. No; I think the Senator will find, if he will make inquiry or do some research on it, that the House bill amends the income tax. That would not authorize an amendment in the Senate to that bill changing the estate tax; it would have to be germane to what the House did. I believe the Senator will find that, if he will check into it.

Mr. NELSON. I think I understand the Senator's position respecting this matter.

Mr. ALLEN. I will say this to the Senator. The Senator from Alabama looks with much less favor on what the Senator is talking about, putting it on an innocuous measure like the duty on ships, provided by H.R. 8217, than on this "must" legislation.

That is one of the features of the effort being made that the Senator from Alabama disagrees with: that a bill that has to pass is held hostage, it is laid on the President's desk, and he has to take it to keep the Government running. He might be much more inclined to sign such a bill than he would the one on the duty on ships. But the Senator is making no commitment in that connection.

Mr. NELSON. The Senator would not be prepared to say at this time that if a bill were before us, such as a revenue bill—What is the number?

Mr. ALLEN. I believe it is H.R. 8217.

Mr. NELSON. H.R. 8217. If a bill such as that were before us, is or is not the Senator prepared to say that he would be willing to reach a unanimous-consent agreement on a time limitation on the various amendments?

Mr. ALLEN. The Senator is not stating that, but I think there is more to be said for that position—tacking it onto a bill that makes very little difference—than tacking it onto a bill that must be enacted by a certain time. But as I said, we have to take that under study.

Mr. NELSON. Then, the Senator would not be prepared to say right now that he would agree to a time limitation on these amendments so that we could vote on them?

Mr. ALLEN. No, sir, not at this time, but possibly at a later time. Are those all the questions?

Mr. NELSON. That is all the Senator from Wisconsin has for the moment.

Mr. ALLEN. I thank the distinguished Senator.

I appreciate the questions that he has brought out, because I believe they illustrate the position of the Senator from Alabama possibly better than he has been able to point out in his own behalf.

Mr. President, the danger of the procedure that is being suggested by the distinguished Senator from Wisconsin (Mr. NELSON) is that if the floodgates are opened to the consideration of any amendments, we are going to have those amendments under consideration for the next 10 or 14 days. I am talking about the legislation days, not calendar days, and I did not simply pull those figures out of the air.

We have the record of the experience of the Senate on similar legislation in the past. In fact, in the 91st Congress, H.R. 13270, income tax reform, was the type of measure that the Senator from Alabama is talking about. It came over from the House and was before the Senate. We had the expertise and the recommendations of the Ways and Means Committee in the House and the Senate Finance Committee in the Senate. Surely, that should have been considered on the floor of the Senate, and we feel that these committees, having the best brains in Congress in the field of taxation, would have considered the effect of that legislation on the economy of this country, on the effect it might have on accelerating inflation, on the effect that it might have on the deterioration of the wage earner's earnings. Having considered the effect that that legislation would have on remaining statutes, we could then consider that type of bill. Certainly, there would be no occasion for an extended debate.

But an effort is being made to open up the floodgates to any sort of amendment, and on H.R. 13270, which the Senate debated from November 21, 1969, to December 11, 1969, 14 legislative days, there were 160 printed amendments to that bill. The committee had amendments adopted en bloc; 75 of them were adopted in the Senate; 75 amendments were offered and adopted on the floor of the Senate; 38 were rejected. That shows the vast number of amendments that we can look forward to if this bill is opened up to amendments of every sort.

Mr. President, it is much easier to offer an amendment to cut somebody's taxes. I assume that everybody is in favor of cutting taxes. I would like to see taxes cut. I assume 100 Members of the Senate would like to see taxes cut. It is a lot easier to cut taxes than it is to tax somebody.

So we can be assured, Mr. President, that the vast majority of the 150 or 160 amendments that we might look forward to are tax-cutting amendments.

The amendment of the distinguished Senator from Massachusetts—and they talk about a great tax reform—that is being proposed by that amendment, does what? The tax reform in the way of tax-cutting increases the personal exemption from $750 to $825, or in the alternative, a tax credit of $190 per exemption. Well, Mr. President, is the tax on $75 added exemption any great tax reform? It is made to look like a great bonanza to the taxpayer.

If the taxpayer were in the 25-percent bracket, that would be around a $19 tax saving per exemption. So if there were a family of three, say, there would be a tax saving of some $57 a year. That is fine. We would like to have everybody get that. But that is just a little over a dollar a week, and the impact of a $6 billion loss to the Treasury, which is what it would cost, will cause his cost of living to go up a whole lot more than a dollar a week. So, for the very people who Senators say would benefit by their amendment—and that is just a start; that is just 1 out of 160; but that is the great reform amendment that they have—the cost of living would go up a whole lot more than a dollar a week as a result of adding that fuel to the fires of inflation. If I did not think so, I would not be making this argument. The very people whom they say they are trying to help would not be helped, in the opinion of the Senator from Alabama.

I, among many Members of the Senate, I imagine, had the pleasure of seeing on Sunday the able and distinguished Senator from Louisiana (Mr. LONG), the chairman of the Finance Committee on "Meet the Press." I thought he made an outstanding appearance, an outstanding contribution to this discussion. Yesterday I placed in the RECORD a copy of the transcript of his appearance. But the question was asked, "Well, if these amendments are added, will the bill pass the House?" The distinguished Senator, who is one of the ablest Members of the Senate, and certainly one of the Nation's foremost authorities in the field of taxation, said he thought there was doubt about whether the bill would pass the House, but that it could pass the Senate; but if it did pass Congress, it would, in his judgment, be vetoed by the President. "Well," they asked, "could the veto be overridden?" He answered, "No, no; he did not think so."

Mr. President, if the bill is heading down a dead end street, as stated, in effect, by the distinguished Senator from Louisiana, what is the use of having the Senate spending 10 to 14 legislative days on this measure?

We hear a whole lot to the effect that Congress ought to clear the decks. The House ought to clear the deck. The Senate ought to clear the deck. Important matters are coming before the Senate. We ought to prepare for any contingency. We have 13 appropriation bills that have got to be passed. The new fiscal year starts July 1, at the same time as the expiration of the debt authorization. I understand that none of those bills are out of the Senate committee. I think possibly two are in the committee; one is being marked up. Long before we can act on 160 amendments, we will have appropriation bills before us.

Let us just give it up as an unfortunate try, I say to the distinguished Senator from Minnesota. Let us give it up as a nice bid. We have shown how strong we are for tax reform. We put in the amendment. We talked about it on the floor of the Senate. We wanted to add $75 to the personal exemption. This great reform measure is going to add $75 to each person's exemption. We made that great effort, but those fellows in the Senate would not let us act on it. We tried.

Let us pass on to something else, Mr. President. I do not believe this effort is going to succeed.

Mr. FANNIN. Mr. President, will the Senator yield for a question?

Mr. ALLEN. I am delighted to yield for a question.

Mr. FANNIN. First of all, I commend the distinguished Senator from Alabama for wanting to proceed in an orderly manner. I feel that what he is doing is tremendously beneficial not only to the people of our country but to all the free nations of the world, because we do have some serious problems. I think the Senator agrees that not only is the United States affected by what is being done here, but that other countries in the world certainly are affected if we have inflation. The goal of the distinguished Senator from Alabama is to do everything in his power to see that we do not have further inflation. Is that correct?

Mr. ALLEN. That is correct.

Mr. FANNIN. I should like to refer to what is happening in some other countries of the world and get the Senator's thoughts or answers to the question. The Organization for Economic Cooperation Development, composed of 24 leading nations of the world, at a meeting just 3 weeks ago, which it was my privilege to attend, considered the No. 1 problem, worldwide, to be inflation. They felt that the No. 2 problem was the balance of trade problem, which was certainly affected by what the OPEC countries had done in tripling the price of oil. The No. 3 problem was what the smaller countries, the emerging countries, the underdeveloped countries of the world, would be able to do about the problem of inflation and the problem of the increased price of oil.

Does not the Senator agree that all this is going to be affected by what is done as far as this legislation is concerned? In one amendment Senators talk about decreasing the amount of taxes by $5.9 billion—that is just one amendment—without any assurance, because they cannot give assurance, that they are going to be able to raise revenues from other sources. I should like to ask about those other sources.

Does the Senator believe that if this $5.9 billion figure cut in revenues is brought about by raising the exemption from $750 to $820, there is no assurance that we are going to be able to recapture that money by some of the other amendments that are being talked about?

Mr. ALLEN. Certainly not. None of the proponents talk a whole lot about cutting Federal expenditures. They are not taking that approach, either.

I certainly agree with the distinguished Senator from Arizona that it is important not only to our own Nation but to the peace of the world, and certainly the freedom of the entire free world, that America remains strong, that our economy remains strong, and that the dollar remains strong.

As the Senator knows, Federal revenues at this time are falling short of estimates for this fiscal year, and expenditures have increased. So the deficit is going to be larger than anticipated. To add another $6 billion to it would certainly add to the fires of inflation.

Mr. FANNIN. That $6 billion would not only threaten the dollar from the standpoint of America and our people, and especially, as the Senator has brought out very capably, it affects the low-income person. It is a great problem to him, because he does not have an increased income; he has a fixed income. So as the value of the dollar decreases, his purchasing power, of course, decreases proportionately. It is a great problem. But we are talking about other countries, emerging nations, all being affected. It is just the wrong action to take, and certainly the wrong time to have a decrease in our revenues.

This was, I think, brought out very capably in talking about the problems of the other countries. We referred to Germany, for instance, as having a good reserve balance. Still, what is that reserve balance? It is in dollars.

The former head of the Bundesbank, Dr. Blessing, who has now passed away, brought this matter very forcefully to the attention of the world monetary officials, those in the IMF, and the people who are involved in the world monetary program, when he said:

> The challenge of our time is putting an end to rapid inflation. If that problem is not solved both in the national and in the international spheres, I would take a very pessimistic view of the future of our free way of life.

He went on to say:

> It is a way in which the last 20 years have achieved an improvement in living standards which could never have been accomplished by any other economic systems. But this free way of life is increasingly menaced by rapid inflation. We already have price and wage controls and protectionism is at hand. It is the last chance for putting an end to inflation.

He went on to say:

> Don't let anyone tell me it is not possible, though, to do something about this. Stability is always possible if one has the courage to really want it.

I think the distinguished Senator from Alabama really has the courage to want to put it into fighting inflation, and I commend him for it.

Does he not feel that if we take each of these items individually on their own merits it would be far better than simply to consider them on the floor of the Senate and write the legislation here?

Mr. ALLEN. Yes, I certainly agree with the Senator. I believe we need the advice and expertise of the standing committees of the House and the Senate. We are deprived of their guidance by the procedure that is being followed. I think it is certainly not conducive to good legislation.

The distinguished Senator from Massachusetts (Mr. KENNEDY) yesterday was talking about the minimum tax under which we operate now. He says that instead of providing a minimum, it has created a loophole. But that provision was put in right on the floor. That shows the danger of legislating on the floor of the Senate.

Mr. FANNIN That is correct.

Mr. ALLEN. That shows the danger of legislating without any guidance by the committee.

Mr. FANNIN. I think the Senator will agree that that illustration has been utilized time and time again to show the policy of taking action on the floor precipitately and what can result from that.

As we both know, this happened to be disastrous to the particular individuals involved in offering that amendment on the floor because it was not understood, and it was very difficult to explain. But we were doing something in the Chamber hurriedly, without proper consultation. Does not the Senator agree that we could have disastrous results if we go forward with some of the legislation that is proposed?

Mr. ALLEN. I think there is no doubt about it. I think Senators would be more interested in adopting amendments on the floor that would cut revenue, that would give tax concessions to individuals and possibly others. I think each Senator would be inclined to try to outdo his colleagues. I think we would run into that type of situation.

I might say also that if the committees are not going to be able to act on these proposals, if they just turn the legislation loose on the floor for any amendments that any Senator might care to offer without any guidance whatsoever, what is the use of having committees? We might as well abolish the committees if they are not going to function.

Mr. FANNIN. I certainly agree with the distinguished Senator. We now have one item that we have heard a lot about; that we should do away with DISC, the Domestic International Sales Corporation. I would like to know more about it. We passed that legislation for one reason: That we thought it was beneficial. It was to keep more jobs in this country. I know the Senator is familiar with that. What it does is to give a company an opportunity to stay in this country and to help it, so far as exports are concerned.

If it has not worked out, we would like to have information about it. It is now being discussed in the Ways and Means Committee, and it will be discussed in the Ways and Means Committee, and it will be discussed in the Finance Committee.

Maybe we do want to make the changes; I do not know. But does not the Senator agree that we should determine what the results have been before we start taking some precipitate action?

Mr. ALLEN. Yes, I certainly agree that we ought to find out, and that is the committee function—to hold hearings; to have experts on the committee make studies. I assume the committee is studying tax laws all the time, finding deficiencies in them, and finding areas where reductions need to be made to aid the

economy. But we do not have those recommendations before us.

If this type of legislation were to go to the committee and the committee understood that it was to be a revenue measure, then they could make recommendations and tell the Senate the effect that these amendments would have on the economy. But we are deprived of that expertise. I think it is dangerous to act on legislation when we do not have the proper advice and guidance.

Mr. FANNIN. Yes. We know that we are very much involved now in trying to increase our exports, in attempting to try to decrease our imbalance of payments. That is a great problem in this country, and it is what the Senator is talking about.

Does he not agree that we should look to other devices if we are going to cancel one and say, "This has not worked out the way we thought it would." Should we not be studying, and should not the committees be considering what can be done, either by amending that particular legislation or by substituting other legislation?

Mr. ALLEN. I certainly agree with that. That is the way the system is supposed to work.

Mr. FANNIN. Yes.

Mr. ALLEN. I am surprised that the able Senators who have been in the Senate for many years would go this route rather than to use the time-honored method of following the committee system. That is what puzzles the Senator from Alabama.

Mr. FANNIN. Yes; it is an orderly system. We have time remaining this year to give proper consideration to these different programs. Does not the Senator agree?

Mr. ALLEN. Yes.

Mr. FANNIN. That is what should be done.

We have a number of amendments—I do not know how many—but we probably will have additional ones. I think in this list, 24 amendments are going to be either discussed or considered.

Mr. ALLEN. I think that hardly starts the list.

Mr. FANNIN. It is just a start.

Mr. ALLEN. Twice that many have already been filed to H.R. 8217, and it is possible to leave them printed as to this bill.

The Senator also knows that amendments spawn amendments.

When one amendment is adopted that gives a Senator an idea that he needs to offer an amendment either in the same area or in another area, so that often there are floor amendments.

I might suggest that in the 92d Congress, on the Revenue Act of 1971, which took just 10 calendar days to pass, 150 amendments were printed as to that bill; 71 were adopted, of which 27 were floor amendments.

Somebody thought, "Gee, I believe I will put in an amendment to that," and wrote it right here in the Chamber.

Then 21 were rejected, of which 17 were floor amendments; 150 amendments might have come in with respect to that bill.

I have no doubt that there will be as many at this time as there were in the past because—and we might as well face it—this is an election year and many Senators may possibly have political considerations in mind; I do not know. But it is always popular to advocate lowering taxes, I assume, and to provide greater exemptions.

Senators talk about a great reform measure. But I do not feel that adding $75 to the exemption allowance is a great reform. I do not believe it is.

Mr. FANNIN. I would certainly agree.

The Senator will agree that we have talked about some of these items to take just a few of them, they were placed in our legislative programs because of the benefits that we, as Members of Congress, thought would be beneficial.

The 7-percent investment credit has been considered off and on again over the years, and I think the Senator will agree that when we have made changes in it, we have sometimes done it hurriedly. At times we have had to come back and correct the mistakes at a great cost to our economy, mostly in jobs.

I think that what we must consider is what is going to happen as far as employment is concerned. Does the Senator feel that this is usually a No. 1 consideration?

Mr. ALLEN. Yes; I certainly agree that if we can create jobs through legislation, we ought to make every effort to do so, if it is not too costly to the Treasury.

Mr. FANNIN. The fellow who is out of a job does not worry about the income tax, because he is not going to have any income on which to pay taxes; he wishes he could have.

Mr. ALLEN. That is certainly true.

Mr. FANNIN. So the 7-percent investment credit would probably cost more than $100,000. I do not know how the $100,000 is arrived at. I would like to see some facts and have some testimony about just how it affects the investment credit. I personally have not had a report to convince me that that is the level at which changes can be made. Does the Senator from Alabama have any information in that regard?

Mr. ALLEN. No; none whatsoever. That again illustrates the lack of wisdom of proceeding on the course of having a bale of amendments dropped out for the Senate to consider and to act on, rather than to have the committees make a study, and then give the Senators the benefit of the studies they have made, the information they have gathered, and the recommendations that they may care to make.

Mr. FANNIN. I agree with the Senator. When we talk about the more rapid depreciation allowed under accelerated depreciation range, the ADR system, and when Senators come to the floor with suggested changes, it is a very complex matter to consider. Does not the Senator think that that should be handled in the committee, that we should have testimony from the people affected, that it should be considered both in the Ways and Means Committee and on the floor of the House of Representatives, and then come to the Senate with their recommendation, so that we will have something on which to make a decision?

Mr. ALLEN. That is true. It is not well understood by the average citizen.

Mr. FANNIN. No; I do not imagine that too many Members of the Senate understand the reasons for the way in which it is handled. The whole idea was that we would be able to make improvements that would result in our being able to be more competitive. Many of these amendments were to provide our industries with the incentive to improve their equipment and to be more competitive with the other countries of the world, because we know we have dropped behind. I think the Senator willl agree that the reports that have come to us are such that we should have great concern.

Mr. ALLEN. Yes, I certainly agree.

Mr. FANNIN. This is something that I think should have study. Maybe some changes ought to be made. I do not think the Senator is taking a position one way or another on what should be done on these different amendments, but certainly I think he is taking the correct position, which is that this is not the way to decide.

Mr. ALLEN. I certainly agree with the Senator. As I stated to the Senator from Wisconsin, if a genuine revenue bill, purporting to legislate the necessary provisions to revise and reform our tax structure, comes from the House of Representatives after having been considered by the Ways and Means Committee, comes to the Senate and is considered by the Finance Committee, and they make recommendations as to the legislation they recommend that the Senate enact, certainly there would be no extended discussion on the part of the Senator from Alabama as to legislation that has proceeded in that fashion. But instead of that, we have Senators pouncing on a piece of "must" legislation, holding it hostage with demands that a bunch of nongermane amendments be added to the "must" legislation.

Mr. FANNIN. I think the Senator realizes that it was never intended that legislation be handled on that basis. There should be an opportunity to move forward with such legislation.

The Senator has made a fair offer, saying that if the amendments are germane, that is another consideration.

Mr. ALLEN. Yes.

Mr. FANNIN. He certainly has not foreclosed the possibility of germane amendments at the right time, if they come long. But to say we are going to accept all of these amendments, or any number of them, would mean we would just start a flow of amendments that could result in a disastrous situation, so far as our economic position is concerned.

I am glad the Senator is taking this position. I think the position he has taken is justifiable.

Mr. ALLEN. I thank the distinguished Senator.

Mr. President, I shall get back to the bill and the amendments that are before us. I have digressed somewhat from my original words, because it seemed necessary to discuss these other matters and to have colloquy with the distinguished Senator from Wisconsin and the distinguished Senator from Arizona. But I was discussing the bill that is pending before the Senate at this time, the

amendment of the Senator from Alabama being the pending question.

If we examine the 12 lines of this bill, it speaks of the temporary indebtedness being increased by $95 billion. That is pretty much scare language. As the bill reads:

> The public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by $95,000,000,000.

All it really is is a $19.3 billion increase. But they use that language, and in the next paragraph they repeal the provision of the present law that the temporary debt limit increase shall be $75.7 billion. The difference between the two is the $19.3 billion increase.

Mr. President, why is it necessary to come in every few months with a debt ceiling bill? I guess about the most accurate way to describe the debt ceiling bill is that it would be a temporary debt ceiling and authorization extension bill. It is just a little easier to call it a debt ceiling bill.

As I stated a little earlier, we have a permanent debt ceiling of $400 billion, which we do not legislate on; all we do is extend that from time to time, and pay even a higher interest rate. On the $400 billion permanent debt. I daresay the average interest rate is 6 percent or perhaps 5 percent, costing the Government $20 billion a year just to pay the interest on that $400 billion permanent debt. Of course, they pay more than that now; I am talking about the average. But say it is an average of 6 percent. That would be some $24 billion interest on the $400 billion permanent debt.

Then there is the temporary debt, the authorization for which is extended from time to time. The present extension expires with this month—$75.7 billion.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 1803) 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 an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 3007) to authorize appropriations for the Indian Claims Commission for fiscal year 1975, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 3458) to amend the Agriculture and Consumer Protection Act of 1973, the Food Stamp Act of 1964, and for other purposes, with amendments, in which it requested the concurrence of the Senate; that the House insisted upon its amendments to the bill; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. POAGE, Mr. STUBBLEFIELD, Mr. FOLEY, Mr. WAMPLER, and Mr. GOODLING were appointed managers on the part of the House at the conference.

The message also announced that the House has passed a bill (H.R. 15296) to authorize the Commissioner of Education to carry out a program to assist persons from disadvantaged backgrounds to undertake training for the legal profession, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 15296) to authorize the Commissioner of Education to carry out a program to assist persons from disadvantaged backgrounds to undertake training for the legal profession, was read twice by its title and referred to the Committee on Labor and Public Welfare.

EXECUTIVE SESSION

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Under the previous order, the hour of 12 noon having arrived, the Senate will go into executive session to consider the nomination of John C. Sawhill, of Maryland, to be Administrator of the Federal Energy Administration.

Mr. ALLEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. ALLEN. Mr. President, after the business in executive session has been concluded, the Senate will return to legislative session, and the Senator from Alabama will continue to have the floor; is that correct?

The PRESIDING OFFICER. The Senator from Alabama is correct.

Mr. ALLEN. I thank the Chair.

The PRESIDING OFFICER. The time for debate on the pending nomination is limited to 40 minutes, with 30 minutes to be under the control of the Senator from South Dakota (Mr. ABOUREZK), and 10 minutes to be under the control of the Senator from Pennsylvania (Mr. HUGH SCOTT); after which the Senate will return to legislative session.

The Senator from South Dakota (Mr. ABOUREZK) is now recognized.

Mr. ABOUREZK. Mr. President, as many of my Senators know, I am opposing President Nixon's nomination of Dr. John Sawhill as Administrator of the Federal Energy Administration. While Dr. Sawhill may indeed prove to be a capable Administrator, his policy positions precisely reflect those of the administration; and it has been the administration's policies on energy which have caused so much havoc with our Nation's economy. It is painfully obvious to millions of farmers, laborers, people on fixed incomes, and middle-income people, that the Nixon administration's idea of improving the Nation's economy is being imposed at their expense. The beneficiaries of the Nixon economic doctrine are primarily the Nation's largest oil companies.

At Dr. Sawhill's confirmation hearings, I had the opportunity to question him at length on his past and likely future performance. While for the most part he is candid and forthright, Dr. Sawhill's policy responses to questions were, in my opinion, less than adequate for a man who is going to be in charge of such a powerful agency.

During the first day of hearings. Senator JACKSON released Cost of Living documents—which had been forced out of the Council by Ralph Nader—clearly demonstrating that the Council's decision to raise the price of old oil to $5.25 on December 19, 1973, was unjustified and arbitrary. According to the documents, old oilfields were already producing at maximum levels, and the bottleneck on domestic new production was not the price level, but a drilling equipment shortage. Yet, in spite of this evidence, Dr. Sawhill told the Interior Committee that he would not roll back crude oil prices, giving the people of this country the economic relief they very desperately need.

The administration has allowed the price of new oil—oil found and produced since September 1972—to rise to the "free" market level. Yet, Dr. Sawhill agreed that world oil prices are now set by the Organization of Petroleum Exporting Countries. Therefore, the so-called free market is really a fixed market. In spite of this fact, Dr. Sawhill insists that the price of domestic "new" oil ought to be tied to a price fixed by this cartel of oil producing countries. There is no question that this policy assures high profits for American oil companies and thus, as we have heard in recent days, encourages foreign nations to maintain, or even increase their prices.

There were a number of questions asked by the committee which Dr. Sawhill found great difficulty in answering. Dr. Sawhill stated, for example, that—

> The immediate effect of higher prices on crude production is confined to the effects achieved by holding marginal wells in production. While these effects will continue for a long time, they probably do not amount to more than 25,000 or 50,000 barrels a day.

In other words, the American people have to bear the cost of oil at $10.50 a barrel merely to get an additional 25,000 to 50,000 barrels a day in production. Yet, it was only last summer that the Stripper Well Association was asking for only 25 cents a barrel increase.

For the most part, Dr. Sawhill denied any responsibility with regard to conflict of interest problems concerning members of his own staff. According to a GAO report asked for by Congressman VANIK and provided to the Interior Committee, it is unlawful for "an officer or employee of the executive branch to participate personally and substantially as a Government officer or employee through decision approval or disapproval or recommendation of the rendering of advice, investigation, or otherwise in a judicial or other proceeding or other particular matter in which to his knowledge he has a financial interest."

The FEO employed a man named Robert Bowen, an employee of the Phllips Petroleum Co., as part of the administration's executive interchange program. Mr. Bowen's responsibilities, however, were concerned with the drafting of regulations for propane. The Phillips Oil Co. is the largest producer of propane in the country. According to the GAO report:

A memorandum dated June 13, 1973, from Treasury's General Counsel to Deputy Secretary of the Treasury William Simon discussed conflict of interest considerations in the employment of Mr. Bowen. The memorandum noted that Mr. Bowen had a financial interest in Phillips by virtue of his participation in the Company's thrift and retirement plans and more importantly, by virtue of his continuing employment with the Company. The memorandum also notes it is necessary to recognize that Phillips has a financial interest in the activities of the Office of the Energy Advisor.

On April 4, Congressman VANIK wrote to the GAO to ask for an investigation of conflict-of-interest problems in the FEO. On April 24, Dr. Sawhill was sent a memorandum from his general counsel, William Walker, indicating that there were serious conflict-of-interest problems with respect to Mr. Robert Bowen. Walker wrote:

From the materials developed to date, I do not believe that the potential conflict problem has been resolved in this case. I, therefore, recommend that immediate consideration be given to such further action as may be necessary to resolve the matter.

Dr. Sawhill in a letter to Congressman VANIK felt that his decision to reassign Mr. Bowen to the Treasury Department "did not represent a finding on my part that a conflict-of-interest situation existed in Mr. Bowen's case. It merely reflected my belief that on balance—in view of the questions that had been raised—Mr. Bowen's reassignment was in both his and FEO's best interest."

In his confirmation hearings, Mr. Sawhill conveniently avoided taking responsibility for Mr. Bowen's work at the FEO. The following dialog between Mr. Sawhill and myself reveals this quite clearly:

Senator ABOUREZK. Would it have been possible in the term that Mr. Bowen served in the Federal Energy Office for him to provide technical advice to the extent that his company might have benefited from the advice he gave?

Mr. SAWHILL. I am not familiar with Mr. Bowen's technical advice because he never directly provided me any technical advice. He provided it to people who were working for me, and they assured me he was not providing technical advice that would have been of particular benefit to his company and he disqualified himself. It is my understanding from certain decisions that he was concerned about the very problem that you are bringing up.

Senator ABOUREZK. In other words, the question of disqualification was apparently left to him?

Dr. SAWHILL. He had notified his superiors of those areas, or those subjects that he did not feel would be appropriate for him to even make technical advice.

Senator ABOUREZK. What I am getting at is when a technical advisor, as you have categorized Mr. Bowen, provides technical advice, that technical advice is used as a basis for decision for policy makers?

Dr. SAWHILL. Yes, that is true.

Senator ABOUREZK. Isn't it fair then, when you have a conflict on its face such as the Bowen case, that there is really not much discussion about it, it ought to be ruled completely out of order?

Dr. SAWHILL. The only thing I can say to you is when I became Administrator this was brought to my attention. It so happened we were reorganizing the department anyway. And we determined that Mr. Bowen should return to the Treasury, and so the issue of conflict and Mr. Bowen never really surfaced when I was Administrator.

It seems to me we took every action we could to try to avoid any conflict of interest.

Senator ABOUREZK. Except—I am not saying you—except the Federal Energy Office did not let him go. You took every action but you kept him on.

It is obvious that Dr. Sawhill conceded that he felt there was no conflict of interest in his letter to Congressman VANIK. He resolved his dilemma by sending Mr. Bowen back to the Treasury Department. The conflict-of-interest problem was carefully laid aside, for reasons that have as yet not been explained.

Dr. Sawhill further raised doubts concerning his attitude to protect the Nation's energy consumers with respect to his agency's authority over propane. In spite of mandatory language in the Federal Energy Administration Act requiring the Administrator to roll back propane prices to May 15, 1973, levels, Dr. Sawhill has interpreted this language to be discretionary. His position is that he will not roll prices of propane back to the May 15, 1973, levels.

On June 17, the Wall Street Journal reported additional problems of conflict of interest in the Federal Energy Office. This article concerned one consultant primarily, a Mr. Russell J. Cameron, who is chairman and part-owner of Cameron Engineers, Inc., a company whose clients are among the major energy companies in the United States.

According to the Journal story:

Although he denies any wrongdoing or conflict of interest, Mr. Cameron has helped the FEO to exert pressure on other government agencies to speed action on his clients' lagging energy projects. The companies involved are Shell Oil Co., Atlantic Richfield Col, El Paso Natural Gas Co., Pacific Lighting Corp., Sun Oil Co., and Ashland Oil, Inc.

Further on, the report states:

Officials of the Energy Office, for their part, aren't talking about the possibility of a conflict of interest, Mr. Sawhill declines to answer a Cameron claim that he knew some of the companies whose projects might be expedited were Cameron Engineers clients.

Dr. Sawhill even went so far as to write a memorandum to top FEO officials which included a statement prepared by Acting Assistant Administrator Robert Schatz "with whom consultant Cameron has worked. It suggested the Energy Office 'assist' companies with coal-gasification projects before the FPC to 'obtain Federal decisions on applications.'" Most of the companies involved happened to be Cameron clients.

Dr. Sawhill took recommendations from Mr. Cameron regarding a March 14 FEO report entitled "Project Independence Management Plan" which dealt with "action" projects in greater detail than the March 4 memorandum. This report was delivered "personally" by Dr. Sawhill to Interior Secretary Rogers Morton and "was discussed at a White House meeting in mid-March by the Cabinet-level energy policy group."

While Dr. Sawhill is allowing Mr. Cameron to advise him on Federal policy regarding oil shale development, coal gasification, and so forth, Mr. Cameron continues to hold a financial interest in companies involved in these specific areas. Cameron engineers, jointly with Marathon Oil Co., owns Mintech Corp., which "is considering building a coal gasification plant of its own."

"Moreover, Mr. Cameron, through Mintech, has a financial interest in oil shale properties near the Interior Department's valuable first shale-lease site in western Colorado—which is known as the Cameron tract." Mr. President, I ask unanimous consent that the Wall Street Journal article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. ABOUREZK. Mr. President, it seems to me that in a number of critical areas affecting the Nation's supply and price of energy, Dr. Sawhill has not only showed an affinity to accept the point of view propounded by the leaders in the oil industry, but that he has showed a lack of urgency with respect to solving a number of serious problems. Dr. Sawhill, in my opinion, has not set up a viable program in FEO to deal with conflict of interest problems; he has not received FEO policy with respect to handing out contracts, many contracts are awarded on a noncompetitive basis; he has shown an unwillingness to rollback crude oil and other petroleum product prices; he has refused to propose legislation that would end the hoarding of tubular steel goods by the major oil companies; he has dealt with conservation problems more with public relations than with substantive proposals; and he has done little to relieve consumers of the economic hardships they have had to bear as a result of the administration's "unjustified price increases."

This morning's Washington Post contains an article that discusses Mobil Oil seeking to acquire the Marcor Corp., the parent company of Montgomery Ward. I recall that earlier this year, in a television interview, Dr. Sawhill, when asked what he intended to do about the "obscene" profits the oil companies were bringing in as a result of the higher prices, said that if they were not going to use the profits for exploration and development of energy, he would do something about it.

Mr. President, I submit that in this respect he has failed his promise as well. When an oil company sets out to buy a merchandising company such as Montgomery Ward, that has nothing to do with oil exploration. It is taking the profits that come from the hard-earned wages and hard-earned profits of people throughout this country, by virtue of the excessive prices of crude oil allowed by the Federal Energy Office, and using them for investment in other broad areas that have nothing to do with oil exploration and development.

It seems to me that somebody in our Government, whether it be Congress or the Federal Energy Office, is going to have to do something to protect the public from the predatory practices of major oil companies which have concentrated their economic wealth to such an extent that even the Government seems powerless to be able to do anything.

For all these reasons, I believe it is incumbent upon the members of the Senate to reject these policies by voting

against confirmation of Dr. Sawhill. The Senate must go on record against the unjustified price increases heaped on the public by the oil industry and the Administration. A vote in opposition to Dr. Sawhill's nomination will be a clear signal to the Administration that the Congress is fed up with fuel pricing policies that fleece the public for the benefit of the major oil companies.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks the article published in this morning's Washington Post.

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

(See exhibit 2.)

Mr. ABOUREZK. Mr. President, I reserve the remainder of my time.

EXHIBIT 1

[From the Wall Street Journal, June 17, 1974]

LINKS OF SOME FEDERAL ENERGY EXPERTS TO INDUSTRY RAISE QUESTIONS OF CONFLICT

(By Les Gapay)

WASHINGTON.—Russell J. Cameron is Mr. Oil Shale. He was supervisor of the U.S. Bureau of Mines oil-shale experiments in Colorado in the early 1950s until he formed a consulting firm and became a foremost promoter of the development of synthetic fuels in the West.

Mr. Cameron, who is chairman and part-owner of Cameron Engineers Inc. in Denver, enjoys such high regard that he was recently considered for a post as assistant energy administrator heading Project Independence, the drive for U.S. self-sufficiency in fuel. He hasn't gotten that post, but since Feb. 1 he has been a key part of Project Independence efforts through a small consulting contract with the Federal Energy Office.

Consultant Cameron has been heavily relied upon by both former energy chief William Simon and present chief John Sawhill for advice. Beyond that, he has had much to do with an FEO "action" program to identify and crack open bureaucratic bottlenecks holding back energy-development projects. Mr. Cameron and his firm have identified a number of bottlenecks, all right—most of them involving companies that have been or now are clients of Cameron Engineers.

Although he denies any wrongdoing or conflict of interest, Mr. Cameron has helped the FEO to exert pressure on other government agencies to speed action on his clients' lagging energy projects. The companies involved are Shell Oil Co., Atlantic Richfield Co., El Paso Natural Gas Co., Pacific Lighting Corp., Sun Oil Co. and Ashland Oil Inc.

REPORTS AND RECOMMENDATIONS

Mr. Cameron has arranged meetings between executives of some of his client companies and officials of the Energy Office and the Interior Department. He has also met, as a representative of the Energy Office, with top Interior Department officials on two projects involving his clients; these call for oil-shale development and drilling off the U.S. coast for oil and gas. He got a warning from one high department official that he might be in a conflict-of-interest situation. He says he doesn't recall such a warning.

The consultant has also made reports and recommendations to energy officials urging action on projects of his clients, and his ideas have won some high-level attention. They have resulted in one memo mentioning these projects that was sent by Mr. Sawhill to other officials of his agency, and another which circulated widely through the government and was delivered by Mr. Sawhill to Cabinet members who deal with energy problems. Among the projects Mr. Cameron wanted to speed were proposed coal-gasification plants of two Cameron clients that are awaiting action by the Federal Power Commission.

It should be noted that none of the half-dozen client companies is being served by Cameron Engineers in connection with the particular projects that the Energy Office and Mr. Cameron have tried to expedite. But all recently were or now are clients of the firm for consultation on oil-shale, coal-gasification and other synthetic-fuel technology.

Mr. Cameron confirms his activities within the government on behalf of the companies. But he says he represents many companies (40 in 1973) and isn't seeking to please clients or get added business, but just to speed energy projects needed by the nation.

Officials of the Energy Office, for their part, aren't talking about the possibility of a conflict of interest. Mr. Sawhill declines to answer a Cameron claim that he knew some of the companies whose projects might be expedited were Cameron Engineers clients. Robert Nipp, FEO public affairs director, recently declined to answer questions until after a Senate committee ended confirmation hearings on Mr. Sawhill's nomination as energy administrator. But the hearings are over, and Mr. Nipp still declines to reply.

The Cameron situation indicates the ease with which energy-industry men coming to the new Energy Office can run into possible conflicts of interest. One Senator, Democrat James Abourezk of South Dakota, voted against Mr. Sawhill's confirmation in committee partly because he feels the agency has been lax in dealing with conflicts of interest.

Lacking oil expertise, the agency often feels compelled to seek information and manpower from the industry; out of some 2,000 workers, it recently had 100 former oil-industry employes. FEO spokesmen, in defense, say, "You wouldn't want to get a plumber for a toothache."

A GAO REPORT

Specific conflict-of-interest complaints have arisen before. Congress's General Accounting Office recently reported that Robert C. Bowen, who was on leave from Phillips Pertoleum Corp. and who formerly served at the FEO, was involved in such a conflict. The GAO referred the matter to the Justice Department for investigation.

The GAO said Mr. Bowen, contrary to limitations imposed when he joined the government, became involved in policymaking at the Energy Office and at one point had in his files a letter from his former employer concerning an FEO proposal on propane pricing. Mr. Bowen, who recently returned to Phillips, denies any wrongdoing and says he hasn't heard from the Justice Department.

At any rate, the GAO is investigating other former oil-industry employees who are still at the Energy Office. And intriguing situations don't seem hard to find there. Investigation by The Wall Street Journal has uncovered an unusual plum received by a high FEO official, Melvin Conant, from his employer until last January, Exxon Corp. Mr. Conant is acting assistant administrator for international affairs (dealing with foreign governments and international oil companies like Exxon) and is in line for permanent appointment to the post.

Before leaving Exxon, Mr. Conant received a lump-sum payment of tens of thousands of dollars; the exact amount isn't known. A company spokesman says it was less than two years' salary. Though he won't reveal Mr. Conant's salary at Exxon, industry sources say an executive af his level (he was a senior adviser on government affairs, specializing in the Middle East and Far East) would have made at least $35,000 a year, plus bonuses and benefits.

NO CONFLICT, EXXON SAYS

An Exxon spokesman says the one-time payment was intended to insure that Mr. Conant doesn't "suffer an economic pain" by taking a government job that pays less than he was earning. The spokesman says Exxon and a few other large companies make such payments so executives won't be discouraged from taking government positions. He adds that because the payment was made before Mr. Conant's departure from Exxon, no conflict exists—even though the FEO regulates the oil industry. Mr. Conant declines to comment, as does the Energy Office.

Though shale-oil expert Cameron is serving merely as a consultant, he says he has spent about half his time at the FEO during the four and a half months since his appointment. His influence has shown up in various FEO memos that urged quick governmental action on certain energy projects.

A March 6 memo signed by Mr. Sawhill and addressed to top officials in the Energy Office included an attachment prepared by the office of acting assistant administrator Robert Shatz, with whom consultant Cameron has worked. It suggested the Energy Office "assist" companies with coal-gasification projects before the FPC to "obtain federal decisions on the applications." These cases involve El Paso Natural Gas and Transwestern Pipeline Co., the latter a joint venture of units of Pacific Lighting Co. and Texas Eastern Transmission Corp. El Paso and Pacific Lighting have been Cameron Engineers clients, Mr. Cameron says.

The same memo also suggested that the Colony group of companies be assisted in getting "federal decisions on their applications for a shale-oil pipeline." The group is made up of four firms, three of which are clients of Cameron Engineers. They are Shell Oil, Ashland Oil and Atlantic Richfield.

INDIVIDUAL AID AGAINST POLICY

A spokesman for Mr. Sawhill has said that the March 6 memo didn't circulate outside the agency and was sent out for comment of FEO officials only. He added that it isn't the agency's policy to aid individual companies in energy projects.

But a March 14 FEO report titled "Project Independence Management Plan" dealt with the same specific, "action" projects in greater detail. And that report was circulated widely in government agencies dealing with energy, was delivered by Mr. Sawhill personally to Interior Secretary Rogers Morton and was discussed at a White House meeting in mid-March by the Cabinet-level Energy Policy Group. The Energy Office declines comment on that report.

The March 14 report said interagency task forces would be formed to assist the Colony group in its pipeline permit request as well as the concerns with coal-gasification applications pending before the FPC. The report also said a task force would determine "the kind of assistance" a group of companies led by Sun Oil needs to proceed with a sampling program for oil and gas exploration in the Atlantic outer-continental shelf.

Mr. Cameron didn't write either of the reports, but he says he instituted many of the ideas for action through discussions with Messrs. Sawhill and Simon. "They said, 'Let's go on that'," Mr. Cameron recalls. His firm has clients in all the energy areas mentioned in the two documents.

Because of Mr. Cameron's efforts to get the Interior Department's Bureau of Land Management to speed action on the Colony pipeline application, a high Interior official warned Jared G. Carter, deputy under secretary of the department, that Mr. Cameron might be involved in a conflict of interest. Mr. Carter told Mr. Cameron the same thing at one point. The consultant says that if such a conversation occurred he responded that there was no conflict. (The relations

between the department and Mr. Cameron have been close for years; one division has used him regularly as a paid consultant.)

As for the FPC matter, Mr. Cameron says he discussed coal gasification in general with a top planner of that agency but never mentioned specific projects. He adds, though, that the pending projects are "cowbells for the industry"; a host of similar plans are awaiting a regulatory framework for gas made from coal. Among those listening for the bell is Cameron Engineers; through a subsidiary, Mintech Corp., jointly owned with Marathon Oil Co., it is considering building a cost-gasification plant of its own.

Moreover, Mr. Cameron, through Mintech, has a financial interest in oil shale properties near the Interior Department's valuable first shale-lease site in Western Colorado—which is known as the Cameron tract.

EXHIBIT 2

[From the Washington Post, June 18, 1974]

MOBIL SEEKS TO ACQUIRE MARCOR CORP.

(By Philip Greer)

NEW YORK, June 17.—Mobil Oil Corp., one of the giant international oil companies whose profits have soared since the fuel shortage last fall and winter, said today it plans to buy 51 per cent of Marcor Corp., parent company of Montgomery Ward stores and Container Corp. of America.

Mobil said it plans are preliminary, but it intends to offer to buy shares from current stockholders. It already owns 1.235 million shares of Marcor, about 4½ per cent of the total outstanding, Mobil said. At current prices, the remaining 46½ per cent would cost about $350 million—which Mobil could pay out of profits earned since the fuel shortage struck the United States last fall.

In the last quarter of 1973 and the first quarter of this year, Mobil reported profits of $537 million, up nearly 70 per cent from the $317 million earned in the comparable periods of 1972–73.

Mobil is the second large oil company to seek acquisitions outside its own field in recent months. Last October, Gulf Oil Corp. abandoned plans to take over CNA Financial Corp., a large insurance, real estate and financial complex.

A Marcor spokesman said today that Mobil officers notified Marcor last Friday that they had been authorized by their board of directors to buy 51 per cent of Marcor's stock. There have been no actual discussions between officials of the two companies and no meetings have been set, the spokesman said, but he added that they are expected soon.

Today's announcements from Marcor headquarters in Chicago and Mobil's offices here indicated that the offer is at a very early stage.

Leo H. Schoenhofen, Marcor chairman, said this morning that "the definitive terms of Mobil's proposal—such as the price per share to be tendered and the timing of such an offer—have not been discussed with Marcor.

"Therefore, Marcor's management is not in a position to reach any judgment regarding the proposal." Schoenhofen's statement said.

Rawleigh Warner Jr., Mobil's chairman, later confirmed the Marcor statement and said that "neither the terms nor the timing of a possible offer have been decided upon by the Mobil board."

Mobil's planned purchase could face hurdles in the form of objections from the Justice Department's antitrust division.

At the end of Marcor's fiscal year last January, the company reported total assets of more than $2.8 billion. The Montgomery Ward division had 445 stores in operation throughout the country at that time.

Mobil, one of the world's 10 largest international oil companies, had total assets of $10.7 billion at the end of 1973.

Before its merger with Container Corp. in 1968, Montgomery Ward and Co. was long a prime target of corporate takeover specialists because the company's conservative management had a tradition of maintaining large amounts of ready cash. After the merger that created Marcor, cash reserves were used to upgrade the Ward stores, several hundred of which have been closed or modernized.

Mobil, an offshoot of the vast Rockefeller oil empire, was formerly Standard Oil Co. of New York. It has exploration, development and marketing affiliates in virtually every part of the non-Communist world, including a 10 per cent interest in Aramco, the Arabian-American Oil Co., which extracts oil from the vast Saudi Arabian fields.

Mr. FANNIN. Mr. President, I certainly understand the concern that the distinguished Senator from South Dakota has expressed, though I do not agree with him. When he talks about propane, I know that he is concerned about the price increases which have come about.

Let us consider what is involved today. We are talking about the confirmation of the nomination of a dedicated individual. John Sawhill has been referred to as a dedicated, hard working, intelligent, and highly capable administrator. From the experience that we have had with him, I would say that he certainly does justify that particular reputation.

I want to make clear that from the testimony he gave us—and I think the Senator from South Dakota will agree—he said that every precaution will be taken to avoid any conflict of interest problems.

At the same time, Mr. President, I think we must consider that we need intelligent, experienced men advising the Administrator and the persons under the Administrator, the other officials, as to just what action should be taken on general propane picture.

When we are talking about propane, which the Senator has so eloquently talked about—and we all share the problem of the increase in the price of propane—what is involved? Seventy percent of the propane comes from natural gas production. Another 30 percent comes from refining. So when we are talking about one company in the United States that is a very large supplier of this particular product, we are not simply referring to its particular emphasis in this field; we are referring to the general propane picture.

This one company did not establish the prices. The prices were established in an open market. I think we should take those matters into consideration when we talk about rollbacks.

After all, what we are discussing is the production of more products in this Nation. We are dependent now upon the importation of a large amount of fuel. Approximately 35 percent of the petroleum products now being utilized in this country is imported. This is of great concern, I know, to the Senator from South Dakota, and of great concern to all of us.

We must do something about this and I think the actions that have been taken by Dr. Sawhill illustrate his desire to go forward with programs that would be of help in that regard.

It is easy to say we are going to roll back prices, but when we come right down to what is involved, are we going to roll back production? That is the question at hand, and we must realize that there has been inflation. When the Senator refers to prices at some certain date and what it would take at that particular time to have increased our production, that has changed considerably, so we do have to take into account what has happened.

It certainly is not popular for the Administrator to take a position against the rollback because the general public does not understand the term "roll back prices."

They are talking about the rollback of prices on crude, but are we really talking about a rollback of prices at the service station? That is what the public is really interested in and there is a great misconception in that regard.

Rolling back the prices on crude, as we are talking about, does not mean that there will be a rollback on the prices at the service stations. In fact, it may mean the opposite, because for every barrel of oil we do not produce in this country, we must import a barrel of oil, and that barrel of oil will come in at a very high price.

If we take the average price of oil in this country today, and take into consideration the price of natural gas, we have a very low price on domestic petroleum as compared to the imported products, especially with respect to natural gas.

I consider Dr. Sawhill a distinguished administrator because I feel he has done an outstanding service and I support him. I feel that he did satisfactorily answer the questions we had placed to him, and has offered to come back at any time before the committee if we have any further questions. I feel that he will do capable service to this country. If the distinguished Senator from South Dakota has a conflict-of-interest problem I am sure Dr. Sawhill will be very pleased to cooperate with him.

Mr. President, I yield to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. HANSEN. Mr. President, I thank my distinguished colleague from Arizona.

I would like to say that I respect the motivation that impels our good friend from South Dakota to question, as he has, the confirmation of Dr. John Sawhill to become the head of the Federal Energy Administration.

I think, though, that before we judge him too harshly, before we make up our minds as to the wisdom that he has exercised in taking the actions he has, we should try to look at the whole picture.

My good friend from South Dakota said that the main beneficiary of the Nixon economic policies is the major oil companies. I am certain that he could, in good conscience, make such a declaration, but I am certain that most Americans are aware that we got through a winter that many predicted last fall would be fraught with plants closed down, interruptions in the production schedule of the major companies in America, widespread unemployment, cold houses, and automobiles that could not be driven unless we had gasoline rationing. These are some of the predictions that the President knows were being made last fall.

I just say to my colleagues that during that period John Sawhill was working with the present Secretary of the Treasury, William Simon. I think he has distinguished himself as a dedicated, conscientious, knowledgeable public servant. It is true he objected to a rollback of prices. I am glad that he did. I think it further underscores his wisdom.

Even today, the Canadians have increased the price of crude that they export to the United States from $10.70 a barrel to $12.93 a barrel FOB Chicago.

Mr. President, you undoubtedly read that the OPEC countries have just authorized another tax raise at their meeting in Ecuador. I understand that most Middle East oil now has a posted price of $11.65 a barrel. So why should not John Sawhill have readily agreed that he would rollback the price of oil in this country?

If the price is going up everywhere else, would it not help the typical consumer if we would rollback the price here? This is what John Sawhill was being asked to do. Well, he did not do it, and I think if we will reflect for just one moment, we can nuderstand why he did not do it.

About 13 perecnt of our present domestic production comes from stripper wells. The distinguished Senator from New York has pointed out that presently some 5,300 stripper wells are operating in his State, the Empire State.

A stripper well by definition is a well whose production last year averaged not in excess of 10 barrels per day. Do these wells in the State of New York average that? Indeed, they do not. As a matter of fact, they are averaging about one-half barrel per day.

The State of New York, from those 5,300 wells, is presently pumping about 2,700 barrels a day. That is not very much, but it is 2,700 barrels a day more than nothing.

And nothing is exactly what would be produced from those wells if John Sawhill were to rollback the price of oil in this country. Anybody knows that. Anybody should know that.

There has been a great increase in activity in the oilfields of America. One can ask, Why has this increase come about? It has come about for one very basic reason. The price of crude oil has not been rolled back.

It is expensive drilling deep wells in this country, it is expensive going into old fields and doing all of those things which may make it possible to recover even more oil that otherwise would be left in the ground. The reason it is not being left in the ground today is that the price has not been rolled back.

The PRESIDING OFFICER. All of the time of the proponents has expired.

Mr. HANSEN. That is a pity.

Mr. ABOUREZK. Mr. President, I want to yield a little bit of time to the Senator from Oklahoma, who wants to speak in favor of the nomination of Mr. Sawhill, but before I do, I wish to respond just briefly to a couple of the comments my colleagues from Wyoming and Arizona have made.

I think the American people understand very well that there is something going on in Washington that they do not like and that is that the price of crude oil which has increased the price of their diesel, their gasoline, and of every other byproduct, has gone up with the permission, with the acquiescence, and sometimes with the outright approval of a great many Members of Congress and the administration, and the result of that increase means to the American people great economic dislocation. The beneficiaries have been the major oil companies that seem to control so much of our life in this Nation.

When I went out to South Dakota earlier this year, when prices first started rising, I had a great many people, many of them elderly, many of them Indian people, come up to me and say, "I am on social security and I am getting $100 a month, or thereabouts, and my fuel bill is running $100 a month, or thereabouts."

They had to make a choice between eating and keeping warm, and that is a choice we should not force those people to make.

I do not need to talk about the other segments of our economy that have suffered from the economic dislocations as a result of this.

Two other points: The talk about increases in prices bringing increased production in my opinion is not valid in any way, shape, or form. The internal documents that were kept secret for so long and that were finally released under the Freedom of Information Act, the information with the Cost of Living Council, clearly show, and the Cost of Living Council has advised us by their own people, that the increase in the price of oil would not stir any more production from wells already producing, because they were already pumping at the maximum level.

The documents also show that the increase in the price resulting from allowing it to float up to the free market price did not result in an increase in production, because the bottleneck was not in the low price; the bottleneck was due to the fact that the major oil companies had bought up the drilling equipment and that prevented the independent producers from drilling any new oil because of the price increase. So with respect to both points, the views of the administration and of Mr. Sawhill coincide. There has been no increase in production. As a matter of fact, there is a decrease in production of 314,000 barrels from last year. So the higher price will do nothing except benefit the outrageous profits of the major oil companies, at the expense of the American people.

I yield 2 minutes to the Senator from Oklahoma (Mr. BARTLETT).

Mr. BARTLETT. Mr. President, I thank my friend very much for yielding to me at this time. I think there are several points that are important.

First, the Senator has said that the price of oil or gas going up does not stimulate activity which will produce additional oil and gas. This is just not the case. There is already ample evidence to show that increases in the price of gas that occurred 2 years ago have stimulated increased activity in gas import and increased gas production. The recent increases in the price of crude oil have had little time to work, but they have had time enough to increase drilling activity by 40 percent this year, during the first 3 or 4 months, as compared to a year ago. This shows that the increased prices are bringing on a real momentum in the oil industry for the first time in 20 years.

I compliment Administrator Sawhill for his willingness to take leadership to provide an oil policy, to provide an opportunity for this country to buy supplies of energy at a partially fair market price and at a partially free market price to assure that we will have increased supplies so that we can have the best gasoline prices possible.

I also commend him, because he has been accused of not dealing promptly and quickly with conflict of interest, for dealing with it very quickly and making a decision within 1 week from the time this information came to him, and then as soon as the person involved returned to this country and as soon as the Administrator was available, which was 3 weeks later, he did transfer this individual back to the Treasury Department.

I think it is important that we have a man of this caliber, ability, and integrity to head up this office.

I believe the Senator from South Dakota—

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

Mr. BARTLETT. May I have 1 minute?

Mr. ABOUREZK. I yield 1 minute to the Senator.

Mr. BARTLETT. I believe the Senator from South Dakota will agree that Administrator Sawhill did answer his question candidly and forthrightly concerning the matters of price, conflict of interest, and other matters. I think that is important, not because the Senator from South Dakota shares his point of view—I know he does not—but because I think it is important that in the hearing we had, which went on for several days, the person to be confirmed be forthright, candid, and honest with the Members of the Senate. I think he did that and showed he was answering the questions in an honorable, honest, candid, forthright manner.

It is my pleasure to support this nomination, and I urge my colleagues to do likewise.

Mr. JACKSON. Mr. President, after 2 days of hearings, the Interior Committee reported favorably on the President's nomination of Dr. John C. Sawhill to be Administrator of the Federal Energy Administration. I support the committee's recommendation. I believe Dr. Sawhill to be a man of competence and integrity. He possesses the intellect, the understanding, and the leadership to bring cohesion and coherence to the administration's fragmented, diverse, and often contradictory energy policies. It remains, however, to be seen whether he will be given the opportunity by the administration to provide the leadership which is needed in the executive branch on energy policy issues.

While I have a great deal of respect for Dr. Sawhill I must note that there are many questions of energy policy on

which we are in fundamental disagreement. Perhaps the most important of these is the question of petroleum pricing. Dr. Sawhill, understandably, has publicly supported the administration's position that petroleum prices are not too high and that they should not be subject to further controls. I disagree with him on this point. I can find no justification for the present level of petrolem prices which are a major factor in today's rampant inflation.

Mr. President, it is my strong view that prices for petroleum are already so high that increased prices cannot bring forth new supplies. For the near term, supply is now constrained by other factors, such as shortages of manpower, tubular goods, pumps, and other drilling equipment.

In response to questions at his confirmation hearing Dr. Sawhill said:

The immediate effect of higher prices on crude production is confined to the effects achieved by holding marginal wells in production. While these effects will continue for a long period of time, they probably do not amount to more than 25–50,000 BBL per day.

At current prices, Mr. President, the American consumer is paying $240 per barrel for this incremental oil production.

With these price levels reason no longer prevails in the marketplace. Exorbitant fuel costs are causing damaging inflation in the industrialized countries of the world, and this in turn leads to escalating threats of further price hikes by producing nations. I find no justification for the present level of petroleum prices. I find no merit in driving up consumer costs, in driving up fuel costs to utilities, in driving up the general cost of doing business, to provide windfall profits to oil producers. I see no advantage in higher crude prices that will not elicit new supplies.

Mr. President, we are told that these high prices are needed to achieve energy self-sufficiency by 1980. However, it will do us no good to be energy self-sufficient and economically ruined.

As recently as June 8, 1974, Secretary of the Treasury William Simon said:

It is clearly in the common interest of both oil-producers and consumers not to take action which will prevent market forces from bringing about somewhat lower levels of oil prices.

More reasonable prices of oil would contribute greatly to the strength of the world economy.

Yet we find, Mr. President that the President of the United States on March 6th vetoed congressional action to impose reasonable price ceilings. We further find that the administration refuses to impose price ceilings required by the Petroleum Allocation Act. Instead, in December of 1973 the COLC and the FEO decided to increase prices on flowing domestic crude by $1 to $5.25 per barrel. The arguments evinced publicly for permitting this increase were twofold: it would diminish the disparity between domestic and foreign crude prices, and would encourage secondary and tertiary recovery. However, according to COLC documents made available to the committee, neither of these reasons can be justified. In fact, these findings are contradicted by the internal memoranda COLC prepared prior to granting the increase. I would just quote, Mr. President, from these memoranda:

As no additional costs are involved and a ceiling increase in the price of crude would be based on other factors such as world market prices and the desire to increase domestic prices of products to deter demand, this is an arbitrary decision.

Increasing the price of ceiling domestic crude may trigger additional price increases by countries exporting crude to the United States. Apparently these countries are not reluctant to increase prices without a corresponding U.S. increase but would be even more likely to do so with a domestic increase. A new base for ceiling crude will probably also mean a higher price for new and released oil.

It was agreed that about 200,000 barrels per day of additional oil would be obtained through secondary and tertiary recovery during the first six months or so of next year. This increase would result even absent a rise in the price of domestic crude through operation of the existing two-tier system. Limitations on additional crude production result from supply limitations on such commodities as rigs, drilling bits, steel tubing, etc.

Yet, in spite of these findings, the staff papers conclude as follows:

It is recommended that the price of domestic crude be raised now to $5.00 by the Cost of Living Council (with a tax announcement at the White House) and that a further increase of about the same amount be considered in several months (not to be announced now). The $5.00 old oil price (and $8.00 new oil) would yield an immediate average price of $5.75.

Mr. President, these documents were printed in the June 10th CONGRESSIONAL RECORD.

For the longer run, current price levels already far exceed any long-run supply price estimates ever projected by the oil industry or by this administration as being needed to produce new energy supplies. Mr. President, I ask unanimous consent that the findings of a few of the most recent studies on long-term supply prices be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. JACKSON. Mr. President, I also ask unanimous consent that a legal memorandum in support of a motion for summary judgment in a lawsuit against Dr. Sawhill as Administrator of the Federal Energy Office be printed in the record together with earlier correspondence I have had on this subject with the FEA.

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

(See exhibit 2.)

Mr. JACKSON. Mr. President, I ask unanimous consent that my remarks appear in the Record in connection with the discussion on the nomination of Dr. Sawhill.

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

Mr. JACKSON. I thank the distinguished Senator from Alabama for so courteously and generously yielding to me at this point.

EXHIBIT 1

FINDINGS OF RECENT OIL PRICE STUDIES

Federal Energy Office (January 1974):

"The long term supply price of bringing in the alternate sources of energy in this country, as well as drilling the Outer Continental Shelf and the North Slope . . . is $7 a barrel, current 1973 dollars."

Department of the Treasury (December, 1973) (Mr. William Simon):

"No one knows exactly what the long-term supply price is, as no one can predict the future that clearly. Our best estimate is that it would be in the neighborhood of $7 per barrel within the next few years."

Independent Petroleum Association of America (1973 projections):

"In terms of constant 1973 dollars . . . an average price of about $6.65 per barrel for crude oil . . . would be required over the long run to achieve 85% self-sufficiency in oil and gas by 1980."

National Petroleum Council Oil and Gas Availability (Dec. 1973):

For maximum attainable self sufficiency by 1980, average revenue required per barrel of crude is shown on the following table for different rates of return.

AVERAGE UNIT REVENUE REQUIRED PER BARREL OF CRUDE OIL[1]

[Dollars per barrel]

	10 percent rate of return	12.5 percent rate of return	15 percent rate of return	17.5 percent rate of return	20 percent rate of return
1971	2,739	2,931	3,223	3,465	3,706
1972	2,819	3,066	3,315	3,563	3,812
1973	2,855	3,112	3,370	3,623	3,836
1974	2,941	3,214	3,485	3,759	4,031
1975	3,163	3,359	3,650	3,943	4,232
1976	3,216	3,530	3,844	4,158	4,472
1977	3,398	3,738	4,078	4,418	4,758
1978	3,612	3,978	4,344	4,711	5,077
1979	3,315	4,208	4,601	4,995	5,389
1980	4,056	4,478	4,896	5,317	5,737
1981	4,283	4,733	5,183	5,639	6,087
1982	4,553	5,037	5,520	6,004	6,427
1983	4,864	5,053	5,899	6,417	6,925
1984	5,151	5,707	6,262	6,818	7,374
1985	5,500	6,093	6,887	7,230	7,873

[1] Based on economics for lower 43 States and South Alaska.

Oil and Gas Journal (September 17, 1973):

"The price outlook for domestic crude thus has to be rated promising . . . The new prices make investment attractive in the new equipment and services to rejuvenate marginal wells . . . Risks are becoming worth taking."

Petroleum Independent (November 1973):

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

U.S. SENATE,
COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
Washington, D.C. February 2, 1974.

HON. WILLIAM E. SIMON,
Administrator, Federal Energy Office,
Washington, D.C.

DEAR MR. SIMON: At the conclusion of the testimony of Administration witnesses at the Committee's hearings on Friday, February 1, 1974, on S. 2885, a bill I introduced to roll back and establish price ceilings for crude oil and refined petroleum products, questions were raised concerning the Administration's authority to exempt new oil, released oil, and State royalty oil from the regulations implementing the price ceiling provisions of the Emergency Petroleum Allocation Act.

Legal Counsel to the Committee has advised me that the Administration is in apparent violation of the pricing requirements of Section 4 of the Allocation Act. Section 4(a) of the Act provides that "the President *shall* promulgate a regulation providing for the mandatory allocation" of crude oil

and petroleum products "in amounts . . . and at price specified in (or determined in a manner prescribed by) such regulation" (italic added).

Section 4(b)(1)(F) provides that the regulation "*shall* provide for" . . . "equitable distribution of crude oil, residual fuel oil, and refined petroleum products at *equitable prices* among all regions and areas of the United States and sectors of the petroleum industry . . ." (italic added).

Section 4(e) provides one exception to this requirement that all oil prices be placed under price ceilings. Section 4(e)(2) provides that the regulation promulgated under Section 4(a) on allocations and on prices "shall not apply to the first sale of crude oil . . ." from stripper wells.

Section 4(e)(1) provides a procedure for suspending allocation authority *if* the President makes and transmits to the Congress a finding that mandatory allocation is no longer needed to achieve the purposes of the Act. This procedure *does not* permit suspension of the Act's requirement that oil prices be "specified in (or determined in a manner prescribed by)" the regulation required under section 4 (a) of the Act.

I would appreciate it if you would furnish me with a report and a legal memorandum on this matter. I am specifically interested in your views as to the legal authority for exempting new oil, released oil, and State royalty oil from the price requirements of the Emergency Petroleum Allocation Act.

As I understand it, the Administration's position on allowing major exemptions to price ceilings may be based in part upon an interpretation of the Conference Report on the Allocation Act which was contained in a letter of November 13, 1973, to me from Dr. John T. Dunlop, Director of the Cost of Living Council. Dr. Dunlop's letter dealt with his understanding of provisions of the Report dealing with stripper wells, pricing and personnel. In connection with the adoption of the Conference Report, I had Dr. Dunlop's letter together with other materials printed in the Congressional Record and indicated general concurrence in Dr. Dunlop's interpretation.

On further review of the clear meaning of the Act and Dr. Dunlop's November 13 interpretation it is my view that the Act does not permit these exceptions to the price requirements of the Act. To the extent I expressed concurrence in Dr. Dunlop's interpretation of the pricing authority and directive in the Act I was in error. In any event, the concurrence of any single member of Congress in an interpretation of the law does not change the meaning or requirements of the law.

I do concur in Dr. Dunlop's statement in his letter that ". . . the administering agency which has been delegated price control authority under both statutes would be obligated to comply with the provisions of both."

I appreciate your assistance in this matter and I assure you of my cooperation and assistance in achieving a new level of stability and reasonableness in petroleum prices. As you know, the Conference Committee will meet on Monday on S. 2589, the Energy Emergency Act, to work out a resolution of the controversy over the windfall profit provisions of the Conference Report. As you know, I and other members of the Conference Committee will be proposing language to mandate a price ceiling for oil which has been exempted from price controls. I have directed the Committee staff to meet with representatives of your office to discuss how this can best be achieved. Meetings were held last night and a further meeting is scheduled at noon today.

With best regards,
Sincerely yours.

HENRY M. JACKSON,
Chairman.

FEDERAL ENERGY OFFICE,
Washington, D.C., April 18, 1974.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter seeking our views "as to the legal authority for exempting new oil, released oil and State royalty oil from the price regulations of the Emergency Petroleum Allocation Act."

I am enclosing a memorandum from the General Counsel of the Agency expressing his opinion, with which I concur, that new oil and released oil are not exempt from the Emergency Petroleum Allocation Act and that the current regulations respecting those items conform to the requirements of the Act.

Further, the Agency amended its regulations on February 21, 1974, to eliminate the exemption for State royalty crude. This action was taken pursuant to an earlier notice of proposed rulemaking issued by the Cost of Living Council and was made effective on the date of that notice, October 25, 1973. In addition, on April 2, 1974, the Agency issued a further statement with respect to the subject, announcing its determination to sustain, with slight change, the February 21, 1974, amendment and also to remove the exemption for prices charged by the Federal government for the sale of crude oil and refined petroleum products.

I hope this information is helpful and urge you to contact me if you need further information.

Sincerely,
WILLIAM E. SIMON, *Administrator.*

FEDERAL ENERGY OFFICE,
Washington, D.C., April 2, 1974.

MEMORANDUM FOR WILLIAM E. SIMON

From: William N. Walker, General Counsel.
Subject: Senator Jackson's Letter on "New and Released" Oil Pricing Regulations.

Senator Jackson's February 2, 1974, letter asserts that FEO's pricing regulations have improperly exempted prices for new and released oil. He cites Section 4(a) of the Emergency Petroleum Allocation Act (hereinafter "the Act") which provides that "the President shall promulgate a regulation providing for the mandatory allocation of crude oil . . . at prices specified in (or determined in a manner prescribed by such regulation)." His letter also cites Section 4(b)(1)(F) which provides that, "the regulation under subsection (a) to the maximum extent practicable, shall provide for * * *

(F) equitable distribution of crude oil at equitable prices . . . among all regions and areas of the United States and sectors of the petroleum industry."

His letter contends that exemption of price controls for any product may be accomplished only pursuant to the provisions of Section 4(g)(2) which requires the making of certain findings and submission to both Houses of Congress for a period of five days.

For the reasons hereinbelow set forth, I am of the opinion that the provisions governing prices of new and released oil under Part 212 of the FEO regulations are not inconsistent with the Act.

The only point in the legislative history of the Act explicitly relating to new oil prices is that which appears at pages S20396-20398 of the CONGRESSIONAL RECORD of November 14, 1973, in which Senator Jackson introduced into the Record a letter from Dr. John T. Dunlop of the Cost of Living Council. Senator Jackson stated: "Dr. Dunlop's letter concerns the interpretation of certain sections of the Conference Report. I concur and I believe it was the intention of the Conference Committee to concur with the interpretation Dr. Dunlop places on the language of the Report."

In the letter, Dr. Dunlop stated:

"It is my understanding that, assuming the Phase IV price regulations in the petroleum industry are continued, the provisions of Section 150.354 of those regulations providing for release from crude petroleum ceiling price rules of new crude petroleum and base production control level crude petroleum would not be deemed inconsistent with or require modification because of the language of Section 4(a) of the allocation act which refers to 'prices specified in (or determined in a manner prescribed)' the regulation therein provided for."

The letter was prompted by the Conference Report on the Act which explicitly contemplated continuation of the Cost of Living Council's Phase IV Petroleum Pricing Regulations. The report stated at page 26:

"By requiring that both allocations and prices be covered in the regulation required to be promulgated and implemented under Section 4(a), Congress intends to force the Administration to rationalize and harmonize the objective of equitable allocation of fuels with the objectives of the Economic Stabilization Act. The Committee wishes to emphasize that the pricing controls called for in this legislation may, in those circumstances where pricing controls established pursuant to other Federal authority are consistent with the requirements and objectives of this Act, merely confirm those controls in the regulation to be promulgated under authority of section 4 of this Act. It is expressly contemplated, for example, that the price controls established by Phase IV under authority of the Economic Stabilization Act would continue in effect unless and until required to be modified by the price regulation required to carry out the purposes of this Act."

The question was whether the provisions for new and released oil would have to be "modified" to carry out the purposes of the Act. Senator Jackson's floor speech explicitly conceded that it would not.

Senator Jackson's February 2, 1974 letter, in hindsight, contains a different view. He states:

"On further review of the clear meaning of the Act and Dr. Dunlop's interpretation, it is my view that the Act does not permit those exceptions to the price requirements of the Act. To the extent I expressed concurrence to Dr. Dunlop's interpretation of the pricing authority, I was in error."

Notwithstanding the Senator's subsequent change of heart, however, the contemporaneous view which he expressed on the floor of the Senate and which was not challenged by other members of that body represents an important element in the legislative history which supports the proposition that no modification of the new and released oil division of the regulations is required by the Act.

Moreover, even aside from the legislative history, the price control regulations for domestic crude meet the statutory requirements. The regulatory framework established a two-tier pricing system for crude oil. The first tier—so called "old" oil—is controlled at a fixed ceiling price while the second tier—for "new and released" oil—is subject to controls but permitted to rise to market prices. It is a unitary regulatory scheme comprised of two parts. Stated another way, the crude oil price control system prescribes a manner for determining prices, pursuant to the statutory obligation, which results in differential prices for new and released oil on the one hand and old oil on the other hand. Because it has continuing price control authority over new and released oil, FEO could, for example, establish ceiling prices for these items in the same fashion as it did for old oil; or it could order a rollback in new and released oil prices. It has chosen not to do so for sound economic reasons and so as to stimulate domestic production. But the continuing price control authority remains.

Thus, new and released oil prices are not *exempt* from controls. If they had been

exempted under Cost of Living Council regulations (which they were not), the Emergency Petroleum Allocation Act would have ended that exemption. Moreover, crude oil cannot now be exempted from the regulation in subsection (a) except pursuant to the procedural process set forth in Section 4(g)(2) of the Act. But the assertion in the Senator's letter that new and released oil are exempt from price controls is erroneous.

It should be further noted that both the language of the Act and its legislative history lend support to maintenance of the two-tier domestic crude price system. The avowed purpose of the two-tier system was to stimulate domestic crude oil production. That objective took on even greater force with the advent of the Arab nations' oil embargo and reemphasized the need for devising incentives to increase domestic crude oil production. The exemption for stripper well oil enacted in Congress in both the Alaska Pipeline Bill and the Emergency Petroleum Allocation Act had similar objectives. The Conference Report on the Act addressed this issue at several points. On page 14, the Report states:

"Although specific language to this end was not included in the Bill, it is the clear and firm understanding on the members of both Houses—that the Mandatory Allocation Program called for in this legislation shall not be designed or implemented in a manner which would have the net effect of occasioning a substantial reduction in the total supply of crude oil, residual fuel oil or refined petroleum products. It is expected that the President in applying the mandatory controls called for in this legislation will assiduously avoid that result."

Again, at page 26, amplifying the meaning of Section 4(b)(1)(f) referred to in Senator Jackson's letter, the Report states:

"Most importantly, the President must, in exercising this authority, strike an equitable balance between the sometimes conflicting needs of providing adequate inducement for the production of an adequate supply of product and of holding down spiraling consumer costs."

In commenting upon the sometimes conflicting statutory objectives which Section 4(b)(1) of the Act directs the President to provide for, the Report states:

"The direction of the President is qualified to permit the regulation to be constructed so as to accomplish objectives to the maximum extent practicable. This qualification is intended to give the President administrative flexibility in marshalling short supplies and equitably assigning them particular needs."

There is ample evidence in the legislative history that Congress was acutely aware of the importance of stimulating additional domestic crude oil production. That is the purpose and has been the effect of the two-tier pricing system. Conversely, there is no hint in the legislative history that Congress intended to require dismantling of the two-tier system, nor is such a result dictated by the language of the Act itself.

EXHIBIT 2

[In the U.S. District Court for the District of Columbia, Civil Action No. 74-722]

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

Consumers Union of United States, Inc., Plaintiff, versus John C. Sawhill, Administrator of the Federal Energy Office, Defendant.

The memorandum of points and authorities is submitted in support of the motion of plaintiff Consumers Union of United States, Inc. ("Consumers Union"), pursuant to Rule 56, F.R.Civ.P., for summary judgment.

As is clear from the Statement of Material Facts Not in Genuine Dispute, submitted by plaintiff herewith pursuant to local Rule 1-9(g), there are no factual issues in this case. Rather, the dispute is entirely one of law—whether the Emergency Petroleum Allocation Act of 1973, Pub. Law 93-159 ("the Act")[1] imposes upon the defendant the mandatory duty to set, by regulation, equitable ceilings on the price at which certain categories of crude oil, residual fuel oil, and refined petroleum products may be sold.

Plaintiff contends that the Act does impose such a mandatory duty, and that defendant has violated that duty by permitting a substantial portion of crude oil produced in or imported into the United States to be sold at whatever price the market will bear. Defendant concedes that such a mandatory duty exists, but contends that it has complied with this duty by permitting the price of such oil "to rise to market prices."[2] This is the sole issue in this case.

STATEMENT OF FACTS

On November 27, 1973, the President signed the Act into law. On December 4, 1973, the President established the Federal Energy Office ("FEO") and delegated to the Administrator of the FEO the authority to administer and implement the Act.[3] On December 26, 1973, the Chairman of the Cost of Living Council ("CLC") delegated to the FEO Administrator the CLC's authority under the Economic Stabilization Act of 1970, as amended, with respect to petroleum products and crude oil.[4]

On January 14, 1974, defendant Sawhill, then Deputy Administrator of the FEO, issued the FEO's regulations purporting to implement the requirements of the Act.[5] Subpart D of the "Mandatory Petroleum Price Regulations" imposes ceiling prices on the first sale of domestic crude petroleum, which ceiling prices are for any barrel of crude petroleum of any grade from any field, equal to the sum of the highest posted price for that grade of petroleum in that particular field on May 15, 1973, and $1.35.

Subpart C and D of these regulations, however, failed to prescribe any ceiling prices for six categories of crude oil and refined products.[6] One such category—so-called "stripper well" crude—had been specificially exempted from controls by Section 4(e)(2) of the Act. A second category—so-called "royalty" crude—was subsequently subjected to controls by an amendment to the regulations.[7] The FEO has refused to establish *any* ceiling prices for the four remaining categories. They are (1) so-called "new" crude, defined as the number of barrels of domestic crude petroleum produced and sold from a property in a specific month, less the number of barrels of domestic crude petroleum produced and sold from that property during a base month in 1972 (i.e., "the base production control level" for that month);[8] (2) so-called "released" crude, which refers to the barrel of "old" crude which is "released" from controls for every barrel of "new" crude produced from that property;[9] (3) imports;[10] and (4) exports.[11] These four categories of crude and refined products are referred to hereinafter as the "uncontrolled oil."[12]

The national average ceiling price—the controlled price—of all "old" crude is approximately $5.25 per barrel, while the average prices of uncontrolled domestic crude is approximately $10 per barrel[13] and the average price of uncontrolled imported crude in March 1974 was apparently in excess of $11 per barrel.[14] In April 1974, the FEO estimated that the total of domestic crude oil production and imports was over 12.1 million barrels per day (or in excess of 4.4 *billion* barrels per year), roughly 75 percent of which was domestic production.[15]

By letter dated February 2, 1974, Senator Henry M. Jackson, Chairman of the Senate Committee on Interior and Insular Affairs and a Senate manager of the bill (S. 1570) which became the Act, wrote to William E. Simon, then the FEO Administrator, questioning "the Administration's authority to exempt new oil, released oil, and State royalty oil from the regulations implementing the price ceiling provisions of the Emergency Petroleum Allocation Act," asserting that "it is my view that the Act does not permit these exceptions to the price requirements of the Act," and requesting "a report and a legal memorandum on this matter."[16] No response to this letter was received until the latter part of April 1974. By letter dated April 10, 1974, plaintiff wrote to Mr. Simon, then the FEO Administrator, asserting that all crude other than stripper well crude "is subject to the mandatory price ceiling requirements of Section 4(a) of the Act" and requesting that the FEO rescind the illegal exemptions, impose price ceilings on the uncontrolled oil, and "require the refund to consumers of amounts paid by consumers in excess of the price ceilings the imposition of which was mandated by the Act."[17]

By an undated letter received by plaintiff on or about April 23, 1974, Mr. Duke Ligon, Assistant Administrator of the FEO, responded to plaintiff's April 10 letter, informing plaintiff that its letter "is being treated as a petition for initiation of a rule-making procedure" and "is denied for the reasons set forth herein. In view of this disposition, your request that the FEO initiate a compliance proceeding to require refunds to consumers is dismissed." Mr. Ligon's letter further stated that the basis for FEO's denial of plaintiff's petition was set forth in its response to Senator Jackson, dated April 18, 1974, and an accompanying memorandum by Mr. William Walker, the FEO General Counsel, both of which were attached to said letter.[18]

Plaintiff filed its complaint in this action on May 13, 1974, naming as defendant John C. Sawhill, Administrator of the FEO.[19] The complaint seeks a declaratory judgment declaring that the FEO regulations permitting uncontrolled oil to be sold without respect to the ceiling price violates Section 4 of the Act, and seeks a permanent injunction requiring the immediate rescission of such regulations, the prompt issuance of new regulations imposing ceiling prices upon the first sale of such uncontrolled oil, and requiring the FEO to require the restitution to refiners of such oil of all moneys previously paid in excess of said ceilings, an appropriate portion of such moneys to be returned to plaintiff, its members, and all other purchasers of products derived and/or refined from such crude, or of products whose costs are directly or indirectly affected by the costs of such crude.

More than 20 days having expired since the commencement of the action, there being no issues of fact genuinely in dispute, and plaintiff being entitled to judgment as a matter of law, plaintiff now moves for summary judgment.

ARGUMENT

Plaintiff's argument is in three parts. First, plaintiff demonstrates what defendant has already conceded—that the Act mandates defendant to establish price controls for the uncontrolled oil. Second, plaintiff demonstrates that defendant, by permitting uncontrolled oil to be sold at any price that the market will bear, has violated this mandatory duty. Third, plaintiff demonstrates that the Court may grant the equitable relief requested in the complaint.

I. Section 4 of the act imposes a mandatory duty to establish price controls for "new", released", exported, and imported crude oil and refined products.

Section 4(a) of the Act provides, in pertinent part:

"Not later than fifteen days after the date of enactment of this Act, the President shall promulgate a regulation providing for the mandatory allocation of crude oil, residual fuel oil, and each refined petroleum product, in amounts specified in (or determined in a manner prescribed by) and at prices specified in (or determined in a manner prescribed by) such regulation". . . . (Emphasis supplied.)

Footnotes at end of article.

Numerous courts have held that use of the word "shall" or "will" is mandatory and implies no discretion whatsoever. E.g., *Escoe* v. *Zerbst*, 295 U.S. 490, 493 (1935): *Richbourg Motor Co.* v. *United States*, 281 U.S. 528. 534 (1930). Indeed, only several months ago, the United States Court of Appeals for this circuit held that a statute providing that "the President shall . . . adjust the rates of pay . . . imposed a mandatory, nondiscretionary, legally enforceable duty upon the President. *National Treasury Employees Union* v. *Nixon*, 492 F. 2d 587, 601 (D.C. Cir. 1974).

The Act not only imposed a mandatory duty to specify, or prescribe the manner for determining, price; it also extended this duty to all of the uncontrolled oil. Section 4(a) concludes:

"Except as provided in subsection (e) [the stripper well exemption] such regulation shall apply to *all* crude oil, residual fuel oil, and refined petroleum products produced in or imported into the United States (Emphasis supplied).

The Act confers only one specific exemption from the pricing regulation mandated by Section 4(a)—so-called stripper well production (ie, production from leases whose average daily production for the base year did not exceed 10 barrels per well), which exemption is expressly created by Section 4(e)(2). That Congress intended to restrict the granting of exemptions could hardly be clearer. Section 4(g) of the Act prescribes an unusually specific procedure by which the President[20] may create other exemptions from the mandatory allocation and pricing regulation, a procedure which is notable for its detailed requirements and the extent to which Congress insisted upon retaining the power to veto any or all such exemptions.

Section 4(g)(1) sets forth two basic requirements for any such exemption. First, the amendment to the mandatory allocation and pricing regulation, which amendment seeks to create an exemption, must *itself* meet the requirements of Section 4. Second, "the President may exempt crude oil, residual fuel oil, or any refined petroleum product from" the mandatory allocation and pricing regulation only in accordance with Section 4(g)(2), which requires that *each* of the following conditions be met before *any* exemption may be made:

1. the exemption must be effected by an amendment to the mandatory allocation and pricing regulation;

2. The President must find "that application of the regulation under subsection (a) to crude oil, residual fuel oil, or a refined petroleum product is not necessary to carry out this Act";

3. The President must find "that there is no shortage of such oil or product";

4. the President must find "that exempting such oil or product from such regulation will not have an adverse impact on the supply of any other oil or refined petroleum products subject to this Act";

5. the exemption may last only 90 days;

6. the President must submit any such amendment and any such findings to the Congress;

7. such an amendment "may not exempt more than one oil or one product";

8. such an amendment may not take effect "sooner than the close of the earliest period which begins after the submission of such amendment to the Congress *and* which includes at least five days during which the House was in session *and* at least five days during which the Senate was in session" (Emphasis supplied); and

9. such amendment "shall not take effect if before the expiration of such period *either* House of Congress approves a resolution of that House stating in substance that such House disapproves such amendment." (Emphasis supplied).

Section 4(g)(2), then, represents an extraordinarily detailed, carefully drafted, and wholly unprecedented effort to restrict Presidential authority to exempt crude oil and refined products (other than that from stripper wells) from the mandatory allocation and pricing regulation promulgated pursuant to Section 4(a).[21]

In view of this crystal clear assertion of Congressional policy, this Court should be exceedingly reluctant to indulge any reading of the Act which would enlarge the President's authority to create exemptions either formally—by use of the procedure required by section 4(g)(2)—or informally—by disingenuously describing as "subject to controls" what is in fact simply an uncontrolled market price.[22]

There are yet other indications in the Act of the importance which Congress attached to price controls on crude oil. For example, Section 4(e)(1) of the Act, while authorizing the President to dispense with *allocation* at the producer level upon the making of certain findings, expressly denies him such authority in the case of price regulation:

"The provisions of the regulation under subsection (a) shall specify (or prescribe a manner for determining) prices of crude oil at the producer level . . ." (Emphasis supplied).

The fact that the Act imposes a mandatory obligation to control prices on the uncontrolled oil has not escaped the notice of the FEO. In denying plaintiff's April 10 petition, the FEO has expressed its vigorous agreement with plaintiff's contention that the Act's mandate to control the price of crude oil extends not only to "old" oil, but to "new" and "released" oil as well.[23] Thus, William E. Simon, defendant's predecessor in office, transmitted to Senator Jackson the views of FEO that "new oil and released oil are not exempt from the Emergency Petroleum Allocation Act . . ." (Exhibit H). The accompanying legal memorandum dated April 2, 1974 from FEO's General Counsel, to which Simon adhered, spells out FEO's position with perfect clarity (Exhibit I). After referring to the FEO's crude oil price control system, which "prescribes a manner for determining prices, pursuant to the statutory obligation" (emphasis supplied), the memorandum concludes:

"Thus, new and released oil prices are not *exempt* from controls. If they had been exempted under Cost of Living Council regulations (which they were not), the Emergency Petroleum Allocation Act would have ended that exemption. Moreover, crude oil cannot now be exempted from the regulation in subsection (a) except pursuant to the procedural process set forth in Section 4(g)(2) of the Act . . ." (Exhibit I, p. 3). (Emphasis original.)

FEO's position, then, is *not* that the FEO has discretion under the Act as to whether price controls on uncontrolled oil are to be imposed. Quite the contrary, the clear language of the Act has compelled FEO unequivocally to concede what plaintiff contends—that price controls on such oil are *mandated* by the Act. FEO nevertheless defends its regulations on the astonishing ground that its "statutory obligation" to impose price controls on uncontrolled oil has been fully discharged by letting such oil be sold at whatever price the market will bear. We now proceed to examine the validity of this position.

II. By permitting uncontrolled oil to be sold at whatever price the market will bear, the FEO has violated its mandatory duty to establish equitable prices for such oil.

As demonstrated above, FEO has a mandatory, statutory obligation to issue a regulation "providing for the mandatory allocation of crude oil, residual fuel oil, and each refined petroleum product . . . at prices specified in (or determined in a manner prescribed by) such regulation." Section 4(a). All parties agree that this duty to impose price controls exists. The only issue in this case is whether FEO has discharged this duty.

FEO's own descriptions of the prices for new and "released" crude stress that they are not controlled prices but are simply "free market" prices, notwithstanding that it was the severe dislocation in the petroleum market caused by the unprecedented shortage that caused Congress to reject the market as an allocative and pricing mechanism for the duration of the Act.[24] See, e.g., Section 2(b). Thus, FEO's legal memorandum refers to the prices for uncontrolled oil as ("market prices."[25] Similarly, FEO's monthly Petroleum Report refers to the price for stripper well, new, and released crude oil production as the "non controlled price" as distinguished from the "controlled price" for old oil.[26] And the FEO's pricing regulations expressly refer to exports and imports as "exempt" from the mandatory controls.[27]

FEO has employed a transparent semantic device to flout the clear requirements of the Act. On the one hand, it speaks of its "unitary regulatory scheme comprised of two parts." On the other hand, it concedes—one sentence earlier—that "new" and "released" oil is "permitted to rise to market prices."[28] FEO's disingenuous effort to bring its refusal to control price under the umbrella of its "regulatory scheme" is like saying that apples and automobiles are both fruits. The illogic of FEO's assertion is underscored by its assurance that the oil selling at "market prices" is still "subject to controls" and that "the continuing price control authority remains."[29] Apart from the fact that FEO has a *duty*, and not simply "authority," to impose controls,[30] this is a clear admission of what is already perfectly obvious—that FEO has not yet imposed price controls of the uncontrolled oil.

Clearly, FEO's mere acquiescence in a free market price, particularly when that market price had enjoyed a spectacular increase of over 300% in the space of less than nine months,[31] does not discharge its statutory duty to specify, or prescribe a manner for determining, price. Still less does it discharge the statutory directive to set a price which is "equitable." See Section 4(b)(1)(F) of the Act. It would have been bizarre indeed if Congress, having expressly and clearly mandated price controls and having assiduously avoided authorizing any non-statutory exemptions from such mandatory controls except in the most carefully limited circumstances,[32] had intended to permit FEO to free some 25–30% of crude oil production from such controls, at a time when oil shortages were wreaking cruel havoc with consumers. Certainly, there is not the slightest evidence in the Act of any such intent.

While Congress carefully refrained from dictating to the President what particular price must be set, it did direct that the noncontrolled prices must be "equitable" (Section 4(b)(1)(F)), and that the Act's authority "be exercised for the purpose of minimizing the adverse impacts of such shortages or dislocations on the American people and the domestic economy." (Section 2(b)).

The statutory language then, is clear that FEO was required to establish equitable price levels for the uncontrolled oil, either by specifying a particular price or by prescribing some formula or method for arriving at such a price, and that simply acquiescing in the market prices generated by the very shortage which had occasioned the Act was not sufficient.

A recent case in this Circuit, also involving the oil industry, has reaffirmed the principle demonstrated by the foregoing analysis—that the statutory duty to regulate prices is not met by simply accepting whatever price the vagaries of a suspect market yields. In *Texaco, Inc.* v. *Federal Power Commission*, 474 F. 2d 416 (D.C. Cir. 1972) *cert. granted* ——— U.S. ———, October 9, 1973, the Court of Appeals struck down the Federal Power Commission's Order No. 428, which exempted "small producers" from regulation of rates for sales of natural gas. The Court in *Texaco* considered the same argument, *mutatis*

Footnotes at end of article.

mutandis, that the FEO advances here, i.e., "that, while the *Commission* would no longer be regulating rates, the *market mechanism* itself would, in effect, dictate small producer prices which were 'just and reasonable.'" (Emphasis original). 474 F. 2d at 422. The Court sharply rejected this position:

"However, though ingenious on a semantic level, that argument ignores the essential difference between a regulated and an unregulated industry. Put simply, the latter is governed by the market while the former, by definition, is the subject of active governmental control." (*Id.*)

The Fifth Circuit has also stressed the violence done to the Congressional intent when market price is used in lieu of a statutorily mandated regulatory price:

"A price paid for gas as the result of arm's length bargaining with the producer is not, merely because bargained for in a highly competitive market, 'just and reasonable' within the intendment of the Natural Gas Act. . . . This is so because the only justification for giving the Commission the duty to regulate prices was the determination by Congress that the producers have a supply that is so restricted in relation to demand that they have the economic power to bargain for prices that will be injurious to the public. . . ."

United Gas Improvement Co. v. *Federal Power Commission*, 290 F.2d 133, 135 (5th Cir. 1961), *cert. denied sub nom. Sun Oil Co.* v. *United Gas Improvement Co.*, 368 U.S. 823. Similarly, the Court of Appeals for this Circuit has recently rejected the use of market price where a regulated price is required. In *Public Service Commission for the State of New York* v. *Federal Power Commission* 487 F.2d 1043, 1057 (D.C. Cir. 1973), the Court stated:

"However, so long as the legislature has assigned the agency the function of regulations of rates it cannot legitimately execute that function in a fashion which, in fact, is tantamount to total deregulation or nonregulation. Congress did not provide for agency action and court review as a charade."

The Court, after reiterating its holding in *Texaco, Inc.* v. *Federal Power Commission, supra*, continued:

"We reaffirm the principle that regulation cannot be conducted on a premise tantamount to nonregulation." (487 F.2d at 1057, n. 32).

The Emergency Petroleum Allocation Act, like the Natural Gas Act, requres the agency to permit[23] producers to charge prices only in accordance with a statutory standard, but does not specify precisely what those rates must be. In the *Texaco* case, the FPC argued that simply because it possessed broad discretion as to what the specific "just and reasonable" rate was, it need not determine that rate itself according to the statutory criteria, but could rely on the market price to yield a "just and reasonable" rate. Rejecting this argument out of hand, the Court noted that a higher FPC-prescribed rate for small producers than for large ones might well meet the requirements of the statute, "[b]ut the small producers cannot be exempted from the regulatory scheme, and have their prices tied to the free market, by administrative agency flat." *Texaco, Inc.* v. *Federal Power Commission, supra*, 474 F.2d at 423.

The statutory obligation of the FEO to establish "equitable prices" is legally indistinguishable from the statutory obligation of the FPC to certificate only "just and reasonable" rates. Reliance upon market price in lieu of agency regulation violates a statutory obligation in either case.

III. In the exercise of its equitable powers, this court may require the FEO to require the restitution of past overcharges to plaintiff, its members, and other consumers of the uncontrolled oil.

If, as plaintiff has demonstrated, defendant has illegally failed to impose equitable price ceilings on the uncontrolled oil, it would be palpably unjust to permit the producers of such oil to retain the sums which they have received in excess of the equitable ceiling prices which defendant is required by the Act to establish. While the precise magnitude of these sums remains to be established, they are unquestionably enormous.[24]

The FEO has ample authority to require restitution of these overcharges. See 10 C.F.R. § 205.82 concerning the FEO's authority to issue "remedial orders" and the definition of that term at 10 C.F.R. § 205.2. Moreover, the FEO and its predecessor, the Cost of Living Council, have issued such orders on numerous occasions. See, e.g., CCH Economic Controls, § 7201.

Even if the FEO lacked or refused to exercise such authority, however, this Court clearly possesses the equitable power to require restitution of such overcharges. Indeed, the Court of Appeals in this circuit during the last year has reaffirmed this principle in a very similar case. In *Democratic Central Committee of the District of Columbia* v. *Washington Metropolitan Area Transit Commission*, —— U.S. App. D.C. ——, 485 F. 2d 786 (D.C. Cir. 1973), the Court, after finding that the bus fares fixed by the Commission's order were illegal and that "the fares fixed by that order have been charged and paid since it went into effect", went on to fashion appropriate relief:

Here, no less than in *Williams* [*Williams* v. *Washington Metropolitan Area Transit Commission*, 134 U.S. App. D.C. ——, 415 F. 2d 922 (D.C. Cir. 1968), *cert. denied* 393 U.S. 1081 (1969)], "given our conclusion" that in formulating Order No. 773 "the Commission failed to apply appropriate criteria, and failed to make the inquiries prerequisite to valid exercise of its rate-setting authority, we could not permit Transit to retain the increased fares, since to do so would be to give legal effect to the Commission's invalid order.

485 F. 2d at 824–25. See also, *Bebchick* v. *Public Utilities Commission*, 115 U.S. App. D.C. 216, 232–33, 318 F. 2d 187 (D.C. Cir. 1963) (*en banc*), *cert denied*, 373 U.S. 913. The Court then set aside the invalid order and remanded to the Commission for a determination of the amount of restitution to be required. Finally, the Court noted that there were "many ways" in which the restitution could be effected, holding:

"The choice will become the task of this court after the remand is completed, and we invite the Commission to delve into it on remand." 485 F. 2d at 828.

In sum, this Court possesses ample authority, well-established by precedent, to grant the equitable relief requested by plaintiff.

CONCLUSION

For the reasons set forth above, plaintiff respectfully requests that this Court issue an order granting plaintiff summary judgment and that it grant the relief prayed for in the complaint.

Respectfully submitted,

PETER H. SCHUCK,
JAMES A. BRODSKY,
Counsel for Plaintiff.

FOOTNOTES

[1] A copy of the Act is annexed hereto as Exhibit A.

[2] See *infra*, pp. 10–15.

[3] Executive Order No. 11748, December 4, 1973, 38 F.R. 33575–76.

[4] Cost of Living Council Order No. 47, dated December 26, 1973, 30 F.R. 24, January 2, 1974. Certain exceptions to this delegation of authority are not relevant to the instant acion.

[5] 39 F.R 1924–61, January 15, 1974.

[6] Subparts C and D of the regulations are annexed hereto as Exhibit B.

[7] 10 C.F.R. § 212.52, as amended, 39 F.R. 122–52–55, April 4, 1974.

[8] 10 C.F.R. § 212.74(a).

[9] 10 C.F.R. § 212.74(b).

[10] 10 C.F.R. § 212.53(b).

[11] 10 C.F.R. § 212.53(a).

[12] See *infra*, pp. 10–15.

[13] See Table VII of the Federal Energy Office, Office of Policy, Planning and Regulation, "The PIMS Monthly Petroleum Report", dated April 30, 1974, annexed hereto as Exhibit C.

[14] "Summary of U.S. Export and Import Merchandise Trade, March 1974," FT 900–74–3 Supplement, published by the U.S. Dept. of Commerce, Bureau of the Census, and annexed hereto as Exhibit D. The $11 per barrel figure cited is derived from Table 1A at p. 4 of Exhibit D, by dividing the quantity for "crude and partly refined petroleum" into the customs value for that item, and this figure apparently excludes U.S. import duties, freight, insurance, and other costs of importation. See Exhibit D, p. 3. Crude oil accounts for approximately 90% of this item. See "Extracts from U.S. Imports for Consumption, March 1974," IM 145, published by the U.S. Dept. of Commerce, Bureau of the Census.

[15] Exhibit C, Table XI.

[16] Senator Jackson's letter is annexed hereto as Exhibit E.

[17] Plaintiff's letter is annexed hereto as Exhibit F.

[18] The undated letter from Mr. Ligon to plaintiff, the April 18 letter from Mr. Simon to Senator Jackson, and the April 2 memorandum from Mr. Walker to Mr. Simon, are annexed hereto as Exhibits G, H, and I, respectively.

[19] On May 7, 1974, the President signed into law the Federal Energy Administration Act of 1974, Pub. Law 93–275, which provides for the creation of a Federal Energy Administration in the executive branch. The Federal Energy Administration will absorb the FEO and its legal authority when the Act becomes effective.

[20] Or his delegate. See Section 5(b) of the Act.

[21] Compare, for example, the virtually untrammeled discretion to create exceptions from price and wage control authority conferred upon the President by Section 203(b)(2) of the Economic Stabilization Act of 1970, 12 U.S.C. § 1904 note, the predecessor of the Emergency Petroleum Allocation Act with respect to price controls over petroleum and petroleum products.

[22] See Exhibit I, p. 3 and *infra*, pp. 10–15.

[23] While FEO's contentions, as set forth in Exhibits G, H, and I, have reference only to "new" and "released" crude oil (since those were the only categories of uncontrolled crude about which Senator Jackson inquired), there is no legal basis in the Act for distinguishing FEO's statutory obligations with respect to "new" and "released" crude from its statutory obligations with respect to imports and exports. See Section 4(a) of the Act, last sentence.

[24] Section 4(g)(1) of the Act provides that the pricing and allocation regulation expires on February 28, 1975.

[25] Exhibit I, p. 3.

[26] Exhibit C, p. 15. At page 2 of the Report, FEO refers to the "free market price" for stripper well, new, and released crude.

[27] Exhibit B, 10 C.F.R. § 212.53(a) and (b).

[28] Exhibit I, p. 3. As stated above, it abandons this charade altogether in the case of exports and imports, which are "exempted" from the regulations. Exhibit B, 10 C.F.R. § 212.53 (a) and (b).

[29] Exhibit I, p. 3.

[30] See Argument I, *supra*.

[31] According to PEO statistics, the average price of all domestic crude was $3.41 per barrel in March 1973 and $3.86 in August 1973. By January 1974, the average price of uncontrolled domestic crude reached $10.35 per barrel and in April 1974 remained at approximately $10 per barrel. See Exhibit C and H. Report No. 93–1014, 93d Congress, 2d Session, April 29, 1974, p. 10, n. 2.

[22] See *supra*, pp. 7–9.

[23] In theory, the producer, not the FPC, "sets" rates under the Natural Gas Act. Under that Act, however, each transportation or sale of natural gas in interstate commerce must be at rates which are "just and reasonable", no such transportation or sale may be undertaken unless a certificate of public convenience and necessity has been issued by the FPC, and the FPC may (and routinely does) condition the certificate upon the acceptance by the producer of a particular just and reasonable" rate, 15 U.S.C. §§ 717c(a), 717(c) and (e).

[24] See Plaintiff's Motion for Expedited Hearing of Plaintiff's Motion for Summary Judgment, filed simultaneously herewith, at pp. 2, 3.

Mr. PACKWOOD. Mr. President, I rise today in support of the nomination of John Sawhill as the Administrator of the Federal Energy Office.

I can think of no greater testament to the effectiveness and ability of John Sawmill than by simply comparing where this Nation stands today in the allocation and development of energy resources to where we stood just a half a year ago.

In late 1973 it was not uncommon to hear dire predictions of gas at a dollar a gallon, if a gallon were to be found at all. Americans were hit with horror stories about fuel drying up accompanied by a flood of gasoline coupons and rationing stamps.

We weathered the crisis, and certainly a large share of the credit must be given to John Sawhill as Deputy Administrator of the Federal Energy Office. If men rise to the demand of the moment, and if grave emergencies are the discoverers of equally great men, then the energy crisis of 1974 found its match in Bill Simon and John Sawhill.

During the gasoline crunch last winter, Oregon was particularly hard hit. John Sawhill's knowledge and concern regarding Oregon's plight was a constant reassurance to me and many Oregonians. His dedication was remarkable. I have received calls from John at 10 in the evening only to find him back at his desk at 7 a.m. the very next morning. His is clearly a case of a dedicated American stretching the 24-hour clock to its limits to get ahead of this Nation's energy problems.

Clearly, we are still confronted by a serious energy shortage. We are, however, in the midst of a respite from our winter's woes, and while the problems are no longer on the front page, the planning is still going on behind the scenes at the FEA.

John Sawhill's confirmation today as Administrator of the Federal Energy Administration will lend great support to the task of solving our Nation's energy problems. I support John with my admiration and thanks.

Mr. HATFIELD. Mr. President, I have a few comments about the nomination of John Sawhill to be the Administrator of the Federal Energy Administration. During his tenure as deputy to William Simon at FEO, and since he took over as the head, I have gotten to know John Sawhill well. As a member of the Senate Interior Committee, it is our responsibility to help formulate energy policies for the Senate, and we have met with Mr. Sawhill on numerous occasions. In addition, my State of Oregon was one of the first, if not the first, States to suffer the full impact of the gasoline shortage last Christmas. We had a terrible situation in Oregon, and the FEO, which had just been in operation allocating gasoline for a few days, was little help to us as we tried to gather data. Since that time, some of our Oregon initiatives have served as models in the field of energy conservation.

When Mr. Sawhill was named as Mr. Simon's Deputy, I was probably one of the few Senators who knew him. Prior to moving to FEO, he had served as the Natural Resource Deputy of OMB Director Roy Ash. As a member of both the Senate Interior Committee, and the Appropriations Subcommittees on Public Works and the Interior agencies, I had come in frequent contact with Mr. Sawhill's office at OMB, and, like most of my colleagues, often was concerned about natural resource decisions made by OMB.

Since he left OMB and moved to FEO, John Sawhill and I have met many times, and I have been impressed with his quick grasp of complex problems, and his clear presentation of his agency's views. While I have not always agreed with those views, I believe he has a grasp of our energy problems, and I respect his efforts to remind Americans that we are not out of the cold, so to speak, in ending our energy crisis.

I hope that John Sawhill will continue to be a prod to the people of the country, and to the Congress. It will be all too easy for us, especially in Congress, to wish the energy crisis away. It is a time of tough decisions in this area, and, unfortunately, all too often Congress seems to prefer waffling rather than meeting some of these issues head on. John Sawhill should receive the support of members of this body who believe that we still must take major steps to meet our energy crisis and to see that more energy supplies are developed. I wish John Sawhill well, and hope he can continue to pressure us all, both in Congress and across the Nation, to invoke more energy conservation measures, and to prod us into taking further action to meet our future energy needs.

Mr. BIBLE. Mr. President, I had the privilege of attending the confirmation hearings of the President's nomination of Dr. John C. Sawhill of Maryland to be the Administrator of the Federal Energy Administration. In my view, based upon the hearings and upon my contact with Dr. Sawhill during his service as Deputy Administrator of the FEA, Dr. Sawhill is a man of great integrity and competence. I have always found Dr. Sawhill candid and forthcoming in his dealings with my office and with the Interior and Related Agencies Appropriations Subcommittee which I chair as well as with the Committee on Interior and Insular Affairs.

There have, of course, been a number of major energy policy issues on which Dr. Sawhill's position and mine have been substantially at variance. The best example perhaps relates to the President's veto on March 6 of the Energy Emergency Act. As passed by the Congress this measure provided special protection for States such as Nevada whose economies are largely based upon tourism and the recreational industries. This bill would have also provided for the establishment of statutory price ceilings for petroleum products at equitable levels which would protect consumers and at the same time, assure reasonable profits to the oil industry.

Mr. President, I recognize that Dr. Sawhill's position and our differences on these and other issues is, in part, a result of Dr. Sawhill's advocacy of policy positions previously taken by his predecessors or by the President. In recognition of this fact and in view of his high qualifications for this important office, I intend to vote in favor of his nomination.

SENATOR RANDOLPH COMMENDS JOHN C. SAWHILL AS FULLY QUALIFIED TO BE ADMINISTRATOR OF THE FEDERAL ENERGY ADMINISTRATION

Mr. RANDOLPH. Mr. President, during the 6 months that John C. Sawhill has been associated with the Federal Energy Office, he has demonstrated a deep appreciation for the serious energy problems that face our Nation now and in the years ahead. In recognition of the significant role that energy conservation must perform in a national energy policy, John Sawhill has demonstrated a balanced and innovative approach to the formulation of Federal policies geared at solving our country's energy problems with a minimum disruption to our economic and social well-being.

Creation of the Federal Energy Administration constitutes the first step in a national commitment to centralized Federal energy programs. In the months ahead, legislation will be making its way through the Congress to also establish an energy information administration, an energy research and development administration, a centralized Federal energy regulatory agency, and eventually a comprehensive Department of Energy and Natural Resources.

In the interim period the Federal Energy Office will serve as the lead agency for the management of Project Independence toward the development of a national capability for energy self-sufficiency. Achievement of this national goal will require close cooperation between the Congress and the executive branch in a nonpartisan effort.

We must move forward in the formulation of a national energy policy for the United States which marshals the private resources of this Nation toward the eventual elimination of our present dependence on foreign energy supplies.

The Administrator of the Federal Energy Administration will organize and direct a wide diversity of programs involving individuals of many disciplines and specialties. Mr. Sawhill's background as an educator, economist, a manager of large private business organizations, his work in the Office of Management and Budget, and his experience as Deputy Administrator and Administrator of the Federal Energy Office make him fully qualified for this herculean task.

The Congress will be moving forward in the formulation of not only a national energy policy but regional energy policies for the United States. This task is of first priority to assuring the future of our country. A close policy of openness will be required between the adminis-

tration and the Congress in this effort. Unfortunately, this has not always been the case in recent months.

In his statement before the Senate Interior Committee, John Sawhill emphasized:

In redesigning our future energy base, we face a myriad of choices concerning both supply and demand. The fact that we have so many choices testifies the great abundance that this Nation enjoys.

Mr. Sawhill then said that—

We must be decisive and resolute in making the hard choices ahead if we are to enjoy any viable energy future.

The Administrator of the Federal Energy Administration will be called on to make many difficult choices. We have not yet faced a decision on what is the single most effective strategy for achieving energy self-sufficiency; rather, we are faced with the hard decisions involved in pursuing parallel programs in oil and gas and coal and nuclear and unconventional energy sources—each must be successful if Project Independence is to have any chance of success.

In the formulation of the necessary regional and national strategies to implement Project Independence, I look forward to working with John Sawhill and I urge his confirmation.

Mr. ABOUREZK. Mr. President, I intend to ask for the yeas and nays on the nomination. There are not enough Senators present to obtain the yeas and nays, so I will defer that request, but I just want to put the Senate on notice that I will do that before 3 o'clock.

I yield back the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

Mr. ALLEN. Mr. President, I object.

Mr. ABOUREZK. Mr. President, I have a parliamentary inquiry.

The PRESIDING OFFICER. Objection was heard.

Mr. ABOUREZK. Oh, there is objection?

Mr. ALLEN. Yes.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

Mr. ALLEN. Mr. President, I object for the moment. I have no objection to what the Senator has in mind.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. Mr. President, I repeat my request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. I ask for the yeas and nays on the Sawhill nomination.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 2514. An act for the relief of Mrs. Gavina A. Palacay;

H.R. 5477. An act for the relief of Charito Fernandez Bautista;

H.R. 7685. An act for the relief of Giuseppe Greco;

H.R. 12165. An act 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;

H.R. 13998. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; and

H.R. 14368. An act to provide for means of dealing with energy shortages by requiring reports with respect to energy resources, by providing for temporary suspension of certain air pollution requirements, by providing for coal conversion and for other purposes.

The enrolled bills were subsequently signed by the Vice President.

ORDER OF BUSINESS

Mr. TALMADGE. Mr. President, I ask unanimous consent that the distinguished Senator from Alabama (Mr. ALLEN) may yield to me to take up a privileged matter briefly, with the understanding that he will not lose his right to the floor.

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

AMENDMENT OF AGRICULTURE AND CONSUMER PROTECTION ACT OF 1973, THE FOOD STAMP ACT OF 1964

Mr. TALMADGE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3458.

The PRESIDING OFFICER (Mr. HATHAWAY) laid before the Senate the amendments of the House of Representatives to the bill (S. 3458) to amend the Agriculture and Consumer Protection Act of 1973, the Food Stamp Act of 1964, and for other purposes which were to strike out all after the enacting clause, and insert:

That section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended (87 Stat. 221, as amended, 7 U.S.C. 612c), is amended to read as follows:

"SEC. 4. (a) Notwithstanding any other provision of law, the Secretary of Agriculture is hereby authorized, until July 1, 1975, to (1) use funds available under provisions of section 32 of Public Law 320, Seventy-fourth Congress, as amended (7 U.S.C. 612c), and not otherwise expended or necessary for such purposes to purchase, without regard to the provisions of existing law governing the expenditure of public funds, agricultural commodities and their products of the types customarily purchased under section 32 and seafood commodities and their products to maintain the level of assistance required by domestic food assistance programs that are authorized by law, including but not limited to distribution to needy families pending the transition to the food stamp program, institutions, supplemental feeding programs wherever located, disaster relief, summer camps for children, and Indian reservations not requesting a food stamp program, and (2) if stocks of the Commodity Credit Corporation are not available, use the funds of the Corporation to purchase agricultural commodities and their products of the types customarily available under section 416 of the Agricultural Act of 1949 to meet such requirements."

And amend the title so as to read: "An Act to continue domestic food assistance programs, and for other purposes."

Mr. TALMADGE. Mr. President, I move that the Senate disagree to the House amendments and agree to the conference requested by the House on the disagreeing votes of the two Houses, and that the Chair be authorized to appoint the conferees.

The motion was agreed to, and the Presiding Officer appointed Mr. TALMADGE, Mr. MCGOVERN, Mr. ALLEN, Mr. HUMPHREY, Mr. YOUNG, Mr. DOLE, and Mr. BELLMON conferees on the part of the Senate.

Mr. TALMADGE. Mr. President, I thank the distinguished Senator from Alabama for yielding me this time.

Mr. ALLEN. Mr. President, I was delighted to yield to the Senator from Georgia, the able chairman of the Committee on Agriculture and Forestry. I was delighted that this matter was brought before the Senate and that action was taken on it.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

Mr. ALLEN. Mr. President, when we reached the point where the Presiding Officer interrupted the Senator from Alabama in order that we might go to debate on the confirmation of Mr. Sawhill, the Senator from Alabama was discussing the provisions of H.R. 14832 which is the unfinished business, the pending business being the amendment of the Senator from Alabama to cut from $95 billion down to $90 billion the amount of the temporary debt limit on the National Government.

I was explaining for the benefit of Senators who may not have been in the Chamber at the time the matter of the debt ceiling which is divided into two parts, the permanent debt of $400 billion

and then the temporary debt limit presently at $75.7 billion.

Mr. ROBERT C. BYRD. Mr. President, will the Senator from Alabama yield to me, under all the conditions to protect his right to the floor?

Mr. ALLEN. I yield.

Mr. ROBERT C. BYRD. Mr. President, yesterday I obtained consent for a vote to occur at 2 p.m. today on the Sawhill nomination, if the yeas and nays thereon were ordered. There was no desire on my part at that time, and there is no desire on my part at this time, to take advantage of the Senator from Alabama. I want to protect his rights, but at the hour of 2 p.m. today a rollcall vote will occur on the Sawhill nomination and the Senator from Alabama cannot prevent that vote from occurring by virtue of the order entered into.

I made the request yesterday that the vote occur at 2 o'clock, without protecting the rights of the Senator from Alabama. At the time, he did not protect his own rights, and he did not foresee the need to do so. Lest any controversy arise that might tend to prevent him from regaining the floor, I think it is only fair to him that I now ask unanimous consent that upon the disposition of the vote on that nomination, the Senate return to legislative session and that the Senator from Alabama be recognized, without a second speech having been charged against him.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ALLEN. I thank the distinguished Senator from West Virginia for clarifying this point, and protecting the right of the Senator from Alabama to discuss this matter thoroughly.

Actually, Mr. President, the effort and discussion by those Senators who do not wish to see this debt authorization extension bill burdened with scores and scores and scores of tax revision amendments will shorten the time that this bill is before the Senate.

Why does the Senator from Alabama feel that way about it? There would be in the neighborhood of 150 amendments offered to this bill, if the flood gates are opened and amendments are permitted that are not germane. The amendment of the Senator from Alabama which is at the desk and has been stated and is the pending business, is a germane amendment. So far as the Senator from Alabama knows, it is the only germane amendment that has been submitted. Of all of the amendments that have been sent to the desk with respect to H.R. 8217, which was originally planned to be used as the device for tacking these amendments on, not one, so far as the Senator from Alabama knows, is germane, except the amendment of the Senator from Alabama.

If the Senator from Alabama is wrong about that, I am sure he will stand corrected.

The permanent debt of the U.S. Government is $400 billion. The temporary debt, which expires this month, is $75.7 billion. While this bill says nothing about the $400 billion permanent indebtedness—I suppose that is just going to be swept under the rug or something—the fact remains we have to pay anywhere from $20 billion to $24 billion a year interest on that $400 billion. This has to do with the temporary debt limit and term extension.

The term during which the Government can have this temporary debt over and above the $400 billion is presently to expire with the end of this month. The bill would extend the authorization period through March of next year, and it would increase the temporary debt authorization by $19.3 billion, up to $95 billion.

The amendment of the Senator from Alabama would cut that temporary debt limit down to $90 billion, which would give the Treasury an increase in debt authorization of $14.3 billion.

The figures that have been furnished would indicate that $14.3 billion ought to be enough, because it is estimated that the total deficit for the next fiscal year, starting July 1 of this year, will be $11.4 billion. So it appears that the amendment of the Senator from Alabama is a wise amendment and that it should be agreed to.

Somewhere down the line, I hope we get to the amendment of the Senator from Alabama.

It seems to be the desire on the part of some to discuss this amendment. We are gong to have to get it out of the way before can can consider other amendments of the nongermane character. I wonder why the Members of the Senate who offered all these amendments did not think of offering a germane amendment or two along the way.

There is not much popular appeal to a germane amendment, but there is a great deal of popular appeal to a tax-cutting amendment, at first blush.

They say they have a major piece of tax-cutting legislation. It is major to the extent that it would cost the Government $6 billion. The Government, after all, is a collection of taxpayers; the citizens of our country make up the Government. It would cost the citizens of our country $6 billion. It would increase the deficit by $6 billion. It would add to inflation. What would it accomplish?

One would think they would have thought of something novel to put a lot of money in the taxpayers' pockets, the way this amendment has been played up.

What does it do? Well, it increases the first exemption from $750 to $825, or, in the alternative, it changes it to a tax credit of $190.

Let us say the taxpayer is in the 25-percent bracket. A $75 exemption would be about a $19 tax reduction per exemption. If one had three exemptions, it would be about $57.

But how much damage would this do to his paycheck, how much would it increase his cost of living? I dare say it would increase it a whole lot more than this $1 a week in tax saving.

Mr. President, it is an elementary fact of economics that budget deficits contribute to inflation. Everyone views that the same, I assume—most everyone, anyhow.

So if we lose $6 billion in revenue to the Federal Government, it would increase the rate of inflation and wipe out what little tax benefits the taxpayer is going to get.

I favor tax adjustment, tax reform, if you please, tax reduction under the proper circumstances, but I feel we should cut Government expenditure to accompany that, but who is talking about cutting Government expenditures? Not the proponents of this legislation.

By and large, they are the supporters of large expenditures by the Federal Government.

Mr. ROTH. Will the Senator from Alabama yield for a question?

Mr. ALLEN. Yes, I am delighted to yield to the Senator from Delaware.

Mr. ROTH. I wonder if the Senator would be willing to yield to me without losing the floor, to permit me to make a statement.

Mr. ALLEN. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Delaware without losing my right to the floor or without the resumption of my remarks being considered a second speech.

Mr. ROBERT C. BYRD. Reserving the right to object, Mr. President, would the Senator from Delaware indicate how long he wishes to speak?

Mr. ROTH. It will take less than 15 minutes.

Mr. ROBERT C. BYRD. I have no objection.

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

Mr. ROTH. I thank the distinguished Senator from Alabama for his courtesy in yielding.

The PRESIDING OFFICER. The Senator from Delaware may proceed.

INFLATION, FEDERAL SPENDING, AND THE PUBLIC DEBT

Mr. ROTH. Mr. President, for the past several months, both the administration and the Congress have done a lot of talking but taken little action to solve the inflation problem.

Inflation is this country's most serious problem, and it is high time that the President and Members of Congress recognize that one of the best ways of attacking it is by reducing Federal spending.

In the near future, the Congress will vote on a request by the President to raise the limit on the public debt by almost $20 billion to $495 billion. That is like adding gasoline to an already raging fire. To make matters worse, several Members of Congress are planning to offer tax amendments to the bill. In fact, at last count there were almost 50 amendments to be offered to the bill. The supporters of these amendments have claimed their legislation will provide relief from inflation, but in my opinion, this bill is a symbol of fiscal irresponsibility and I intend to vote against it.

The Congress first established a limit on the size of the public debt in 1917 as a means of controlling spending. The public debt rose slowly until World War II, when the huge defense costs caused large Federal deficits. From 1945 to 1960, the public debt increased by only $17.4 billion. But in the subsequent 15 years from 1960 until 1975, the public debt will have increased more than 11 times as much, by over $209 billion. The growth in the public debt has skyrocketed from

$22.5 billion in 1933 to an estimated $495.2 billion in 1975.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the growth in the public debt.

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

Debt subject to limitation

[In billions of dollars]

1933	$22.5
1940	43.2
1945	268.7
1950	256.7
1955	273.9
1960	286.1
1965	317.6
1970	373.4
1971	399.5
1972	428.6
1973	459.1
1974 (est.)	475.4
1975 (est.)	495.2

Mr. ROTH. Mr. President, every time the public debt gets near its limit, the Congress raises the limit. It is time this imprudent practice ceases. In the past several years, increases in the debt limit have become a regular annual affair, with frequent instances of several increases occurring in a single year. The per capita costs of the public debt have also risen. In 1939, it was only $179. In 1960, the cost per American was $1,583, while today each American would have to pay $2,186 to pay off the national debt.

The public debt rises whenever the Government spends more money than it collects and the Treasury is forced to borrow money to cover the deficits. And the only way to reduce it is to collect more money than is spent.

In other words, we have to end Federal deficits if we want to reduce the public debt. And to end Federal deficits we can either increase taxes or reduce Federal spending.

The growth in Federal spending over the last 15 years has been astonishing and alarming.

In 1960, the Federal Government was spending $92 billion a year. Five years later, in 1965, the Government spent $118 billion. By 1971, the Government was spending over $211 billion, and in fiscal 1975, which starts next month, the Government has budgeted $305.4 billion.

It will not be easy to put a stop to this wild growth in spending. The recipients of government handouts have established special interest groups which have a vested interest in urging the Congress to spend more and more money. Each year lobbyists for the special interest groups come up to the Congress urging us to increase their share of the spending. There are lobbyists for education, health, welfare, highways, and virtually every other program. You name it and some group is asking the Federal Government to spend vast sums on it.

And if you do not vote for the largest possible spending increase, these lobbyists will return to your home State and claim that you are against these programs. The facts are that many of these programs can be funded more efficiently at the State and local levels. Some are highly necessary or desirable, but the Federal Government just cannot give top priority to everything.

The loneliest lobbyists on the Hill are those who urge you to vote against Federal spending. Since coming to the Congress in 1967, I can count on one hand the number of lobbyists who have urged the Congress to hold down Federal spending.

A year ago, the Congress was under intense pressure from the President to put a stop to wasteful and futile spending programs. I, along with many other Members of Congress, supported his efforts to persuade the Congress that economic and social problems would not go away simply by throwing money at them.

Last year's budget message included a detailed listing of Federal programs that the President recommended for termination or reduction because of their being inefficient and wasteful. But this year that list has disappeared and we are told by the President and his Budget Director that all of the spending increases are necessary.

We are kidding ourselves and the American people if we believe that such rapid increases are all "uncontrollable" or "unavoidable." I cannot believe that there is no room in the Federal budget for belt tightening. The special interest groups are going to have to learn to live without an expansion in every Federal program every year.

Inflation will not be brought under control until Government spending is brought under control. For this reason, I intend to vote against the $20 billion increase in the public debt. In its place, I will introduce legislation that will trim Federal spending by over $6 billion and lower the debt limit increase by $5 billion.

This vote will not be a popular vote, because of the tax cut and tax reform amendments that will be added to the bill. But I believe that a tax cut without a cut in Federal spending will be a cruel hoax on the American people.

The tax cut proposal will reduce the average family's taxes by only $50 to $60, but the cost to the Government will increase the Federal deficit by over $6 billion.

The inflation that will result from the larger Federal deficit will cost the average family far more than $50.

The soaring inflation rate has caused much uncertainty and confusion. Never before in our history have we had two digit or 15 percent inflation. This is a time for political statesmanship, not political promises. We cannot fool the American family into thinking that a $50 tax cut will solve this inflation problem.

The Federal tax laws are too complex and interrelated to make quickie changes to achieve instant results. Any changes that are made should take into account the full effects on the Federal budget and inflation.

The Treasury Department is currently preparing a balanced package of individual tax cuts combined with measures to increase industrial expansion. The Senate Finance Committee, of which I am a member, and the House Ways and Means Committee, are now holding hearings on tax reform. Inflation is a cruel burden on every American citizen and we should take a long, hard look at our tax laws to formulate changes to reduce that inflation burden.

In conclusion, we must all recognize that inflation is a serious problem that will not go away through wishful thinking or simple gimmicks. The Federal Government, business, labor, and every consumer must be willing to show some restraint. We should work for meaningful tax reform, and we should encourage an increase in the supply of goods to help combat the shortages and capacity problems that lead to higher prices. And most importantly, the Federal Government must slow the alarming growth in Federal spending.

Mr. President, at this stage, I yield back the floor to the distinguished Senator from Alabama.

Mr. ALLEN. Mr. President, I thank the distinguished Senator from Delaware for his very fine remarks. He has pinpointed the fact that the real culprit in the problem of inflation is excess spending, deficit spending, by the Federal Government, and he has pointed out that these tax reduction amendments would have the effect of increasing the deficit of the National Government, thereby contributing to further inflation.

That is one of the chief arguments, the chief points, against the scores of amendments that have been prepared for introduction on this bill, every one of the amendments being nongermane, as far as the Senator from Alabama understands.

Mr. President, speaking to the bill itself, our debt limit being $400 billion permanent, and $75.7 billion temporary, the temporary authorization to expire with this month, and then with the raise in the bill, H.R. 14832, to where the temporary debt would be $95 billion, a raise of $19.3 billion, of course leaving the permanent debt where it is, and extending that authorization from the end of June this month through March of next year, I really question whether it is conducive to sound budgetary policies and fiscal policies of Government to separate the permanent debt and the temporary debt.

At one time, I assume in the early days when they had the first temporary debt, which was back in 1955, they authorized a $6 billion temporary debt to add on to the permament debt of $275 billion. So it is quite obvious the debt since that time—since 1947, actually—has increased approximately $200 billion, coming about, of course, as a result of spending policies of the Federal Government. But when the temporary additional debt was authorized for the first time in 1955, it was anticipated that, through prudent management of the Nation's business, the operations of the Government, surpluses could be had and the temporary debt be paid off.

I notice on the chart on page 2 of the committee report that situation actually took place. In 1955 they set up a temporary additional debt of $6 billion. The next year it remained at $6 billion, and then the following year it went to $3 billion, indicating that the debt was going down. Then the very next year they wiped out the temporary additional debt altogether, according to this chart.

Well, that is fine, as long as there is a temporary additional debt down in the neighborhood of where one might anticipate that a budgetary surplus, or an

actual surplus, might be sufficient to wipe out the debt. But how in the world is one going to wipe out a temporary debt of $75.7 billion in the few months that they extend this authorization? It is absolutely impossible.

So if the two merged, as the Senator from Alabama sees it, the temporary date consolidated with the permanent debt, set just a little above the actual indebtedness, there would be some incentive for the Government to live within that limitation and not spend so much money, or not budget so much spending. But as it is now, Mr. President, it is impossible, between now and March 31, to which this bill extends the temporary debt, to pay off a $95 billion indebtedness.

So what happens? They come back in here with another debt limit, and Senators who feel so inclined jump on that bill and use it as a vehicle for all sorts of amendments. And since this authorization or this extension is necessary for the operation of the Government of the United States, it is felt, and with some reason, that a bill of this sort cannot be vetoed by the President.

Otherwise, if Congress was so adamant on the matter, and the President was, too, they would just shut up the Government. There would not be any funds, no borrowing, no sale of bonds, no refunding of bonds, no social security checks, no aid to education.

So it is very important to pass this temporary debt extension and raising bill. That is why it is so vulnerable to attack from Senators who want to capitalize on the need to see that bill enacted into law by adding amendments that are not germane to the bill but which can be passed here in the Senate.

The Senate does not require, under its rules, that amendments be germane.

So all sorts of amendments are put on. That is what is being done or is being sought to be done in this case, scores of amendments and, judging the future by the past on tax measures, since I have been in the Senate, going back to the 91st Congress, H.R. 13270, there were 160 printed amendments, and that is what we are trying to ward off here with this little discussion, because once you open these flood gates, once you have Senators competing with each other for who might be able to offer the people, the electorate, one might say, Mr. President, the most tax benefits, the most tax concessions, then we are going to end up with the legislation that is not in the public interest.

The very first amendment that is planned to be offered will cost the Government $6 million. Well, that is fine if we are operating at a surplus. But, according to the Treasury figures, next year we will operate at an $11.4 billion deficit.

How are we going to stand a $6 billion loss? That would just be the start of it, Mr. President.

Does the Senator think the other Senators would sit idly by if one Senator or a small group of Senators were able to pass a $6 billion bonanza to the electorate, and that they would not have a similar amendment, possibly containing an $8 billion tax reduction?

Then what would prevent another Senator from putting in an amendment on a still larger tax cut? There is no end to it, Mr. President.

I have seen these bills, in the short time I have been in the Senate, where the economically and fiscally sound conservative Senators stand against some of these amendments, and they are bowled over, and then the attitude seems to be they become frustrated and disillusioned, and they join the pack and start voting for any amendment that comes up that lightens the load of the taxpayer, as they say.

I am pointing out an illustration of how this division of the national debt does not serve the public interest, and how, in the judgment of the Senator from Alabama, by combining the permanent debt and the temporary additional debt the public interest might be served by the fact that an administration might possibly seek to live within its income, even have a surplus in order that it might live within this overall limitation, and not have to come back to the Congress every few months—I believe as short a period as 4 months on occasion; certainly there was one period of 5 months, I know—and furnish Senators who are so disposed the opportunity to load a piece of must legislation down with some nongermane amendments.

The $400 billion debt remains static, so to speak, except for being refunded from time to time at ever-increasing rates of interest, and by the payment of interest on this colossal indebtedness. As I have pointed out, the $400 billion in permanent debt that we do not interfere with except for paying interest on it and refunding it is probably costing somewhere between $20 and $24 billion a year in interest alone; and all that comes up for extension—and increase, I might say—is the temporary indebtedness.

That was raised back in December to $75.7 billion authorized temporary indebtedness. But that indebtedness, or that authorization to have this indebtedness, expires with this month, and all that the pending bill does is extend that period through March of next year, of course increasing the amount of the authorized temporary debt by $19.3 billion.

The pending amendment at the desk seeks to reduce that increase by $5 billion, which would leave a $14.3 billion increase. But having to come before Congress every 4, 5, or 6 months with a piece of must legislation, which must be passed, gives those Senators who might be so disposed an opportunity to load the bill down with nongermane amendments; and I would anticipate that it is not unreasonable to assume that as many as 150 amendments have been or will be prepared for offering in connection with this bill.

As I say, I have not pulled those figures out of a hat, because I am sure such numbers of amendments have been prepared for other revenue bills in the past. In the 91st Congress, the bill at that time had 160 printed amendments. I do not believe that our Senators and their staffs are less proliferous than the Members of the Senate were back in 1969. As a matter of fact, I believe they can crank out more amendments now than they could back then.

Mr. LONG. Mr. President, will the Senator yield at that point for a question.

Mr. ALLEN. Yes, I am glad to yield.

Mr. LONG. May I ask the Senator, has the rate at which new amendments have been coming to the desk been slowed or has it been hastened by the Senator's speech? In other words, may I ask if the Senator's speech has discouraged Senators from submitting more amendments? It seems to me that during the day or so the Senator has held the floor, Senators may have been discouraged from offering amendments. Can the Senator tell me whether more amendments have arrived at the desk since he started speaking, or fewer?

Mr. ALLEN. I hope the Senator is correct, and that Senators have been discouraged from offering amendments; it might save the Treasury billions of dollars if that be the case, and the efforts of the Senator from Alabama will have been worthwhile if he is able to save that much money.

Mr. LONG. But can the Senator say whether more amendments have been submitted during the course of his presentation?

Mr. ALLEN. I am not sure. I have not checked, I will say to the distinguished chairman of the Committee on Finance.

I believe when it was planned to bring up H.R. 8217, 55 amendments had been filed to that measure. It may be that some Senators have in mind just knocking out the number H.R. 8217 and putting the same amendment on this measure, thus not costing the Government the additional expense to print those amendments up.

But as the Senator knows, the adoption of amendments spawns additional amendments, and if we had in 1969, 75 amendments adopted and 38 rejected, I think we could anticipate that many on this bill, except that I doubt if many will be rejected. I think they will all pretty well be adopted, if we get to that point.

However, there is an amendment pending now, which I am trying to explain and get before the Senate, so that at some time down the line I can possibly get action on my own amendment; but we are being kept from the consideration of that by discussions going on at this time.

Mr. LONG. It has sometimes been the experience of the Senator from Lousiana, on trying to dispose of a measure such as the one the Senator from Alabama has in mind, that if you adjourn overnight, you will find in the morning that more new amendments have come in than you were able to dispose of during the previous day.

Mr. ALLEN. The Senator knows whereof he speaks; I bow to his judgment on the number of amendments likely to come in.

I thank the distinguished Senator.

Mr. PERCY. Mr. President, will the Senator yield for the purpose of a unanimous-consent request?

Mr. ALLEN. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Illinois for the purpose stated without losing my right to the floor, and without my subsequent remarks being considered a second speech.

The PRESIDING OFFICER. Is there

objection to the request of the Senator from Alabama? Without objection, it is so ordered.

Mr. PERCY. Mr. President, I ask unanimous consent that Hannah McCornack be granted the privilege of the floor during the remainder of the debate on this bill.

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

Mr. ALLEN. So, Mr. President, the necessity of coming before the House of Representatives and the Senate every 4 to 5 months with bills to extend the debt limit is a hazardous procedure, because there is no telling what will end up being added to the bill. So I say, without the benefit of a great deal of research on it, that I believe it would be best to merge the temporary debt and the permanent debt, set it at a figure that is somewhat above the present indebtedness, and I believe an administration would try awfully hard not to come back and lay before Congress another bill increasing that debt limit. I believe they would try to stay within the limit. But it is impossible now not to have to come back every 4 or 5 months with a renewal of this authorization measure, because it is impossible to pay off $75 billion in 4 or 5 months through budgetary procedures.

I believe it would be in the public interest to consolidate these debt limits. The Senator from Alabama may possibly introduce such an amendment after we get action on the amendment now pending, but I am not sure when that amendment will come to a vote.

Mr. President, for the Senate to take this bill, one page in size, 12 lines in length, that accomplishes a necessary and essential purpose or function of keeping the U.S. Government running and operating, it is not in the best interests of sound government or legislative procedure to allow the addition of scores of nongermane amendments to weight down the bill.

Mr. President, what is wrong with passing a revenue act, what is wrong with the House of Representatives initiating revisions in the revenue laws and letting them be considered by the Ways and Means Committee?

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House insisted upon its amendments to the bill (S. 628) to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DULSKI, Mr. HENDERSON, Mr. DOMINICK V. DANIELS, Mr. WALDIE, Mr. GROSS, Mr. DERWINSKI, and Mr. HOGAN were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 11295) to amend the Anadromous Fish Conservation Act in order to extend the authorization for appropriations to carry out such act, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mrs. SULLIVAN, Mr. DINGELL, and Mr. GOODLING were appointed managers on the part of the House at the conference.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 206) authorizing the Secretary of the Army to receive for instruction at the U.S. Military Academy one citizen of the Kingdom of Laos.

EXECUTIVE SESSION

The PRESIDING OFFICER (Mr. HELMS). Under the previous order, the hour of 2 p.m. having arrived, the Senate will go into executive session to consider the nomination of John C. Sawhill, of Maryland, to be Administrator of the Federal Energy Administration.

Mr. ALLEN. Mr. President, a parliamentary inquiry. I will resume, will I not, when this rollcall vote has been concluded?

The PRESIDING OFFICER. That is correct.

Mr. ALLEN. I thank the Chair.

The PRESIDING OFFICER. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Washington (Mr. MAGNUSON), the Senator from Ohio (Mr. METZENBAUM), and the Senator from California (Mr. TUNNEY), are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) is absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. METZENBAUM) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK) and the Senator from Nebraska (Mr. CURTIS) are necessarily absent.

I further announce that the Senator from Idaho (Mr. MCCLURE) is absent attending the funeral of a relative.

I further announce that, if present and voting, the Senator from Kentucky (Mr. COOK) would vote "yea."

The yeas and nays resulted, yeas 87, nays 4, as follows:

[No. 257 Ex.]

YEAS—87

Aiken	Chiles	Hansen
Allen	Church	Haskell
Baker	Clark	Hatfield
Bartlett	Cotton	Hathaway
Beall	Cranston	Hollings
Bellmon	Dole	Hruska
Bennett	Domenici	Hughes
Bentsen	Dominick	Humphrey
Bible	Eagleton	Inouye
Brock	Eastland	Jackson
Brooke	Ervin	Javits
Buckley	Fannin	Johnston
Burdick	Fong	Kennedy
Byrd, Harry F., Jr.	Fulbright	Long
	Goldwater	Mansfield
Byrd, Robert C.	Gravel	Mathias
Cannon	Griffin	McClellan
Case	Gurney	McGee
McGovern	Pell	Stennis
McIntyre	Percy	Stevens
Metcalf	Proxmire	Stevenson
Mondale	Randolph	Symington
Montoya	Ribicoff	Taft
Moss	Roth	Talmadge
Muskie	Schweiker	Thurmond
Nelson	Scott, Hugh	Tower
Nunn	Scott, William L.	Weicker
Packwood	Sparkman	Williams
Pastore	Stafford	Young
Pearson		

NAYS—4

Abourezk	Hart	Helms
Biden		

NOT VOTING—9

Bayh	Hartke	McClure
Cook	Huddleston	Metzenbaum
Curtis	Magnuson	Tunney

So Mr. Sawhill's nomination to be Administrator of the Federal Energy Administration was confirmed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7130) to improve congressional control over budgetary outlay and receipt totals, to provide for a Legislative Budget Office, to establish a procedure providing congressional control over the impoundment of funds by the executive branch, and for other purposes.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Without objection, the Senate will now resume the consideration of legislative business.

MESSAGE FROM THE HOUSE— ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 1961) for the relief of Mildred Christine Ford.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I ask unanimous consent that I may yield to the distinguished assistant majority leader, and thereafter to the distinguished Senator from Utah (Mr. BENNETT), without losing my right to the floor and without the resumption of my remarks being considered a second speech.

Mr. ROBERT C. BYRD. Mr. President, will the Senator make the request with respect to me separately from that of the Senator from Utah?

Mr. ALLEN. Very well.

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

OLDER AMERICANS ACT—UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as H.R. 11105, the Older Americans Act, is called up and made the pending business before the Senate, there be a limitation thereon of 1 hour, to be equally divided between the majority and minority leaders or their designees; that there be a limitation of one-half hour on any amendment; that there be a limitation of 20 minutes on any debatable motion or appeal; and that the agreement be in the usual form.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, did the majority whip say 20 minutes on amendments or 30 minutes?

Mr. ROBERT C. BYRD. Thirty minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

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

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

Mr. ALLEN. Mr. President, I renew my request with respect to yielding to the distinguished Senator from Utah (Mr. BENNETT).

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object—and I have no intention to object—how long will the distinguished Senator be speaking, may I ask?

Mr. BENNETT. I would say about 45 minutes.

Mr. ROBERT C. BYRD. I have no objection.

Mr. KENNEDY. Mr. President, reserving the right to object, may we have the unanimous-consent request stated one more time? I make this request as a parliamentary inquiry.

The PRESIDING OFFICER. Will the Senator from Alabama restate his request?

Mr. ALLEN. I asked unanimous consent that I might yield to the distinguished Senator from Utah (Mr. BENNETT) for 45 minutes, without losing my right to the floor and without the resumption of my remarks being considered a second speech.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Reserving the right to object, I wonder if the Senator from Alabama could give us a better indication, or an idea, as to when he is going to permit Members of the Senate to take the floor on their own right?

As one who was able to gain the floor at the tolerance of the Senator from Alabama yesterday, I certainly want to be able to see other Members of the Senate enjoy the same opportunity that I had. But I wonder if we could have some kind of indication from the Senator from Alabama as to when he is going to yield the floor and permit Members in their own right to gain the floor and present their views on matters of considerable interest to the Members of the Senate and very great importance to the country?

Mr. ALLEN. Well, the Senator from Alabama has the floor and he has an amendment pending and he is prepared to discuss it, but in order to accommodate various Senators he is delighted to yield the floor temporarily to such Senators as may desire it, just as the Senator from Alabama yielded some 30 or 40 minutes yesterday to the distinguished Senator from Massachusetts.

He will certainly follow that same policy with respect to anyone who desires to speak, but inasmuch as the Senator from Alabama is the offeror of the pending amendment, he would hate to lose his right to conclude the debate with respect to the bill, and if it is the understanding that no effort be made to table the amendment of the Senator from Alabama and that the Senator from Alabama be allowed to conclude the debate at such time as he sees fit, he will have no objection to the release of the floor.

Mr. MANSFIELD. If the Senator will allow me to interrupt, I ask that the Senator from Alabama yield to me, without losing his right to the floor, to send to the desk a cloture motion.

Mr. ALLEN. Yes, I understood the Senator from Montana was preparing such a motion and, of course, the Senator does not have to get the floor in order to file such a motion.

Mr. MANSFIELD. I just wanted it done so the Senator would be aware of what was being done.

Would the Senator allow me?

Mr. ALLEN. Yes.

CLOTURE MOTION

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

Mr. KENNEDY. Further reserving the right to object——

Mr. GRIFFIN. Mr. President, may we hear the cloture motion read?

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

The second assistant legislative clerk read the motion, as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the pending amendment of the Junior Senator from Alabama (Mr. ALLEN) to the bill H.R. 14832, an act to provide for a temporary increase in the public debt limit.

Walter R. Mondale, James Abourezk, Mike Mansfield, Claiborne Pell, Frank E. Moss, Abraham Ribicoff, Henry M. Jackson, Harrison A. Williams, Jr., Floyd K. Haskell, George McGovern, Thomas F. Eagleton, Dick Clark, Hubert H. Humphrey, Edmund S. Muskie, Joseph M. Montoya, Lee Metcalf.

Mr. KENNEDY. Mr. President——

The PRESIDING OFFICER. The Senator from Alabama has the floor.

Mr. KENNEDY. Reserving the right to object, would the Senator be willing to yield the floor for the purposes of a tabling motion, so that we could at least find out what the sense of the Senate is on the amendment of the Senator from Alabama?

Mr. ALLEN. Well, I will say to the distinguished Senator from Massachusetts that the cloture motion filed by the distinguished majority leader would get rid of the amendment of the Senaor from Alabama, in all likelihood, sometime this week.

So I do not believe the Senator would want to cut off this cloture motion and make that question moot.

Mr. ROBERT C. BYRD. Would the Senator yield to me for a question?

Mr. ALLEN. For a question, yes.

Mr. KENNEDY. Further reserving the right to object——

Mr. ALLEN. I withdraw the request in view of the attitude of the distinguished Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. ALLEN. Mr. President——

Mr. ROBERT C. BYRD. Will the Senator yield for 1 minute without his losing his right to the floor and without being charged as a second speech?

Mr. ALLEN. Very well. I ask unanimous consent.

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

The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, may I say that any Senator who wishes to have an opportunity to take the Senator from Alabama off his feet possibly can have that opportunity if he stays around the floor and watches diligently the opportunities as they come.

Mr. ALLEN. I would doubt that.

Mr. ROBERT C. BYRD. Well, I do not doubt the possibility.

I would say this, that the Senator would certainly be able to hold the floor throughout the day today.

Yesterday, I sought consent for the Senator to be recognized today upon the resumption of the unfinished business. If any Senator had wished to object to that consent, if he had been on the floor he could have objected. The Senator will face the same situation today, and unless he wishes to speak throughout the night, there will come a time for the Senate to adjourn and the Senator from Alabama will not automatically get recognition tomorrow on the resumption of the unfinished business.

That was done today by virtue of the attitude of fairness on the part of the leadership.

I have, on my own, attempted to protect the Senator and assure him that he would have the floor upon the disposition of the vote on the Sawhill nomination. He would not necessarily have had that right automatically but for my asking consent that he be recognized on the disposition of that vote and the Senate's return to legislative session.

Mr. ALLEN. I appreciate that.

Mr. ROBERT C. BYRD. I did that because I felt that the leadership ought to bend over backward to extend that spirit of fairness toward him, but may I say to all Senators that while the Senator from Alabama is well versed in the rules, the rules are here for all to use and any Senator who wishes to object to the Senator from Alabama being recognized upon the disposition of a vote or

upon the resumption of unfinished business tomorrow can do so and recognition is then up for grabs. All Senators have access to the same rules to protect their rights.

I merely wish to make that observation.

Mr. ALLEN. I thank the distinguished Senator for his remarks and his advice to the Members of the Senate. Certainly the Senator from Alabama recognizes that the comments of the distinguished Senator from West Virginia are well founded and correct on the points he mentioned.

The Senator from Alabama did wish to yield time to the distinguished Senator from Utah on all of these questions. It would seem to the Senator from Alabama that the question as to when and if an effort can be made to table the pending amendment will be decided when the cloture motion is ruled on, voted on; and I would feel that the cloture would probably be adopted. Obviously, that points out the further plan to then see to it that the distinguished Senator from Massachusetts be recognized in order that he might put in his amendment on which an effort then will be made to get cloture on that amendment. That is very, very obvious, it would seem.

So, Mr. President, the Senator from Alabama is hopeful that when this cloture motion is voted on the day after tomorrow, the cloture motion ordinarily would go to the whole bill. Rules would permit, of course, the cloture to be addressed just to an amendment.

Well, there is a method in the madness, of course, because if cloture is invoked as to the whole bill, then the amendment of the Senator from Massachusetts would not be in order because the cloture rules require that all amendments be germane.

So this is going to be an effort to circumvent the rule requiring that amendments, once cloture is invoked, must be germane. Any amendments voted on prior to invoking cloture on the whole bill would not have to be germane. So the test will come day after tomorrow on the cloture vote, and the distinguished Senator from Massachusetts is asking for an opportunity at that time for the membership to express their opinion with regard to this amendment, and it would be an opportunity to express the opinion of the membership on the amendment.

Mr. KENNEDY. Mr. President, will the Senator yield for a question?

Mr. ALLEN. I yield.

Mr. KENNEDY. I asked the Senator from Alabama yesterday whether he would be willing to accept a time agreement with regard to his amendment and also with regard to amendments which are going to be offered by the Senator from Minnesota (Mr. HUMPHREY) on behalf of himself and other Senators, so that Members of the Senate could express their views.

The Senator from Alabama has suggested that my views on such questions as tax reform, the oil depletion allowance, accelerated depreciation, and the minimum tax were only my views. Of course, it is my position at least that these are matters on which the Members of the Senate ought to be able to express their views. I believe they have broad support.

So I would ask the Senator whether he is willing to permit a more extended debate and discussion of the particular issues which have been included in a number of different amendments which are at the desk, I ask whether he is willing to accept any reasonable request with regard to a time limitation.

I feel that the majority leader may withdraw the cloture motion if we are able to get some reasonable time limitation on the Senator from Alabama's amendment, as well as on some of the other amendments—perhaps just with regard to the Senator from Alabama's amendment.

I ask him again today, just as I did yesterday, and just as I intend to ask tomorrow, whether the Senator from Alabama would be willing to have a time agreement. The issue he is raising was debated here last week on a $10 billion cut in expenditures. The Senate went on record as being overwhelmingly in support of such a cut.

It seems to me we are not really talking about a new issue or a new question. We are talking about an issue which has been adequately discussed, and on which the Senate worked its overwhelming will last week.

Mr. ALLEN. Will the Senator tell me what the question is?

Mr. KENNEDY. I wonder if the Senator would enter into a time limitation on the amendment of the Senator from Alabama.

Mr. ALLEN. The Senator from Alabama, on three separate and distinct occasions, on yesterday, answered that question, and he said he was willing to set a time limit on all amendments, with the simple proviso that all amendments shall be germane.

The Senator is well aware of the fact that when time limitations are agreed to here in the Senate by unanimous consent, there is a recital that all amendments shall be germane. All the Senator from Alabama is asking is that a definite and clear stipulation be inserted in the unanimous consent agreement that the amendment of the Senator from Massachusetts and the Senator from Minnesota, and others, as shall the Senator from Alabama's amendment, shall be germane. If the Senator is willing to agree to that, then, yes, the Senator from Alabama is willing to set the time limit.

Mr. KENNEDY. It is interesting to note that the Senator from Alabama voted for a 20-percent increase in social security benefits on a debt ceiling bill 2 years ago. That was an amendment that was not germane to the debt ceiling bill, yet he was prepared to support it and vote for it. Under the technical rules of the Senate it may not have been germane, but he felt it was germane in a broader sense to the purpose of the legislation, and he was prepared to go ahead and vote for it, without extended debate.

All I am trying to do on this amendment is permit Members of the Senate to make a similar decision. They have been elected by the people. They can make their decision as to whether they want to vote for it or against it on the basis of germaneness.

It is my belief that the tax reform and tax relief amendment is germane to the fundamental thrust of the legislation, in terms of amounts of Federal money that are going to be raised and expended.

So, if I understand the Senator, he is not prepared to agree to any time limitation on his amendment and is not prepared to give consent to any time limitation on any other amendment unless such amendment is germane, even though he voted, himself, for nongermane amendments on the debt ceiling bill back in 1972.

Mr. ALLEN. It would not be up to the Senator from Alabama to determine whether the amendment of the Senator from Alabama was germane. That is something for the Chair to decide.

Mr. KENNEDY. Did the Senator from Alabama vote for the social security amendment on June 30, 1972?

Mr. ALLEN. Yes.

Mr. KENNEDY. Was that germane to the debt ceiling bill?

Mr. ALLEN. The point was not raised.

Mr. KENNEDY. Does the Senator think it was germane?

Mr. ALLEN. No, it was not germane.

Mr. KENNEDY. But the Senator voted for it.

Mr. ALLEN. Yes, and the Senator from Alabama might vote for this one.

Mr. KENNEDY. Yet the Senator's position is to object to any time limitation on any amendment just because he feels it is not germane.

Mr. ALLEN. The rules provide that amendments shall be germane. The unanimous-consent agreements have that provision in them. All I am asking is that the rule be followed.

Mr. KENNEDY. As the Senator knows, the rules do not require that amendments shall be germane. That is why unanimous-consent requests often include a condition of germaneness. The Senator voted for a nongermane amendment in 1972 in the Debt Ceiling Act. Yet now, by exercising his rights under the rules of the Senate, he is virtually precluding Members of the Senate from voting on amendments of great concern and interest.

Mr. ALLEN. Mr. President, it is interesting that the Senator from Massachusetts, even though the Senator from Alabama has responded 4 times to that question, is not willing to enter into the usual type of agreement that is made with respect to amendments. That is what the Senator from Alabama objects to——

Mr. KENNEDY. The Senator does not state my position correctly. I have heard many usual kinds of requests made by the leadership, which have asked for time limitations referring to particular amendments, whether they fell within the technical definition of germaneness or not, and I am sure the Senator has been on the floor when such proposals have been advanced.

The Senator from Alabama is well familiar with the practice of the leadership of including time agreements on nongermane amendments. The Senator from Alabama does not object when it has served the interests of the Senator from Alabama. Yet when it does not serve his interests, such as now, he is willing to prevent other Senators from exercising the responsibility for which they were

sent here, and prevent them from voting on matters that are important to them.

Let me ask again. I ask whether the Senator from Alabama is willing to agree to a time limitation tomorrow and tomorrow and tomorrow.

Mr. ALLEN. The Senator has made his choice, and I am not sure it is going to be necessary to ask tomorrow and tomorrow and tomorrow.

Mr. KENNEDY. Maybe just tomorrow and tomorrow.

Mr. ALLEN. Maybe it will not be necessary, but the Senator has made his choice on the motion for cloture, and if the Senate wants to invoke cloture, it can do so, and the Senator can get his wish.

The Senator from Alabama has leaned over backward to accommodate the Senator from Massachusetts. He has tried to accommodate him. He is not willing that other Members be accommodated as he has been accommodated. If that is the attitude of the Senator from Massachusetts, I feel it would not serve the Senate's interest to interrupt the Senator from Alabama for further questions that turn into lengthy debates that the Senate has listened to patiently without a great deal of reward.

Mr. KENNEDY. I do not know whether the Senator——

The PRESIDING OFFICER. Does the Senator from Alabama yield?

Mr. ALLEN. I decline to yield further, Mr. President.

Mr. HANSEN. Mr. President, would the distinguished Senator from Alabama yield for a question?

Mr. ALLEN. Yes, I yield for a question, Mr. President.

Mr. HANSEN. It is my understanding, Mr. President, that the distinguished Senator from Alabama has made the point, I think quite accurately, that some of the amendments that are proposed to this measure before us now, that the question is whether or not the debt ceiling limit presently in effect in the United States should be increased, and with another time limitation set down the road; am I right in assuming this is the situation?

Mr. ALLEN. As to the amendment, the amendment of the Senator from Alabama cuts the $95 billion figure down to $90 billion as a limit of the temporary debt, and he leaves the time of extension the same as in the bill, which is March 31.

Mr. HANSEN. Mr. President, I will support the amendment of the distinguished Senator from Alabama, insofar as I know.

I would ask the Senator from Alabama, is it not true that, as the Senator from Wyoming understands the issue, these other amendments that have been proposed, some to cut the tax or some to increase the personal exemptions, either by raising the exempt amount of income for dependents from $750 to $825 per person or to provide for—I have forgotten the precise terms.

Mr. ALLEN. $190 credit.

Mr. HANSEN. $190 credit per individual.

Mr. ALLEN. Yes.

Mr. HANSEN. Is it not my understanding that these two proposals, either to raise the exemption $75 or to give this credit of $190, would pose very serious problems for the budget of the United States insofar as its being in balance is concerned?

Mr. ALLEN. Yes. Of course, the budget is way out of balance.

Mr. HANSEN. That is correct.

Mr. ALLEN. The budget is way out of balance now.

There is about $6 billion as to the imbalance or as to the debt ceiling. That is not all, as the Senator realizes. Once the floodgates are opened there would be other Senators who would like to outdo possibly, if that is possible, the distinguished Senator from Massachusetts in his generosity to the electorate at the expense of the Public Treasury.

So we will have other Senators putting in other amendments, possibly as many as 160 amendments, looking to the past as a forerunner of the future.

I think we could very safely count on the revenue loss being far more than $6 billion. It could very easily run up in the neighborhood of $10, $15 or $20 billion. The conscience of the Senate would be about the only inhibition on the amount of revenue loss that would be occasioned, because the Senator realizes that these amendments do not have the endorsement or the representation of either the House Ways and Means Committee or the Senate Finance Committee. They have not recommended a single one of these amendments.

The Senate is here without the guidance and without the benefit of the expertise of the Members of the Senate Finance Committee, and we are operating like a ship without a rudder. The only guidance we have is with respect to one of these amendments, that being the word of the sponsors of the amendment, as to how much good it is going to do. But they say nothing about the gutting of Federal expenditures, and there is no assurance that the revenue loss will be made up; because, far from this being a package, as we read in the papers, these amendments, of course, are going to have to be voted on separately.

Whereas the Senate might be glad to vote a tax cut, are they going to be equally glad to replace that revenue. So, it seems to the Senator from Alabama, that we are opening the floodgates to scores of amendments that are going to be attached to this bill, a bill that, while it might grant relief of $1 or $1.50 or approximately $2 a week to the heads of the families, we will find that the cost of those individuals will go up, in all likelihood, more than the benefit they get from the tax reduction.

We would like to have the advice of the Finance Committee on this subject. But where is it? It is not available. If this measure had been handled as a tax measure and had come over to the Senate after having been recommended by the House Ways and Means Committee and had come to the Senate floor with the recommendation of the Finance Committee, then we would have something on which to base a judgment. But, as it is now, we do not have the knowledge, the expertise and the capability of the experts they have on the staff of those committees.

Mr. HANSEN. Mr. President, if the Senator would yield further, I would note that four members, at least, of the Finance Committee are presently on the floor: Senator FANNIN, Senator DOLE, Senator BYRD of Virginia, and myself.

These various proposals, some of which have been alluded to by the distinguished Senator from Alabama, have been discussed and rediscussed by the members of the Finance Committee.

I might say they have been discussed at length by the members of the Interior Committee because, as the Senator from Alabama knows, they impinge on the energy crisis, and if there is one thing that has been talked about, that has been discussed at length, been explored from every angle, it certainly is this series of related questions to the energy bills.

The Senator from Alabama has spoken about the depletion allowance. As the Senator knows, I think in 1968 or 1969, the depletion allowance was dropped from 27.5 percent with respect to oil and natural gas down to 22 percent.

There are proposals now, as the distinguished Senator well knows, to lower that even more. In fact, it has been suggested that it be wiped out immediately.

There have been other proposals that it be phased out over a 3-year period of time; and it is not hard, it is not difficult at all, to fan a lot of enthusiasm among Americans when you talk about doing anything that may be presumed by some to have an adverse effect upon the oil industry. I think it would be helpful to explain why that might be the case.

As Americans know, oil and natural gas are not in the plentiful supply situation that at one time we may have believed them to be. Last fall, following a summer when gasoline was not as readily available everywhere as people had hoped that it might be, it became increasingly clear to many Americans that there might not be enough gasoline to go around this past winter. It was clear to many that there might be some closing of factories, that there could be layoffs, that people could be unemployed, that schools might be closed. In fact, the distinguished Senator from Oklahoma (Mr. BELLMON) more than a year ago called attention to the fact that in the State of Oklahoma, a State which he and the junior Senator from Oklahoma both have had the honor of serving as Governors, schools were closed. This happened right in the middle of one of the most prolific natural-gas-producing areas in the United States.

It happened, not because there was not enough gas in the State of Oklahoma to take care of the heating of the schools in that State, but rather because, in order to satisfy other needs throughout the United States and in order to comply as nearly as could be done with the Clean Air Act, it was necessary to limit the amount of gas that could be used in the State of Oklahoma and to move that gas interstate to other parts of the country. Much of the gas came to this area. It came to the big metropolitan cities along the northeastern part of the United States, up and down the Atlantic seaboard.

That was just one of the things that made many Americans aware of the fact that we were having an energy crisis. The fact that it was not always so simple to have one's gasoline tank filled as had earlier been the case was another reason why many Americans became aware that the days of adequate energy were either at an end or nearing an end. Coupling that with the fact that following the war in the Middle East the Arab exporting countries decided to place an embargo on the shipment of crude and refined products from those important oil-producing countries of the world underscored the determination of some of the Arab and non-Arab countries interested in a different resolution of the Middle East problem to employ oil as a weapon of war. This brought further frustration to many Americans.

Then, on top of everything else, on top of the service charges, on top of the frustration of having to wait in lines as people took their turns to have their cars filled in filling stations, the price went up; and it was not difficult at all to convince many Americans that the oil companies were one of the enemies of the average citizen in the United States.

Many Senators, some of whom, I daresay, were interested in actively promoting their chances to win a nomination for the Presidency of the United States, seized upon this energy crisis to try to catapult themselves into national prominence. There were those who made dire predictions about the absolute necessity of rationing gasoline, saying that if we did not do so the whole system would break down, and that America would face an extremely serious crisis. Others predicted that many factories would be closing in the United States this past winter. As I have said earlier, they predicted that schools would be closed, and in fact some schools were closed.

So this whole feeling of frustration, this rising tide of anger that gripped many people, made those persons who were critical of the oil industry very popular, and it was not hard to muster enough support, at least in the Senate of the United States, to pass all kinds of bills that would have been serious mistakes: To cut out the depletion allowance, to abolish the foreign tax credit, to amend the accelerated depreciation rates, to abolish gifts—anything that had anything to do with international trade, that was easy to associate with international oil companies. As a consequence, the thrust against those businesses that were engaged in activities beyond the borders of the United States, not being limited to the oil companies, went far beyond that, and a lot of proposals came into being that certainly deserved better understanding and deeper insight than many of us had been able to give them.

It was said that the way to help ease the energy crunch in America was to roll back the price of domestic crude.

Mr. ALLEN. Mr. President, with all due respect to my colleague, the distinguished Senator from Wyoming (Mr. HANSEN), I yielded only for a question. I am hopeful that the Senator will soon state the question, because the Senator from Alabama yielded only for that purpose.

Mr. HANSEN. Mr. President, I appreciate the courtesy of my distinguished colleague from Alabama, and I have perhaps been over-long, but it seemed to me important to point out that some of the issues that could be before us as we consider a very simple proposition—should we raise the debt limit and should it be extended—go far beyond that; and because it is my feeling that we are talking about many things that have no relationship at all to that issue, I simply expanded somewhat on what I had originally intended to ask in the way of a question, in the hope that it might bring about a better comprehension among Senators as to what the issue is. That is I imposed upon the Senator's time as I have done.

My question is, Do not these issues, in the judgment of the distinguished Senator from Alabama, a man for whom I have great respect, deserve a little different format, deserve the examination that I think the Senate ought to be able to give such issues, without trying to tie them on to this debt limitation bill as a means of offsetting the negative impact that either an increased amount of personal exemption, going from $750 to $825, on the one hand, or on the other giving a tax credit of $190—these things to which I have alluded, I understand, have been offered as a way of offsetting that increased deficit which surely would result from these proposals to lower individual taxes. I ask my good friend from Alabama, does he not agree that these are issues that, in all honesty, are not germane to the question of changing the amount of the national debt and its expiration date?

Mr. ALLEN. I certainly agree with the distinguished Senator from Wyoming that these are most important issues. They are issues on which we should have the advice and the recommendations of the Finance Committee. The Finance Committee is supposed to be one of the most prestigious committees in the entire Senate. Here, if we call on them to abdicate its function and go around this committee, I think we are denying ourselves the hearings that they might hold. We are denying ourselves the expertise of the various members of the subcommittee, all outstanding Senators, and all authorities on the tax laws of the country.

For us to gather up a bundle of 160 amendments and toss them out here before the Senate for consideration, without any guidance, which road is the Senate likely to follow? Is it going to be the considered judgment of the Senate? Is it going to weigh the various issues? Or is it going to take the easy way out and say, "I did not know these able Senators would be offering this amendment. I just assumed it was all right"? That is not the way to legislate on permanent legislation involving the tax laws of this country. Certainly if a bill that originated in the House, a tax measure, had gone to the committee, and if the committee had studied the various measures needed for removing inequities in the tax laws or removing loopholes, or reducing taxes in some areas and raising them possibly in other areas, and presented a plan to the House which had been approved and then it came to the Senate, and the Senate committee had sort of polished up the recommendations and had hearings on it and considered the various aspects of it, and what effect it will have on the economy, what effect it will have on the rate of inflation, what effect it will have on the other tax laws and sent that package out to the Senate floor, there would be no extended discussion going on at this time.

We would have had the benefit, though, of the advice and the knowledge of these knowledgeable Senators who are authorities in the field of taxation. But, as it is now, the average Member of the Senate is not thoroughly conversant with the technicalities of the revenue laws. It is outside the field of the interests that they have had. It might be on the Agriculture Committee. It might be on another committee—Government Operations, possibly, which does not consider tax laws.

Probably some members of the committee will get up and give their views. But that is not the same as the considered judgment of the entire committee because the distinguished Senator from Wyoming (Mr. HANSEN) might have one view and the distinguished Senator from Louisiana (Mr. LONG) might have still another view. It would be this consensus of opinion of some 15 members—whatever number it is—15 or some 17 members on the committee—that would be of value to the Members of the Senate. But we do not have that. I feel that that is depriving the Senate of what is available.

I assume—and the Senator should note—that the Finance Committee and the Ways and Means Committee over in the House have a continuing study of the tax laws, they are making and studying them all the time—if not individual members, then the staff is—and I am sure they have recommendations inside the committee to make suggested changes in the laws. But they are not made available to us, because the Senate committee did not act with respect to revenue laws when they passed out the bill (H.R. 14832), which is a simple extension of the temporary debt authority and raising the amount of the temporary debt limit.

Now, if the committee had considered this, there would be a little different outlook on it. It still would not be the proper vehicle, but I could have accepted it with better grace if the committee had made some recommendations, than to come out with a package that did not provide for a $6 billion tax loss—or much more, in all likelihood.

So, Mr. President, the proper approach to this problem is to follow the Constitution. The Constitution says that revenue measures originate in the House but that the Senate has a right to add amendments—to adopt amendments to the revenue bills. This is not a revenue bill. It does not have anything to do with a revenue bill. It is a debt ceiling bill.

Mr. HANSEN. Mr. President, if the Senator would yield further——

Mr. ALLEN. For a question.

Mr. HANSEN. I should like to ask him, is it not true that a number of the proposals very probably would have an impact far beyond the issue before the Senate now? The question of raising the debt limit, which I understand was proposed some time ago—I do not know how many years ago—in the vain hope that it might bring or instill a little deeper sense of fiscal responsibility in the minds of Senators and in the administration, apparently, than has been the case.

But basically, is it not true that the idea of the debt ceiling limit was to accomplish that purpose and to focus attention also on how much money this country owes?

Mr. ALLEN. That was certainly the theory of it, but with the Congress being called on three or four times a year to increase the debt limit and to extend the time during which the Government is authorized to have this debt limit as accommodated to the Treasury by passing these bills, they exact a price. I will say to the distinguished Senator from Wyoming that they add these nongermane amendments which, if placed on the President's desk in such a condition that he has to veto it, or they wait right up to the end of the period and then pass the legislation at the last minute, and the President either has to veto it or run the risk of not having a debt limit extended or raised, or taking unacceptable amendments, that is the theory that the proponents of these amendments are operating on. They take the position that by adding these tax reduction measures—which would be costly, in the judgment of the Senator from Alabama, to the very people they seek to aid—but by adding these amendments to this bill, they would have a better chance of getting it signed by the President than if it were a separate bill. But I do feel that a bill that does receive consideration by the Ways and Means Committee and the Finance Committee and the House of Representatives that might be presented to the Senate as a package to reform our tax laws, I feel would receive very favorable consideration in the Senate.

Some of the very ones who are now opposed to this unstudied approach, this backdoor approach, to this problem, would be the strongest for a true tax reform bill.

Mr. HANSEN. Mr. President, if the Senator will yield further, is it not true that we might be doing great mischief to our country, to our economy, to our energy supplies in trying to take up in this hurried fashion amendments that really are not relevant to the debt limitation bill now before us

Mr. ALLEN. I do not think there is any doubt that the economy of our country, our fight against inflation, is endangered by this irresponsible approach. I say "irresponsible" in that it has not had consideration by the appropriate committees that are set up to give the House and the Senate advice and recommendations in this field.

If they wanted true tax reform, I believe they would await the bill that I understand is now being marked up in the House of Representatves. It should not be too long getting over here. The way they seem to be able to manage the movement of bills on the floor of the Senate, I do not think there would be any difficulty in bringing up such a bill as a bill of number one priority.

I think it might be interesting, Mr. President, to comment on the efforts that are being made by some 16 Senators who filed the cloture motion to bring up the amendment of the Senator from Massachusetts and the Senator from Minnesota.

Of course, what they are doing in an effort to tack these nongermane amendments onto this bill is very plain.

The Senator from Alabama, I believe, has the only germane amendment that is included in the entire packet of amendments that is circulating around the Chamber and is on the desks of some Senators. This amendment is germane because it applies to figures in the bill, itself.

Mr. HANSEN. If the Senator will yield, his amendment simply provides that the debt limit would not be raised as much. It would have that effect, would it not?

Mr. ALLEN. That is correct. It reduces the amount by $5 billion.

Ordinarily, when a bill is subjected to lengthy debate, the proponents of the bill file a cloture motion, and then amendments that have already been read or are at the desk, are considered, under unanimous consent, as having been read, and are considered. The catch is, I say to the distinguished Senator from Wyoming, that when cloture is invoked on the bill, the amendments that are considered have to be germane.

Of course, the proponents of these amendments know that their amendments are not germane. So the effort they are making to bring up the Kennedy-Mondale amendment is, first, to get rid of the only germane amendment. That is the amendment that the Senator from Alabama has offered.

They have directed the cloture motion not at the entire bill, because that would not serve their purposes. They would not get the bill enacted without amendments. What it would do, in effect, would be to dispose of, in one way or another, my amendment, because my amendment is serving as a barrier to the submission of the Kennedy amendment.

If cloture is invoked, that will be the test vote, the vote on cloture the day after tomorrow, on whether cloture shall be invoked on my amendment. So long as my amendment is pending, the Kennedy amendment cannot be offered. Once cloture is invoked—I hope it will not be, and I do not believe it will be—and this amendment is disposed of, I give the Senator one guess as to who is going to be recognized on the next amendment.

Mr. HANSEN. Mr. President, if the Senator will yield further, one guess is all I need. I think I might be able to name the Senator.

Mr. President, I do not want to intrude upon the generosity of the distinguished Senator from Alabama, but it does seem as though it would be helpful if Senators might understand what is at issue.

I ask if he will be kind enough to yield to be for more than just a normal question, in order that I might be permitted to make the statement that I think provides a sound basis of understanding from which Senators might be better able to determine how they would frame, in their minds, a proper response to the question: Are the other amendments germane?

I ask my good friend, the Senator from Alabama, if he will extend such a courtesy to me.

Mr. ALLEN. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Wyoming without losing my right to the floor and without the resumption of my remarks being considered as a second speech.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HANSEN. I thank the Senator from Alabama.

Mr. President, as we gather here today, I say, after noting some of the numerous amendments to be offered to the debt ceiling increase bill, that this is either an old-time lynching posse or a requiem Mass for the oil industry. I think it must be apparent to nearly every one that most of the amendments that have been proposed to balance or to try to achieve a newer balance in the budget than would otherwise result from the Kennedy-Mondale amendment, or the first one, are directed at the oil industry.

I have spoken a number of times in defense of the oil industry, not because I think it is without blame, but rather, because it is my feeling and belief that before we make changes in our tax laws, we ought to understand clearly what the import and the impact of these changes could mean for all Americans.

I said earlier that it is not difficult at all to whip up a great amount of sentiment if we want to do something to take the oil industry apart these days. Goodness knows, there are all kinds of reasons for the frustration, the bitterness, the anger that all too often characterizes the attitude of the typical American citizen.

I believe that the press of the United States has to assume its fair share of the blame for the situation. I do not mean by that observation to seek without a hearing the incrimination of the press, but I leave it to each Senator to decide for himself how even handedly and how fairly and objectively the news media has handled the questions.

Mr. HELMS. Mr. President, will the distinguished Senator yield for a unanimous consent request?

Mr. HANSEN. Mr. President, without losing my right to the floor, and with the understanding that the Senator from Alabama has yielded to me to make this statement, I yield to my good friend, the Senator from North Carolina.

Mr. HELMS. Mr. President, I ask unanimous consent that when the pending business is laid before the Senate tomorrow the distinguished Senator from Alabama (Mr. ALLEN) be recognized.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from Wyoming is recognized.

Mr. HANSEN. Mr. President, I was speaking about the role the press has played that I think may have served the Nation rather poorly in recent times, and that is that Americans have a propensity to sympathize with the underdog. When most Americans were scrounging around working hard trying to make ends meet as the inflationary spiral kept chewing away, taking ever bigger bites from paychecks, it was not difficult to understand how the industry profits were characterized by the press and by politicians as extreme, as windfall in character, and even obscene. I do not know exactly what is meant by an obscene profit. I am told that it had no specific connotation to the particular morality of the oil business, but, rather, was used to attract attention to a situation that some believed was, indeed, to say the least, very extreme.

Columnist Bill Buckley pointed out some few weeks ago that the press—at least some members of the press—had discussed the situation, or had continued to discuss the situation, with respect to major oil companies, particularly international oil companies. At this particular time when each of the major oil companies was disclosing to the public for the first time the amount of those quarterly profits, indicating the direction that those profits were taking as compared with profits of the previous quarter, or of the identical quarter for the year earlier, and finding as was almost invariably the case, that profits were going up, the press took occasion to talk about Occidental Petroleum.

For those who did not know, the major newspapers in the East, or at least some of the major ones, I have in mind two, particularly, one in this city and one in New York City, did not bother to tell the full facts in the story.

Rather, they chose to report those selected facts which seemed most dramatically to call attention to the point they were trying to make, and the point they were trying to make was that the international oil companies were getting very rich, that their profits had exceeded anything before in the history of the industry, and it certainly was this kind of observation which gave credence in the minds of many Americans to a belief that the Congress of the United States ought to do several things: that it ought to pass a windfall profits tax, that it should eliminate the depletion allowance, that it should abolish foreign tax credits.

Other proposals in a similar vein were made, and at least some members of the press and some members of the electronic media, as well, made the point that Occidental Petroleum's profits for this past quarter exceeded those of the previous year, or I guess I should compare actually not quarters but years in this respect, comparing the profits of Occidental Petroleum for the year 1973 with 1972, the profits had gone up very sharply. They had gone up by some 718 percent, Mr. President, and anyone ought to know that there could be no possible defense made of a rise in profits of that amount.

What the press failed to report was that in 1971, Occidental Petroleum had a very poor year. It did not make money; it lost money. It lost quite a bit of money.

So when the time came to determine if a dividend should be paid for 1972, the corporate management of Occidental Petroleum determined it would not be well to pay no dividend, but that some return should be given the investors in Occidental stock, and it was decided to pay a dividend of 1.3 percent.

That is not very much. It is not the kind of dividend that would encourage anyone to buy Occidental Petroleum stock; nevertheless, it was better than nothing.

Had they paid the dividend upon the fiscal success of Occidental for the year 1971, they would not have paid any dividend, because they did not make money. As I said earlier, they lost money that year. Nevertheless, they paid a 1.3-percent dividend.

In 1973, several things happened to Occidental. With most of their business taking place overseas, they were the recipients of two major developments.

In the first place, the devaluation of the American dollar occurred, so automatically all the profit that Occidental had—its balance of payments, and everything else—reflected the decreased value of the American dollar.

This made a substantial amount of profit, not only for Occidental, but for every American corporation that was operating overseas that was in a position to receive the benefits of the devaluation of the dollar. That was one thing.

The second thing that took place was that the Arab and non-Arab oil exporting countries concluded that they would use the oil they have in such great abundance as a political weapon to bring about a quicker and more satisfactory resolution of the problems in the Middle East. So the Arab countries and Iran and some other non-Arab countries put an embargo upon the exportation of oil and they increased, at the same time, the value of that oil.

This was not something that was done by any international oil company acting unilaterally. It was the collective actions of the OPEC nations, those nations that had most of the oil for sale, deciding what they were going to get for their oil. So, in two ways, Occidental, along with all of the foreign oil companies, found their products suddenly were worth a great deal more than they were worth before.

These two factors, then—the devaluation of the dollar, on the one hand, and also the increase in the price of crude and refined products from the oil exporting countries of the world—made Occidental's year of 1973 a very profitable year as compared with 1972 or 1971.

These two facts together encouraged Occidental's management to increase the dividend, to increase the return on the dollars that the typical stockholder had invested in Occidental stock, from the 1.3 percent that prevailed in 1972 to about 9 percent in 1973. Any fourth-grade schoolboy could tell you, Mr. President, that if you add all of the decimals that followed those two figures, and if we were to compare that with the 9 percent, we would find that Occidental's profits according to the newspapers and some of the electronic media, did increase 718 percent.

What the papers did not say was that a 9-percent return on investment is below the average. It is below the average for the average manufacturing company in the United States—rather significantly below average. It is below average for the average mercantile institution in the United States.

The New York Times, which experienced a rate of return on its own investment of more than 14 percent, did not take occasion fairly to point out that if one wanted to see his dollars grow into more dollars as quickly as possible, he would be far better advised to invest in the New York Times stock than he would in Occidental, because, on the one hand, Occidental had a 9-percent return, whereas the New York Times had a return in excess of 14 percent—more than 50 percent above that of Occidental's.

The Washington Post did not seize upon this opportunity to point out fairly, as it also might have done, that the Washington Post stock was not too badly off, either. It had a return, as I recall, of 14 percent or more to the shareholders on their dollars invested.

But, in typical fashion, painting the oil industry as being composed of people invariably wearing black hats, neither of these two great newspapers took occasion to tell the whole story. They merely told those portions of it that best served their interest in what they thought Americans should be told the facts were, instead of telling them what the facts really were.

I might add that CBS, which has not exactly been quiet in deploring the activities of the oil industry, might also have mentioned that their earnings provided an even better investment than an investment in the New York Times or the Washington Post. They had a return for the year 1973, so I am informed, of 18.5 percent.

So what has happened? The typical American gets a very distorted picture of the facts from listening to these biased, one-sided, distorted, incomplete presentations of the facts, and that is that the average American thinks America would be served well if we passed punitive legislation that simply took the oil industry apart.

I recall when, in the closing days of the first session of the 93d Congress, we were debating the energy bill, the distinguished Senator from Washington (Mr. JACKSON) said that he had been forced to enter into some compromises that were not to his liking, and he could assure Senators—I am paraphrasing what he said—that if that bill was passed in the form that it had been reported or acted upon favorably by the Senate that evening, we could expect some very punitive legislation passed against the oil industry.

Mr. President, I am one who finds

much merit in the Senator from Washington (Mr. JACKSON). I think in many respects he is a knowledgeable, dedicated, and able U.S. Senator. I must say that I do not agree with him on everything that he says. I think he has been wrong about the energy business, and I just do not happen to think that some of the proposals he has made that deal with the energy business would serve America at all. But this is the sort of feeling that is rampant in this country today. People do not stop to look at the depletion allowance in terms of what it has done for typical Americans.

The unique thing about America is that even as late as last summer the average price of a gallon of gasoline in the United States of America was about half of what it was anywhere in Europe, and there were places in Europe where the cost of a gallon of gasoline exceeded by 3 or 4 times what a gallon sold for here.

What does that mean? It means simply that those persons who contend that the depletion allowance has militated against the best interests of America had better take another look.

If we are given all the elements of the oil industry—and there are literally thousands of them—15 or more years ago we had over 20,000 independent oil men in this country engaged in the search for and the discovery of new oil and gas supplies. There is all kinds of competition. The competition in the oil business is well known. A number—two score—of the major companies lack quite a bit of having 95 percent of the control of the oil industry. I do not believe any one company has any more than 8 percent, or maybe 10 percent, as I recall, in this country. So there is competition.

When we give each of these units or individuals in the oil business the advantage of the depletion allowance, what it really means is that the depletion allowance is not an advantage to any one company, because everybody has it. So all it does is insure that the customer will have the advantage, and that is precisely the way it has been in the United States of America. It accounts for the fact that when the cheapest gasoline-selling country in Europe was getting 75 or 76 cents per gallon for petrol, we were selling it for about half that amount here.

Mr. President, I ask you, does it make sense for Americans to say we will do away with the depletion allowance and at the same time seriously pursue a policy of energy self-sufficiency? It is well known that the average independent is able to round up enough money to drill an oil well only by interesting other investors and getting them to go along as he takes the very risky chance of drilling a hole in the ground and not knowing until that job has been completed whether or not oil will indeed be discovered.

It is risky, it is expensive. One of the reasons why people were willing to do it was the depletion allowance. They knew, as lottery ticket purchasers know, that the chances of getting oil, as are true with the chances of winning a lottery, are not very good. They did know that if they struck oil they, at least, had the depletion allowance which would minimize the taxes they would otherwise be required to pay. That has been a real incentive for the industry to continue to search for the oil and gas necessary for America.

The average oil production in this country per well comes to about 18 barrels per day. That is not much. The average in Saudi Arabia, a country that I had the privilege of visiting in January, is 18,000 barrels per day. It is far cheaper to find and produce oil over there than it is here.

Yet, despite that fact, this country has done an A-No. 1 job of seeing to its energy self-sufficiency, because Congress wisely, a number of years ago, considered tax measures that would induce typical Americans to make the investment necessary to make certain that we had enough oil to keep our country running.

In 1967, when the Six-Day War took place in the Middle East, Senators will recall that America was able, because of the reserve capacity on hand at that time, to take care of all our needs and to supply the needs of a number of our friendly neighbors as well.

That time has passed. We no longer have any shutin capacity that we can draw on as we did then. We no longer have the difference between what we are producing on the one hand, and what can be produced under the maximum efficient rate to draw upon as we had back in 1967.

There is need to give incentive and inducement to the domestic oil industry to undertake this increasingly costly search for oil and gas. America is fortunate in having a great number of different kinds of energy resources upon which it can draw. We have oil, we have oil shale, we have uranium, and we have geothermal energy in the underground steam wells that we have tapped from time to time, in addition to oil and gas. None of these exotic sources, so I have been told, excluding coal, of course, can be used immediately. We do not have the technology perfected to the point where we can bring them on stream.

Adding to our problems of technology are the environmental concerns which we have today. What shall we do with oil shale as we develop it? It is sort of like popcorn. When it is mined and retorted, it becomes bigger than the original mass with which one started.

How shall we dispose of it? These are tough environmental questions that have not yet been satisfactorily resolved so that we can get on with the job of trying to loosen and make available to this country and to our friends the 1,800 billion barrels of oil believed to be trapped in the oil shale deposits of the States of Colorado, Utah, and Wyoming.

My State, Wyoming, is the No. 1 uranium producer among the States in the Union today. I can recall that at the end of World War II predictions were being made by many, certainly by people knowledgeable in the business of nuclear fusion and fission, that it would not be long before oil and gas would be outmoded as energy sources. We would be using atomic energy, nuclear energy. We have not gotten very far with that yet. I think about 1 percent of the total energy produced in the United States today comes from nuclear energy.

One might ask, Why is this true? It is true, because we are concerned, among other things, about what to do with atomic waste. We are concerned lest we start with a nuclear energy plant that could possibly have some accident occur which would harm an employee or might even harm an entire city. So we are going back, retracting our steps, and taking every possible action we can in order to make certain that these accidents do not occur. As a consequence, we find ourselves relying still, in this year 1974, upon oil and gas. They provide 77 percent of all the power that Americans use today. Coal provides about 18 percent. Waterpower, geothermal steam, and nuclear energy, provide most of the rest, as we know.

I mention these things, Mr. President, because it seems important to me that people understand that the kind of amendments that are being proposed to the debt limitation bill ought not to be considered lightly.

If one asks the typical person on the street, Shall we roll the price of gas back or the price of crude oil back in this country? The chances are that one would get an affirmative response.

Yet I ask whether it makes sense when foreign crude costs around $12 a barrel, and the domestic crude that we have in this country costs perhaps an average of $7 or $7.50 a barrel, to roll back the price of domestic crude, if that is where we must look for a source to increase our supply of total energy. Does it make sense to roll back that price if we want to have an intensification of activity in the domestic oil fields of America to bring more oil on stream?

My answer is that it does not make sense. I point this out because we could, without fully understanding what is at issue, without fully comprehending the ramifications of the energy business, take steps which are popular today with too many Americans which could prove to be a very great disservice to America tomorrow.

I say that based upon the solid fact that we passed an energy bill early this year that would have done many of the things to which I have alluded, and had it not been for the fact that the President of the United States vetoed that bill, and 40 Senators sustained that veto, these things that I say would militate against the best interests of America would today be law.

Mr. President, I think it is extremely important that we consider these amendments on a tax reform bill. That opportunity will be provided the Senate. Such a bill is being considered by the House of Representatives now. It will be sent over here in due time. That is where these amendments ought to be considered. We will have the benefit of the hearings in the House, we will have the benefit of the hearings before the Senate Finance Committee and the Committee on Interior and Insular Affairs; one

of the subcommittees of the Committee on Foreign Relations has been considering some of the aspects of the international oil companies, and we will have the benefit of those hearings; and I am hopeful that, girded with better knowledge, we will be less likely to make the mistakes we now could make if we were to take the precipitate action that surely would follow were we to consider the whole raft of amendments that have been talked about and that, in all probability, would be put on this bill.

This is a serious matter, a matter that deserves far more attention and study than it has had up to now. It is a matter that raises issues that certainly are extraneous to the bill before the Senate at this time. I think we would be well advised to delay the consideration of these various tax proposals, and not to consider them as a part of the bill to raise the debt limit and to extend the time during which that debt limit shall apply, as is the case with the measure now before us, subject, of course, only to the amendment by the distinguished Senator from Alabama, which would lower the proposed debt limit, as his amendment calls for. If we can do, if we can consider, if we can ponder what is now before us, and avoid all these other amendments which are not germane, I think Congress would be well advised to do so, and that we would be coming to grips with an issue that demands attention.

There is no more crucial problem facing typical Americans today than the problem of inflation. I am pleased with the accomplishments of Dr. Kissinger and the President in bringing about a return to more peaceful relationships in other parts of the world. I have no doubt about the ability of this country to produce those requirements that good health and well-being demand for the United States; but the one thing that we have not done anything about is how to prevent the further erosion of the paycheck and the income of the typical American. Because of that, I suggest that we ought to consider only the amendment by the distinguished Senator from Alabama and no others.

Mr. President, I thank the distinguished Senator from Alabama for his courtesy in permitting me this opportunity to discuss some of the aspects of the amendments that have been proposed, that very easily could be attached to this bill, amendments which I think are inappropriate to the bill, amendments which deserve more time and consideration than they have so far been given, and amendments which can indeed be taken up and considered on more appropriate legislation that will be coming before the Senate when the tax bill, as passed by the House of Representatives, is reported to this body.

I thank the Senator from Alabama.

Mr. ALLEN. Mr. President, I thank the distinguished Senator from Wyoming for his very fine remarks and for the great contribution he has made to this discussion.

Mr. President, I now ask unanimous consent that I may yield to the distinguished Senator from South Dakota (Mr. McGOVERN) to bring up a privileged matter, with the understanding that I do not lose my right to the floor and that the resumption of my remarks will not be credited as a second speech.

Mr. LONG. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. The Senator from Alabama has the floor.

Mr. ALLEN. Mr. President, I regret the objection——

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

Mr. ALLEN. I yield for a question.

Mr. LONG. I ask unanimous consent that the Senator from Alabama may yield to me without prejudice to his rights to retain the floor.

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

Mr. LONG. Mr. President, I am willing that this conference report be laid before the Senate, provided we have a firm agreement as to how long that will take. If we can agree that the conference report will take no more than 15 minutes to present, I will have no objection.

Mr. ALLEN. I imagine it will take no more than one minute, but I shall be delighted to yield 15.

Mr. LONG. Mr. President, I ask unanimous consent that, without prejudice to the rights of the Senator from Alabama, the Senator from South Dakota be recognized to bring up a privileged matter, and that after 15 minutes, if that matter not be concluded, the Senator from Alabama be recognized and the parliamentary situation revert to what it had been.

Mr. ALLEN. That is perfectly all right. I had no idea it would extend beyond 15 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President if the Senator will yield, within the context of that agreement I ask unanimous consent that I be given 2 minutes to explain an embarrassing situation in which the leadership finds itself.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. The situation is the request of the Senator from North Carolina to be recognized tomorrow morning at the conclusion of morning business.

This is a request which usually causes little discussion and no objection. Of course, the Senator is perfectly within his rights in making such a request, but the leadership does have a responsibility in situations of this kind which I would hope will be given consideration.

There is no law saying that we can be recognized at any time we rise, but custom and precedent have usually been accorded to the joint leadership in the matter of recognition. It was the leadership's intention to seek recognition tomorrow after morning business was concluded, but that will be impossible at this time because of the perfectly legitimate action taken by the Senator from North Carolina (Mr. HELMS).

I hope that when we are considering a difficult piece of legislation which tends to hold up the business of the Senate and draws time needed for consideration of the calendar, especially in this most difficult of years, the joint leadership will be accorded, in the future, the courtesy of consideration in matters of this kind when contentious legislation is before us. That is all I have to say.

I find no fault with what the Senator from North Carolina has done. He is perfectly within his rights. But I felt I should make my position clear at this time on this matter.

Mr. HELMS. Mr. President, might I ask the distinguished majority leader what his understanding is of the unanimous-consent agreement that I obtained earlier?

Mr. MANSFIELD. That the Senator would be recognized at the conclusion of morning business.

Mr. HELMS. No, my unanimous consent request, which was agreed to, was that when the pending business is laid before the Senate on tomorrow, that the Senator from Alabama (Mr. ALLEN) be recognized.

Mr. MANSFIELD. I beg the Senator's pardon. That the Senator from Alabama would be recognized at the conclusion of morning business. I gave the name of the wrong Senator and the wrong State.

The PRESIDING OFFICER. The Chair's understanding of the unanimous-consent request and the order that followed it is that the Senator from Alabama would be recognized when the unfinished business is laid before the Senate.

Mr. HELMS. That is correct.

Mr. MANSFIELD. That is correct, and that is what I was referring to, because the unfinished business would not be laid before the Senate until the conclusion of morning business.

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

Mr. MANSFIELD. Surely.

Mr. ALLEN. I appreciate having the distinguished Senator from North Carolina make this request. I had no prior knowledge that the request was going to be made; and after hearing that the unanimous consent had been granted, I spoke to the distinguished assistant majority leader, in the absence of the distinguished majority leader, and voluntarily agreed, if he so desired, that I would have no objection to rescinding the unanimous-consent agreement. Let me make that statement.

Mr. MANSFIELD. If the Senator from Alabama will yield at that point, I appreciate that statement more than I can say. It was our intention—my intention—to meet with the distinguished Senator from Alabama (Mr. ALLEN) and explain to him that I was giving the most serious consideration tomorrow morning to offering a motion to recommit or to table the motion of the Senator from Alabama; that is, provided I could have achieved recognition—and that recognition is usually accorded to the joint leadership, but only as the occasion arises.

I did not intend to do anything which could be considered to be "under the table" because it was my intention to meet with the Senator from Alabama this afternoon and explain the situation and to do so on the basis that I felt was part of the leadership's responsibilities;

that is, to notify any individual ahead of time of what was intended to be done and, in that way, to keep alive the comity which exists in this body between the two parties and among the Senate as a whole.

The reason for my giving the most serious consideration to this suggestion lies in the fact that at my instigation I asked a number of Democratic Senators among the leadership to meet with Senators KENNEDY, MONDALE, NELSON, and others, to find out, if possible, what their plans were on the tax-reduction amendment which has been given considerable publicity of late.

I urged that group to give some more consideration to not putting it on the ship bill, which was reported from the Finance Committee, but rather on the debt-ceiling legislation. I discussed the matter with the distinguished Senator from Louisiana (Mr. LONG), and he assured me that he would do his best to get that legislation out of his committee last week—and he did. I assured the group that I would get it up as expeditiously as possible. That was done. But during the course of our conversations, a commitment of sorts—an informal commitment, a commitment without standing, really, but an informal commitment—was made to the group on the tax-reduction amendment that they would have the opportunity to offer the amendment.

I had anticipated that the first order of business would be the offering of the Kennedy, Mondale, Humphrey, Nelson, and so forth, amendment and, consequently, when I came on the floor yesterday and found that the distinguished Senator from Alabama (Mr. ALLEN) was in control, I was surprised—but not too surprised. [Laughter.]

The purpose of my desire to get together with the distinguished Senator from Alabama this afternoon was to discuss this matter. What I have said to the Senator I would say and have said publicly, because I think the only way we can get on in this body is to lay the cards on the table at all times.

I find no fault with what the Senator has done. He was on his feet. He was operating well within the rules and regulations of the Senate. But I did want to tell him what I was considering for tomorrow so that he would not be caught unaware of the proposal I had in mind at the time. That is all I want to say.

Mr. ALLEN. Mr. President, I appreciate the statement of the distinguished majority leader and, again, I say that I had no knowledge that such a request was going to be made. I say again that I appreciate the alertness of the distinguished Senator from North Carolina (Mr. HELMS) in making the request. But I further state that, as soon as I heard that the unanimous consent had been given that I be recognized, and being so appreciative of the leadership's ever-willingness to protect the rights of the Senator from Alabama when his rights are called to the attention of the leadership, that he did not wish to have this advantage.

In talking to the distinguished assistant majority leader I said that if he so desired, the Senator from Alabama would request that the unanimous consent agreement be rescinded. That is still the position of the Senator from Alabama and, Mr. President, I ask unanimous consent that the unanimous consent agreement entered into, giving me the floor at the start of the consideration of the pending business tomorrow, be rescinded.

The PRESIDING OFFICER (Mr. BENNETT). Is there objection to the request of the Senator from Alabama?

Mr. MANSFIELD. Mr. President, before the Chair rules, may I say that I would not have made that request on tomorrow. Again I repeat, it was done within the rules and regulations of the Senate. I have no complaint. I just asked for a little more consideration, and of course, not just for myself but also for the distinguished Republican leader (Mr. HUGH SCOTT). However, this is a decision which the Senator from Alabama must make himself and, evidently, he has made it, and I will say no more.

Mr. HELMS. Mr. President, reserving the right to object, and I shall not object, I want the distinguished majority leader to know that I do not want to do anything untoward or that appears to be untoward. Earlier this afternoon, we had a lesson in the rules of the Senate from the distinguished assistant majority leader. He spoke plainly and clearly. He reminded us that each Senator has certain rights under the rules, and that it was up to us to exercise our rights. This is what I did. The rules of the Senate prevail. I have a definite point of view on this matter, and I wanted to exercise such rights as I have; but, under the circumstances, I certainly agree with the distinguished Senator from Alabama, and I should like to join him in his unanimous-consent request.

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

Mr. MANSFIELD. Mr. President, if the Senator will allow me, may I say that I had no suspicion whatsoever of any ulterior motive. These things happen to all of us. But I wanted to clear the Record as to what I intended to do and what I may intend to do tomorrow, so that my position will be clear. I find no fault with anyone.

Mr. ROBERT C. BYRD. Mr. President, I want to attest to what the distinguished Senator from Alabama (Mr. ALLEN) has said. When I came back to the Chamber after meeting with the distinguished majority leader and Senators LONG and KENNEDY. I was informed by Senator ALLEN of what had transpired. He graciously offered to stand by and not object in the event I sought to rescind the request. I said to him that I appreciated it and that I knew the distinguished Senator from North Carolina (Mr. HELMS) had no idea of taking unfair advantage of the leadership, but has always been most fair, reasonable, cooperative, and understanding.

I have no feeling whatsoever toward my good friend from North Carolina by way of antipathy for his having obtained the unanimous-consent order while I was not in the Chamber.

The Senator from Alabama has now had the request rescinded, and I appreciate the fine spirit shown by the Senator from North Carolina. The leadership does have a problem, always, in scheduling and programing for the coming day. If the able Senator from North Carolina will let the leadership know, in the future, that he intends to make a request of this kind, so that we can object if necessary, then we will be in a position, together with the joint leadership on the other side of the aisle, to continue to schedule the business of the Senate. I certainly will appreciate it.

Mr. HELMS. Mr. President, I merely wished to maintain the option of the Senator from Alabama, which has been done in this case, and I appreciate the kind remarks of the Senator from West Virginia.

Mr. ALLEN. Mr. President, I appreciate the remarks of the Senator from North Carolina.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time that was consumed in the colloquy just now not be charged against the distinguished Senator from South Dakota.

Mr. McGOVERN. Does that include the colloquy with the majority leader?

Mr. ROBERT C. BYRD. That includes the entire colloquy.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Chair, once the conference report is adopted, either recognize me, if the Senator from Alabama is not on the floor, or, if the Senator from Alabama is on the floor, recognize the Senator from Alabama, because the Senator from Alabama has been called off the floor by the majority leader and I want to protect the Senator from Alabama's rights.

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

The Senator from South Dakota is recognized.

Mr. McGOVERN. Mr. President, before I proceed, I ask unanimous consent that four members of the committee staff—Forest Reece, James Thornton, Michael McLeod, and Alan Stone—be permitted the privilege of the floor during the consideration of the conference report.

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

AMENDMENT OF NATIONAL SCHOOL LUNCH ACT—CONFERENCE REPORT

Mr. McGOVERN. Mr. President, I submit a report of the committee of conference on H.R. 14354, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DOMENICI). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14354) to amend the National School Lunch Act, to authorize the use of certain funds to purchase agricultural commodities for distribution to schools, and for other purposes, having met, after

full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of June 13, 1974, at p. H5094.)

Mr. McGOVERN. Mr. President, I am very pleased to present to the Senate this conference report.

I am quite pleased with the agreement that the Senate conferees were able to work out with the House conferees on this bill. It is an excellent agreement because we adopted the provisions of the House bill, as well as the more comprehensive features of the Senate bill. The House bill would have provided the Secretary of Agriculture with authority, for fiscal year 1975, to use funds under section 32 and funds of the Commodity Credit Corporation to purchase agricultural commodities that are not in surplus to maintain the annually programed level of assistance for programs authorized under the National School Lunch Act, the Child Nutrition Act, and title VII of the Older Americans Act. The conferees adopted this provision and agreed to make it mandatory rather than permissive. Thus, the Secretary is required to use section 32 funds and Commodity Credit Corporation funds to maintain commodity donations at the annually programed levels of assistance.

The conferees accepted without change the Senate amendment to require the Secretary of Agriculture to provide, beginning with fiscal year 1975, commodity donations for the school lunch program at a level of not less than 10 cents per lunch. The Secretary must provide 7 cents worth of commodities and 3 additional cents neither cash nor commodities. The 10 cents minimum amount must be adjusted for each fiscal year after fiscal year 1975 to reflect changes in the series for food away from home of the Consumer Price Index. Also, the Senate amendment requires that in providing donated commodities the Secretary must give special emphasis to high-protein foods—meat and meat alternates. The conferees, in the joint explanatory statement, point out that high-protein foods include cheese, milk, and fish.

Thus, by accepting the amended House provision on donated commodities and the Senate provision on the level of commodity assistance for the school lunch program, the conferees have agreed that, for fiscal year 1975, the Department of Agriculture must purchase the amount that it has programed for commodity acquisition and distribution, $290 million. Also, they have agreed that the Secretary of Agriculture must provide at least 10 cents per lunch in donated commodity assistance for the school lunch program, or cash in lieu thereof.

The House conferees agreed to the Senate amendment which makes permanent State educational agencies' authorization to establish income guidelines, for use by schools in the State in determining eligibility for reduced price lunches, at levels up to 75 percent above those in the Secretary's income poverty guidelines.

The House conferees also agreed to the Senate amendment which would increase the authorization for appropriations for child nutrition equipment assistance for fiscal years after 1975 from $20 million to the amount that is currently authorized, which is $40 million.

Another Senate amendment had provided for an increase of the authorization of appropriations for the special supplemental food program for women, infants, and children from $40 million to $131 million for fiscal year 1975. The House bill had contained no comparable provision. The conferees agreed to adopt the Senate provision, with an amendment reducing the proposed new authorization from $131 to $100 million.

Mr. President, the Congress was compelled to act very quickly on this legislation. The administration had expressed its intention to eliminate the donated commodity program. Moreover, the authority of the Department of Agriculture to purchase for donation the commodities which are not in surplus expires on June 30.

I believe that the Department of Agriculture's position is that we no longer have surpluses and, therefore, should eliminate all commodity purchase programs. This already has been proven to be quite fallacious. Their reasoning is fallacious for two reasons:

First. The donated commodity program has been popular and beneficial to our child feeding programs, our institutional feeding programs, and our family feeding programs.

Second. In the past few months we have seen a swift and disastrous turnaround in the livestock situation. We do, indeed, now have large surpluses of beef, pork, and other livestock and livestock products. Without a commodity purchase program, there is very little that the Government can do to alleviate the plight of our livestock producers.

I was pleased to note today that the Secretary of Agriculture has announced the purchase of $100 million in beef and pork products. That was done under the very painful price collapse that our livestock industry is going through at the present time. It will provide some modest, although I must say entirely inadequate, assistance to the livestock industry. But, beyond that, it will definitely increase the protein content of our school lunch and other food assistance programs.

In spite of the urgency of this legislation and the need for prompt action, the Senate Committee on Agriculture and Forestry did report and the Senate passed several other provisions which were badly needed for the school lunch and child nutrition programs. The increased income guidelines for reduced-priced lunches, the increased authorization for equipment assistance and the increase in the authorization for the special supplemental food program are all measures which were badly needed for the Nation's infants and children. I am pleased that we were able to act so promptly and that the conference committee agreed to report such an excellent bill.

The House and Senate conferees were able to work out an excellent agreement on these improvements in our school lunch and other food assistance programs, and I think what we have accomplished in general is to preserve the best features of the bill that passed the Senate unanimously a few days ago and the best features in the House legislation.

In the interest of time, I will not elaborate any further on the conference, other than to assure the Senate that it is a good report and that it does represent the best of both the House and Senate actions on the important matter of nutrition.

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

Mr. McGOVERN. I yield.

Mr. HUMPHREY. Mr. President, let me state how pleased I am with the splendid leadership we have received on this matter of our feeding programs, particularly the school lunch program and the special supplemental food programs, and all others, by the distinguished Senator from South Dakota. He has been in the forefront of this effort in all the days of his public service, from the time he was the director of the food for peace program up to this very hour in the Senate.

The bill that has come from conference is a major step forward and will do great good for literally millions of children and adults throughout this land.

I have a question that I want to propound to the Senator from South Dakota.

This bill, H.R. 14354, as the Senator has described it, provides funds for the special supplemental food program, commonly referred to as WIC—women, infants, and children.

WIC is a program under which supplemental foods are made available to pregnant and lactating women and infants found to be nutritional risks.

Mr. President, I ask the Senator from South Dakota if he does not agree with me that nutrition education should be a part of the WIC program. In fact, if I recall correctly, when this measure was first drafted, we both intended that nutrition education be included in the WIC program structure.

Mr. McGOVERN. I agree with Senator HUMPHREY, whose leadership has helped insure the success of this very beneficial program. Certainly, a nutrition program worthy of the name includes nutrition education. One possible reason for poor nutrition is low income, but another is lack of knowledge as to where to concentrate family financial resources in terms of food. What we are trying to accomplish with the WIC program is, first, to make nutritious foods available to these vulnerable groups and, second, to help people form good dietary habits which will hopefully have a permanent impact. The only way to achieve this is through a formal program of nutrition education which is implemented where the people are: namely, when they come in to the clinic to be certified, and each time they return on a programed basis

for medical examination. In addition, some consideration should be given to the importance of nutrition education when people pick up their food or food vouchers.

WIC program regulations provide for the payment of clinic costs, and this is certainly consistent with the original intent of the WIC legislation. In the same way, WIC funds should be authorized to pay for a commonsense program of nutrition education—as a legitimate program cost, and not deducted from administrative funds. It seems reasonable that this kind of program, so necessary to the success of any feeding plan, should be started without delay.

As the Senator from Minnesota knows, there are two principal causes of bad nutrition in this country. One is the low income of millions of our citizens that makes it difficult for them to purchase an adequate diet, and the other major factor is the lack of adequate knowledge on the part of millions of our people as to what constitutes a healthy diet, a nutritious diet.

I think that at a time when we are investing substantial amounts of public funds in attempting to put more food into the hands and onto the tables of hungry people, we also have some obligation, both to the people we are trying to assist and to those who are paying for the program, the taxpayers, to see that those foods are used in the most efficient way possible.

Nutrition education is part of the purpose of any good nutrition program.

I think the Senator from Minnesota is absolutely correct in stressing that in this program, designed especially for women, infants, and children, we can and should under the authority granted under in this act implement an educational program.

It ought to be developed at the level where these people are participating in the program, at the clinics, at the distribution points, and I think it would be a practical investment that would increase the value of every dollar that we are investing in nutrition.

Mr. HUMPHREY. Would the Senator agree, then, the WIC funds should be authorized to pay for a commonsense program of nutrition education—as a legitimate program cost, and not deducted from administrative funds.

Mr. McGOVERN. Absolutely; the WIC program regulations provide for the payment of clinical costs and that is certainly consistent with the original intent of the legislation In the same way with these WIC funds should be authorized to pay for a program of nutrition education. This is a legitimate program cost. It should not be deducted from the administrative allowances and it seems to me very reasonable that a program of that kind ought to get underway without any further delay.

Mr. HUMPHREY. Mr. President, I wish to express my thanks to the Senator from South Dakota (Mr. McGOVERN) for his commitment and for his expertise in the nutrition area.

As I said earlier, millions of people will be everlastingly grateful to the Senator.

My last comment is intended to make clear the nutrition programs are covered by this bill.

Let me ask the Senator from South Dakota this question: Is it the Senator's understanding that this bill mandates a supply of commodities for school lunches and breakfasts, plus commodities for summer feeding, day care, Headstart, elderly feeding, under title VII of the Older Americans Act and other nonprofit institution feeding programs?

Mr. McGOVERN. The Senator's understanding is correct. The bill, as he knows, increases the level of commodity assistance for school lunches, but it provides, indeed it mandates, that for all these other food programs that he has mentioned no less than the level of commodity assistance that has been made available this year should be extended over into fiscal 1975.

Mr. HUMPHREY. I again want to thank the Senator.

Mr. President, it is so appropriate, the Senator from South Dakota has noted, the purchase that has been authorized today by the Department of Agriculture of beef and pork in the sum of $100 million. This commodity program is one of the programs that the Senator from South Dakota, the Senator from Minnesota, and other Senators have fought for, because this commodity program not only serves our agricultural interests at times, but also, and more important, it serves the nutritional needs of our people.

I think this day of June 18 should be looked upon as one of the happy days in the life of the 93d Congress. We have really done something here today to improve the lot of many, many people.

The other body, the House of Representatives, has overwhelmingly approved this legislation, and now the Senate, I am confident, is going to approve it unanimously which is, I believe, a sign we have grown a great deal and have matured much to understand the nutritional needs of the American people.

I thank the Senator.

Mr. McGOVERN. While the Senator is in the Chamber, in view of the fact that we have been granted a few minutes additional time, I think this would be a good opportunity to underscore the importance of retaining this commodity purchase program.

The Senator will recall that the big battle we had with the Department of Agriculture was based on their contention that there no longer are any surpluses and that, therefore, we should end the commodity purchase program for the school lunch operations and for the other food assistance programs.

Numerous Agriculture Department officials testified within the last few months that the day of the surplus is over and that, therefore, we no longer need this authority to go into the market and purchase meat and other products for the benefit of our schoolchildren and others who are participating in this program.

Yesterday, the Senator will be interested to know, the Secretary of Agriculture came before our Subcommittee on Agricultural Credit, and vigorously opposed a measure designed to provide guaranteed loans for livestock producers who are going bankrupt. He said the reason the Department opposed that is that we have too much meat in this country; we have a surplus of meat now and we dare not do anything that might continue the level of production at its present level, which is a dramatic reminder of how quickly what looks like a scarcity can turn to surplus, and vice versa. That is why it seems to me the House and Senate conferees were wise in insisting that the Secretary continue to exercise that authority, to go into the market and make purchases of high protein foods and other commodities that are needed to nourish our people, and we saw him use that authority yesterday afternoon with this $100 million purchase.

I think it should have been a larger purchase. I hope that at a time when there are so many malnourished people in the country suffering from inadequate diets we will take advantage of this abundant meat supply and dairy supply that we have in the country, not only to shore up the sagging economic condition of our livestock and dairy industry, but also to benefit so many of our people who stand in need of this program.

Mr. HUMPHREY. I may say to the Senator that I have been one, as has the Senator from South Dakota and other members of the Committee on Agriculture and Forestry, and I am sure there are many other Senators who feel the same way, who felt this commodity purchase program was absolutely vital.

We have had an inadequate supply in our school lunch program and other feeding programs of what we call the red meat, as well as poultry products. These are all high protein foods, they are the best foods; therefore the purchase that was authorized today will come in handy. I agree with the Senator from South Dakota that the amount should have been larger.

Somebody is going to say, "Where do you get the money?" The money is in the section 32 funds that are gathered as tariffs on imports of agricultural commodities into the United States. There is over $700 million in the section 32 account, so the purchase of $100 million worth of beef and pork products does not seriously diminish the reserve of funds that were specifically set aside for this kind of purchase.

I might add further that the Department of Defense could move promptly now to make some purchases. The reason why they should do so is that the price is right, insofar as the Government is concerned. The Government will be getting these meat products, if they are smart buyers, at reasonably good rates, and at the same time it will help the cattle raiser and the hog farmer and will also provide a good supply of nutritious food for the men and women in the armed services of the United States.

These purchase programs, plus the program that the Senator from South Dakota and myself, the Senator from Minnesota, have offered, namely, the guaranteed loan at a 5.5-percent interest rate will do a great deal to stabilize and to help the cattle and hog industry.

On top of that, I might add that if

we just take a look at the flow of imports into this country, which I think has been excessive in light of the precarious condition of our cattle and hog farmers, we could put together a program very quickly that would give immediate economic assistance to our cattle and hog farmers.

This, by the way, Mr. President, is a great need, as the Presiding Officer knows, coming from the State where the cattle industry is of major importance.

Once this cattle industry is liquidated, the whole Nation will suffer, the consumer will suffer, the banking structure will suffer, the whole economy will suffer, and therefore even as we talk nutrition today in school lunches, I say that it shows the interrelationship here of the producer and the consumer.

The purchase program announced today will be very helpful to the feeding programs that have been outlined in the bill that is brought before us this afternoon. That purchase program will be helpful to the farm producer, and if it is properly organized, it can be very helpful to the consumer.

I wonder whether the Senator from South Dakota has given any thought to the fact that it might be useful to the Department of Agriculture to make some of the buys of cattle and hogs right at the feed lot level rather than at the packer level?

Mr. McGOVERN. As a matter of fact, I have thought of that very possibility, I will say to the Senator. We have been talking about it just this afternoon. There is a great deal of concern about the man in the middle, and nobody knows exactly how to account for the difference between what the producer and the feeder gets and what the consumer pays at the retail end, but I think one direct way to have an impact immediately on the market is to buy the slaughtered steers, hogs, and other livestock right at the feed lots, and not go through the whole process. This is a way of having an immediate impact to help out the producer and also eliminate some of the anxiety about what happens to the price of that meat after it leaves the feed lot.

Mr. HUMPHREY. That kind of purchase would have a maximum impact, insofar as the cattle price was concerned, on the consumer. Then the USDA could extend an invitation to bid on their purchases at the feedlot level, at least use the feedlots or commission houses for that purpose, and then direct such live animals to packing houses for processing, on a negotiated price.

I think this is something they might look into, may I say most respectfully to the Senator. It is more complicated, but what we are looking for here is, how does the Government get the best buy? We know it gets it at the feedlot level. Second, how do we get the major impact on consumer prices? That is at the feedlot level. Third, how do we get the benefits of the purchase program into the consumer's hands? That can be done by the USDA's negotiating prices after they have made the purchases at the feedlot level.

I thank the Senator from South Dakota.

Mr. President, I am particularly placing emphasis on the need for nutrition education. It is my feeling that we have a great need for nutrition education. It is one of the great needs in the field of individual health. I spent a part of the past week at a meeting of the Minnesota Medical Association, which was meeting at Minneapolis. Part of the discussion at that association meeting was on the whole subject of adequate diet, good nutrition, and its relation to personal health. Doctors now are keenly interested in this subject. No longer is the medical field confined to pills, surgery, and medicine, but proper diet and good nutrition, are absolutely essential for what we call preventive medicine or for the protection of health.

I hope that we will move along in our nutrition programs. Not only do we need good nutrition for supplemental feeding; we also need a good nutrition program and education for every young boy and girl, for every family. In this way, we can make good use of the large quantities of food this country produces.

I think we should remember that one of the great diseases in America is obesity. We are overfed. That does not mean we are properly fed. If we are properly fed, we can save money and improve health.

I thank the Senator from South Dakota.

Mr. McGOVERN. I thank the Senator from Minnesota.

I call attention to the fact that beginning tomorrow at 9:30, the Select Committee on Nutrition and Human Needs will begin a series of hearings that are scheduled for 3 days—Wednesday, Thursday, and Friday of this week—in which we are going to explore the whole subject of nutrition and American food policy, looking to the interrelationship of the problems of agriculture and the problems of the food industry and the responsibilities we have to the undernourished in this country and abroad. It is an attempt to lay the basis on which the Senate, and indeed the entire Congress, might legislate more intelligently in developing an overall nutrition policy. I hope that Senators will follow those hearings closely. They bear directly on nutritional health and a sound food policy for the entire Nation.

Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

(The following colloquy occurred during the debate on the conference report:)

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

Mr. McGOVERN. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the request I made appear at an appropriate place, so that the colloquy will not be disconnected.

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

Mr. MANSFIELD. Mr. President, how much time remains of the 15 minutes?

The PRESIDING OFFICER. Eight minutes remain.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that an additional 15 minutes be granted under the same circumstances as the original 15 minutes were granted.

Mr. ALLEN. Mr. President, reserving the right to object, the entire time would be used before we return to the debate on the bill. Is that correct?

Mr. MANSFIELD. Absolutely.

Mr. ALLEN. In other words, the bill will not come up for debate again or for recognition of any Senator other than the Senator from Alabama for 23 minutes. Is that correct?

Mr. MANSFIELD. That is correct. The Senator from Alabama will be recognized at that time, and he will be on the floor in plenty of time so that he will not miss the timetable.

Mr. ALLEN. I thank the Senator.

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

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. DOMENICI) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

Mr. KENNEDY. Mr. President, as Senators are aware, we are now in the countdown on the Debt Ceiling Act, which must be cleared by Congress and signed by the President by June 30.

Yesterday, I commended the leadership for bringing this important measure to the floor with time for ample debate and action by the Senate before the June 30 deadline.

Now, however, the effective work of the Senate is challenged by delaying tactics apparently designed to prevent the Senate from working its will on tax relief and tax reform, two issues that many of us in the Senate feel are at the top of the congressional agenda this year.

I, and the other sponsors of amendment 1443, our consolidated tax reform and tax relief amendment, are not offering the amendment lightly to the Debt Ceiling Act. We feel, however, that, in light of the potential workload of other business looming in the Senate and the House, the Debt Ceiling Act may well be the last clear chance this year for Congress to work its will on these important issues.

The amendment we propose has two

related parts. First we are proposing four important tax reforms—repeal of the oil depletion allowance, repeal of the disc system for export subsidies, repeal of the ADR system of accelerated depreciation, and a strengthening of the minimum tax. Together, these four reforms will raise $4 billion in Federal revenues in 1974 and $7 billion by 1978.

Each of the four reforms involves a well-known and well-debated system of the Internal Revenue Code. The Senate is thoroughly familiar with each proposal. There is no element whatever of uncertainty about the consequences of this part of the amendment. The Senate is ready to vote on tax reform, and I hope the opponents of these reforms will let the vote come soon, without crowding the June 30 deadline.

Second, we are proposing $6.5 billion in tax relief for 80 million hard-pressed American taxpayers and their families. The relief will be made available in three separate ways: By increasing the personal income tax exemption from its present level of $750 to a new level of $825; by offering each taxpayer the option of taking a $190 tax credit instead of the $825 exemption; and by granting a refundable tax credit for 10 percent of social security payroll taxes paid by lower-income workers.

The twin goals of this tax relief are to stop the current nosedive of the economy into recession and to provide relief for consumers from the crushing burden of inflation. Those who look at our current economic crisis and see only the problem of inflation are ignoring half the crisis. The Nation is now going through the worst of both economic worlds, a simultaneous siege of both inflation and recession. I believe we are doing all we reasonably can to fight inflation, but we are doing nothing about the recession.

Some of the most distinguished economic experts in the Nation—Walter Heller and Arthur Okun, past chairmen of the Council of Economic Advisers, and Paul Samuelson, Nobel Prize winner in economics for 1970—have given their strong support to tax relief in its own right. They see our $6 billion package as a needed economic stimulus to stop the current slide into recession, at no risk whatever of contributing in any significant way to the present problem of inflation.

In any event, our amendment proposes offsetting tax reforms that will create no net long-run revenue loss to the Federal Treasury. Thus, the tax relief we propose cannot possibly be inflationary. I urge all Senators to recognize the simple logic of this fact.

Yesterday, I discussed in detail some of the major economic arguments in favor of tax relief at this time.

Today, I would like to deal briefly with the case for tax reform in general and repeal of the oil depletion allowance in particular.

We have a crisis over tax reform today because countless ordinary men and women now realize that our revenue laws are basically unfair. Our present Federal revenue laws are nothing but a giant sieve, full of loopholes through which pour billions of dollars in special benefits each year.

And of all the aspects of Watergate, perhaps the one that strikes the most serious blow at the ordinary citizen is the low amount of taxes paid by the President of the United States. Whatever the outcome of the current investigation, the disclosure of the President's low tax payments has made tax reform a searing issue for the Nation.

The reason is not far to seek. We have a tax system today that floats the principle of a progressive income tax, a system that has turned the revenue code into a Swiss cheese, full of loopholes, incentives, shelters, and safe harbors for the few who have the wealth and expertise to profit from such provisions.

To paraphrase a famous aphorism, our tax laws in their majestic equality allow the poor as well as the rich to invest in State and local bonds, to reap long-term capital gains, to search for oil, and to invest in real estate and cattle partnerships that promise rich tax rewards to shelter large executive salaries.

But we know that only the rich are able to play the loopholes well. Experts estimate that income must reach $50,000 a year before they can come fully into play.

Middle and lower income Americans simply cannot afford the substantial sums that are necessary if they are to take advantage of the many different tax shelters that now exist.

Not only do we have a promiscuous system of tax benefits, but it has a "means" test too. The sign is hanging out on most tax shelters—"abandon taxes all ye who enter here; those with modest incomes stay away."

Wherever we look, we find the tax base being eroded by deductions and exemptions, by windfall subsidies, by questionable incentives for various industries, by benefits that have long since outlived whatever justification they might have had when they were first enacted, and even by sinister loopholes quietly written into law for the benefit of particular individuals or corporations—"tax fingerprints" which fit only a single taxpayer, but which dot the revenue code in silent tribute to the political muscle of the wealthy and the powerful in the Nation.

An excellent recent study by the Brookings Institution tells the story. According to the findings, the income taxes paid today are extremely modest when calculated on the basis of "effective tax rates"—the percentage of a taxpayer's total income that actually goes for income taxes. The difference between the stated rate and the effective rate gives rise to what many now call "tax welfare"—the annual subsidy a taxpayer receives because of the loopholes in the laws:

Overall income	Effective tax rate (percent)	Average annual tax welfare payment
Under $3,000	0.5	$16
$3,000 to $5,000	1.7	148
$5,000 to $10,000	5.3	340
$10,000 to $15,000	8.7	651
$15,000 to $20,000	10.7	1,181
$20,000 to $25,000	12.1	1,931
$25,000 to $50,000	14.5	3,897
$50,000 to $100,000	23.5	11,911
$100,000 to $500,000	29.5	41,480
$500,000 to $1,000,000	30.4	202,752
Over $1,000,000	32.1	720,448

The effective tax rates are still progressive, to be sure, but instead of ranging from 14 to 70 percent, as the schedules say, they range instead from less than 1 to only 32 percent.

The really interesting figures, however, are the figures on tax welfare—the enormous subsidies bestowed by the Revenue Code on upper income taxpayers. There are 6 million families in the "under $3,000" category, yet they receive only $16 each in "tax welfare." The 3,000 families with income over $1 million get over $700,000 in tax welfare each. Put another way, 70 percent of the Nation's families have incomes less than $15,000 a year, but they get only 25 percent of the tax welfare. And the .3 percent of the families with income over $100,000 get 15 percent of the tax welfare.

It is facts like these that make the case for tax reform so compelling. How can the administration fail to see the need, when the Internal Revenue Code is so clearly America's biggest welfare bill of all?

Clearly, when we talk about tax reform, we are not talking about insignificant amounts. We are talking about billions of dollars in urgently needed funds—dollars that can be used in a variety of ways to help meet all the challenges we face at home and overseas.

Tax reform can provide dollars for Federal tax relief; dollars for homes and jobs and schools and health; dollars for policemen and drug control; dollars for transportation and the environment; dollars to reduce the soaring burden of State and local taxes; dollars for revenue sharing with State and local governments—in short, dollars to meet all our urgent national priorities that have already been set in the past, and that will be set in the future by Congress, the administration, and the American people.

It is no accident, therefore, that tax reform is now erupting as one of the most important national issues in 1974. It is a powerful mass movement that can no longer be denied. It is long past time for the Senate to take up the people's cause.

And nowhere is the need for tax reform more clear than in the case of the oil depletion allowance. Year after year, Congress after Congress, the percentage depletion deduction allowed for oil has been the most notorious loophole in the Internal Revenue Code.

In 1969, Congress went part way. In the Tax Reform Act that year, we reduced the depletion allowance from the legendary 27½-percent level it had occupied for many years, to 22 percent.

Even after 1969, the 22-percent rate left an enormous windfall for America's oil producers. Every year, the depletion allowance was available to permit 22 percent of the gross revenues from oil production to go entirely free of the Federal income tax.

Virtually every other business is required to take depreciation on its assets. No one else can depreciate more than 100 percent of an asset. But the oil industry is allowed to take percentage depletion without effective limit—22 percent, year after year, over the life of every producing well.

Other businesses can depreciate their assets once, and that is all. But as a result of percentage depletion, experts estimate that the average oil well is depreciated 16 times. And each time depletion is taken, it means vast tax benefits for the oil producers.

As a result, at a time when ordinary individual taxpayers are paying taxes at an average rate of 20 percent, the oil industry has been paying taxes at an average rate of only about 5 percent.

But 5 percent is only an average. Some oil companies have been paying at a rate much lower. In 1972, for example, the tax rate paid by some of the largest and best known oil companies was as follows:

[In percent]

Gulf	1.2
Mobil	1.3
Texaco	1.7
SoCal	2.0
Arco	3.7
Exxon	6.5
Standard of Indiana	10.2

And that was before the energy crisis and the Arab oil embargo of 1973. That was when oil was selling for $3.25 a barrel, instead of the $5.25 a barrel price for "old" oil and the $10 a barrel price for "new" oil we know today.

As a result of these major price increases, oil company profits for 1973 and for the first quarter of 1974 have soared to astronomical levels, as bloated corporate treasuries for oil enjoy their greatest profits in history.

Again, the figures tell the story. For the companies cited above, the recent profits picture for the first quarter of 1974 is as follows:

[In percent]

Gulf	up	76
Mobil	up	66
Texaco	up	123.2
Southern California	up	92
Arco	up	87
Exxon	up	39
Standard of Indiana	up	81

Those are dream world profit increases by any standard. Yet they are the actual profit increases that American oil companies enjoy today, thanks to the soaring price of oil and to the generous gift of the oil depletion allowance.

No wonder we find that oil companies are looking for new worlds to conquer with their profits. No wonder we find that the new conglomerate merger movement is being financed out of oil. No wonder we read in the news this morning that Mobil is trying to swallow up Montgomery Ward. No wonder we read a few months ago that Gulf was trying to take over Ringling Brothers Circus.

Because oil depletion is keyed so precisely to the price of oil, the enormous recent oil price increases are being matched by enormous recent increases in the tax benefits enjoyed by every oil producer.

Now is the time to end this major inequity and injustice in our tax laws. Whatever marginal justification may possibly have existed in the past for the 22 percent depletion allowance, none exists today.

Congress must not let this flagrant tax loophole remain open in 1974. The Debt Ceiling Act is the place to make a stand, to say that the free tax ride is over for America's major oil companies, to insist that every oil producer must pay his fair share of taxes, like any average citizen.

Mr. MONDALE. Mr. President, the issues we face in connection with this debt ceiling legislation go well beyond the merits or disadvantages of the particular tax amendments we will be considering.

There are some fundamental issues of economic policy and philosophy at stake here. Important notions of fairness and equity will be tested. And our ability to control inflation in the weeks and months to come may well hang in the balance.

Our economy is now in deep trouble. In the first quarter of this year, prices rose at an annual rate of 11.5 percent—the worst inflation in 23 years—and real GNP fell at an annual rate of 6.3 percent—the worst decline in 16 years.

Disturbingly, the burden of this unprecedented combination of inflation and recession has fallen very unevenly, with poor and middle income Americans suffering the most, while others are relatively untouched.

A just-released Labor Department survey, for example, shows that the cost of living rose faster last year for "lower" and "intermediate" income families than it did for "higher" income families.

The average worker's real spendable earnings are down 5.6 percent from a year ago, and are now even lower than they were in January of 1969 when Richard Nixon took office.

Corporate profits after taxes, on the other hand, rose 16 percent in the last year, and oil company profits rose 82 percent. Corporate profits are now 79 percent above their 1969 level.

Executive compensation, according to a recent Business Week survey, went up by 13.3 percent in 1973, following an increase of 13.5 percent in 1972. This despite a 5.5-percent Cost of Living Council limit on wage and salary increases.

Unemployment, which hits hardest at the poor and unskilled, has now reached 5.2 percent, and most economists predict it will reach 6 percent before the end of the year.

Interest rates have reached their highest levels since the Civil War. Buying a home has become virtually impossible for any but the most affluent families, and fully one-quarter of the average family's after-tax income now goes just to paying interest charges and repaying mortgages and installment loans. In the early post-World War II years, by comparison, only about 10 percent of consumer income was needed to service debts. But for the banks which charge these rates, and for the large corporations which can pass them on, high interest rates are a burden that is easy to bear.

Those fortunate enough to receive pay increases large enough to keep up with inflation have seen a larger share of their income taken away in taxes as they moved into higher brackets. Not only are their dollars worth less, but they are taxed more. Here, too, the burden has fallen most heavily on those with lower incomes.

The most rapidly rising tax of all, however, is the social security payroll tax, which hits hardest at those with low and middle incomes, while having little impact on the most affluent. According to the Labor Department survey, social security taxes for an intermediate income family—$12,626—rose 34.6 percent last year.

Oil prices have been permitted to rise to levels far in excess of what is needed to encourage production. On one day last December, we have now learned, the administration granted the oil industry a $3 billion-a-year price increase over the protests of many officials within the administration. Again, those hurt most by these rising oil prices have been the poor and the middle-class American, while the benefits have gone to some of the richest and most powerful corporations in the world.

In the Federal budget, social programs aimed at helping those with low and middle incomes—programs in education, health, manpower, and community health—have been held back and severely eroded by inflation, while programs like Defense have more than kept pace. According to the most recent Brookings budget study, the level of real spending on these social programs in the fiscal year 1975 budget is 30 percent below what it was in fiscal year 1972:

In 1975, about $1.8 billion more than in 1972 would have to be spent on these programs to maintain the 1972 level of activity. Instead, the Administration proposes a $0.5 billion reduction in obligations. This means that if the administration's proposals are accepted by Congress the level of Federal activity in these areas measured in dollars of constant purchasing power will be about $2.4 billion, or 30 percent, below what it was in 1972. (p. 40)

CONTROLLING INFLATION

It is clear that Americans are terribly worried over inflation. Those who have suffered the most from inflation—the average worker, and those with low and fixed incomes—clearly have the greatest stake in seeing inflation brought under control. And they realize that discipline and sacrifice will be necessary.

But everyone must bear their fair share of this burden. In a government that depends on the consent of the governed, we cannot expect people to accept policies which require great sacrifices from them, but nothing from others.

Measured by that standard, I wonder

how this administration's policies for controlling inflation look to the average American.

There has been much administration talk about the "old time religion" of tight money and a tight budget.

The administration is going to fight inflation with the "old-fashioned remedies" of fiscal and monetary restraint "no matter how long it takes," economic coordinator Kenneth Rush has proclaimed. This policy "will hurt and it will take willpower," Rush told an audience of businessmen.

But how much will high interest rates hurt that audience of big businessmen, as compared to the cruel burden they impose on the average worker and homebuyer?

How much will a tight fiscal policy hurt them, when the administration announces in advance that no cuts will come from Defense, but will come instead from social security, education, and health?

That is this administration's idea of fiscal and monetary sacrifice and discipline. The poor and the aged and the average worker must sacrifice, but nothing is asked for the Pentagon, the big corporations and banks, or the major multinational oil companies. There is cake for them, but only blood, sweat, and tears for everyone else.

Now, as a further "painful" remedy for inflation, the administration has announced they are studying proposals to lower taxes on business. A modest tax cut for average workers, however, remains in their view dangerously inflationary and irresponsible.

This borders on unreality. Those who have already suffered the most from inflation and recession must now suffer even more from the administration's efforts to control it, while those who have flourished will flourish even more:

> To every one who has will more be given, and he will have abundance; but from him who has not, even what he has will be taken away.

This policy cannot work, and it should not. The American people will not stand for it.

This policy of special preferences for the wealthy and the powerful, and the back of the hand for the average American, is eroding the trust and confidence any government must have if it is to pursue any policy requiring discipline and sacrifice.

The administration should have learned this lesson from its experience with wage and price controls. By controlling wages, but not prices; by administering the program with a combination of distaste and ineptness, the administration managed to rob itself—at least for now—of a valuable anti-inflation tool. The American people and the Congress simply lost confidence in the administration's ability or willingness to run a fair and equitable controls program, and even the modest control authority the administration sought was voted down.

The administration is now extremely vulnerable to a fatal loss of confidence in its economic policies. A recent Harris poll showed that Americans believe—by a margin of fully 3 to 1—that "the economic policies of the Nixon administration are doing more harm than good." A key factor in this negative rating is the belief of 72 percent of those polled that the Nixon administration is "too close to big business." "It has given too many advantages, made too many special deals with business," people said.

DIFFERENT APPROACHES

The differences we have with the administration are not mere quibbles over details. There are fundamental differences of economic policy and philosophy at issue here.

The question is how best to combat simultaneous inflation and recession, and encourage the increased production that can ease inflationary pressures and bring greater long-term prosperity.

We have proposed, as part of the answer, a modest $6.6 billion tax cut, offset in part by revenue-raising tax reforms which we believe will make our tax system more equitable.

The administration, however, has strongly opposed our consumer tax cut, and instead is working on tax cuts for business to, as Secretary Simon has said, "give incentives to business to expand production."

There are, of course, two ways to expand production. One is to put money in the hands of consumers so they can afford to buy the things they need. When they do so, demand is increased and more capital investment is stimulated to meet that demand. This is the strategy we have adopted with our tax-cut amendment.

Alternatively, one might give tax subsidies to business in the hope of inducing them to invest more in plant and equipment. This approach has been followed consistently by the administration in the past, and is being pursued by them today.

There are obviously significant differences between these two approaches.

As a matter of economic philosophy, one might suppose that the demand stimulation approach would have more appeal to those with a free market bent than would the investment subsidy approach. After all, in a free market increased demand ought to provide all the incentive—and attract all the capital—needed for more investment and more production. Unless it is assumed that buildings and machines have some inherent value irrespective of whether there is any demand for what they produce, it is hard to see why capital investment should be stimulated in excess of demand by artificial tax subsidies.

However, it has not been unusual in this administration to see expediency triumph over philosophy.

In this case, the expedient consideration is that with the investment subsidy approach the first benefits—those off the top—go to big business and investors—a group whose interests this administration has always found compelling. In the demand stimulation approach, however, it is the average worker who gets his benefits off the top, while the benefits to businessmen and investors arises from increased consumer demand.

The administration's preference for "trickle down" investment subsidies rather than "percolate-up" demand stimuation can be traced back to its earliest days. Proposals to reduce taxes on the average taxpayer and consumer have been consistently reviled as irresponsible and demagogic, while proposals to reduce taxes for business and other special interests have been hailed as acts of economic statesmanship.

In 1969, when Congress began moving on some modest reforms in our tax system, coupled with a reduction of taxes for individual taxpayers, the Nixon administration fought us nearly every step of the way.

We finally ended up with a package that contained about $6.6 billion in reforms—most of them resulting in increased taxes on big business—and about $9 billion in tax relief for individual taxpayers.

President Nixon threatened to veto the bill, but finally signed it. In doing so, he complained that:

> The bill unduly favors spending at the expense of saving at a time when demands on our savings are heavy.

In 1971, however, the President was able to push through a tax package that was more to his taste.

First, however, the way was paved by the September 1970, report of the President's Task Force on Business Taxation. This Task Force—made up almost entirely of businessmen, corporate lawyers, and accountants—recommended, not surprisingly, that taxes on business ought to be reduced.

The President promptly moved on their recommendations. In January 1971, the asset depreciation range (ADR) system of rapid depreciation write-offs was instituted by administrative order and without congressional approval, reducing long-run taxes on business by $2 to $3 billion a year.

The year was capped by the Revenue Act of 1971, which included about $8 billion a year in long-run tax relief for business—principally ADR, the investment tax credit, and DISC—but only about $1 billion a year in relief for the average taxpayer.

This time, though, there was no wringing of hands and gnashing of teeth over the inflationary impact of tax cuts—despite the fact that inflation was so serious the President felt compelled to impose wage and price controls just a short time before.

And now, the history of 1970–71 is repeating itself.

We are again experiencing simultaneous inflation and recession, a feat previously thought impossible.

Again, the administration's only solution is to slam on the monetary and fiscal brakes, driving up unemployment and worsening the recession.

Again, we are told repeatedly that wage and price controls will not be imposed, even though there is a strong likelihood they will have to be.

And again, a task force has been quietly formed to study new tax breaks for business.

In his May 25 radio message to the Nation on economics, President Nixon announced the establishment of a "high-level group" under the Council of Eco-

nomic Advisers to study "the shortage of capital for investment" and recommend measures to deal with it.

Since then, administration economic spokesmen have made it clear that what they have in mind are various plans to lower taxes on business and investment, including accelerated depreciation, lower taxes on capital gains, and special investment write-offs for various industries.

It is hard to see why lower taxes on business are an appropriate response to the need to stimulate the economy and encourage more production and investment.

The most recent McGraw-Hill capital spending survey reported that businessmen plan to increase spending on new plant and equipment by more than 19.4 percent over last year—the biggest percentage increase in 18 years. A Commerce Department survey recently projected a smaller 12.2 percent increase—still well above the average of recent years.

Businessmen are increasing their capital investment in response to market demand without tax subsidies. Granting them subsidies in the form of lower taxes to induce them to do what they are already doing would simply result in a windfall.

Beyond that, however, it is becoming clear that the real key to economic recovery is consumer spending.

As Business Week noted in its article on the McGraw-Hill capital spending survey:

> One thing that would slow down the fast-stepping advance in plant and equipment spending would be consumer retrenchment.

A Wall Street Journal article made this point even more forcefully last week. Any meaningful economic recovery, the article says, will depend in large part on a pickup in consumer spending. It quotes economists at Chicago's Continental Illinois National Bank & Trust as warning that:

> Without the support of strong consumer spending, which makes up 60% of gross national product, any business recovery would be modest at best.

Past periods of economic recovery, the Journal notes, "have invariably been marked by a substantial rise in consumer outlays." Now, however, in "real" terms—after inflation—"consumer spending has been declining since last fall."

The article goes on to report that:

> A major reason that consumer spending is likely to remain lackluster, economists say, is that consumers today are caught in an extraordinary financial squeeze. The squeeze has developed chiefly because prices in recent months have risen far faster than most incomes. Soaring energy costs, of course, have aggravated the situation.

These are precisely the points those of us supporting a tax cut for consumers have been making.

The extra $200 our tax cut proposal would put in the hands of the average family would make up in part for this erosion in real consumer incomes, and give the boost to consumer demand that is needed to support an economic recovery.

The Journal article says there is doubt that a tax cut would spur much additional consumer spending, since people would be more likely to save it than spend it. That depends in large measure, however, on how the benefits of the tax cut are distributed. In our proposal, well over 80 percent of the relief will go to those making less than $15,000 a year, who must spend all—or more than all—of their income just to meet their current needs. They cannot afford the luxury of much saving, especially in the face of today's double-digit inflationary squeeze.

In the alternative, the Journal article suggests that if the money from the tax cut is spent rather than saved, it could intensify inflation.

This of course is the argument the administration has been making, despite the fact that an OMB study done late last year said that a $5 billion tax cut would increase inflation by only 0.1 percent, and would at the same time reduce unemployment by 0.3 or 0.4 percentage points—which would mean as many as 250,000 extra jobs. Of course, they now say this study is "inoperative."

This OMB study is consistent with more recent studies, and with the views of eminent economists such as Walter Heller, Arthur Okun, and Paul Samuelson. I ask unanimous consent that statements by Drs. Heller, Okun, and Samuelson be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. MONDALE. Mr. President, analyses performed recently using the Wharton and Data Resources, Inc., econometric forecasting models indicate that a tax cut of about $6 billion can stimulate the economy without worsening inflation.

F. Gerard Adams of Wharton testified before the Joint Economic Committee on May 10 that a tax cut of perhaps $6 billion, coupled with the elimination of overwithholding, "would provide a moderate stimulus to real economic activity when it is most needed in the second half of 1974 and early 1975. It would create only moderate additional inflationary pressure."

The Data Resources estimate of the effect of a 5 percent tax cut—about $6 bililon—shows a small increase in GNP—5 percent—and a modest reduction in unemployment—3.5 percent—and a very small increase in inflation—1.5 percent.

In each case, the main reason the increase in inflation is insignificant is because the stimulus to the economy from the tax cut increases productivity and reduces costs enough to keep prices from rising further—precisely what is needed for healthy economic growth.

Mr. President, it is clear that this administration's opposition to a tax cut for consumers—and its preference for further tax subsidies for business—cannot be explained solely on economic grounds. What is at work here is a more deeply ingrained bias in favor of those with wealth and power—and policies which favor them—and a lack of concern for the cruel burdens those policies impose on average Americans. It is time those policies were challenged.

Mr. President, I ask unanimous consent that a statement I made on May 21 describing our tax reform and tax cut proposals in more detail be printed in the RECORD at this point.

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

AN ANTIRECESSION TAX CUT FOR WORKING AMERICANS

Mr. MONDALE. Mr. President, the $6.6 billion tax cut we are proposing can help lift our sagging economy out of recession and ease the burden this past year's inflation has imposed on working Americans, without adding significantly to inflation in the months to come.

This view is supported by a number of the Nation's most distinguished economists, including former Council of Economic Advisers Chairmen Walter Heller and Arthur Okun, and Nobel laureate Paul Samuelson.

The respected Wharton and Data Resources, Inc., econometric forecasting models also indicate that a tax cut of the kind we propose can stimulate the economy without adding significantly to inflationary pressures.

This tax cut amendment would raise the $750 personal exemption to $825, and institute a new optional $190 credit. Taxpayers could either deduct $825 per person from the income on which their tax is figured, or subtract $190 per person from their final tax bill. Most families earning up to $15,000 would save more in taxes by using the $190 credit. I ask unanimous consent that a table showing this breakdown level for families of different sizes be printed at the conclusion of my remarks.

A family of four with an income of $8,000 a year would save $196 under this plan, while a family of the same size earning $15,000 would save $77.

Large families, of course, would save more. A family of six with an income of $8,000 a year would save $322, while a family of six earning $15,000 a year would save $127.

I ask unanimous consent that a series of tables showing the taxes for families of various sizes at different income levels be printed in the Record at the conclusion of my remarks, along with a table showing the distribution of total tax savings by income category.

Another important feature of our tax cut amendment is Senator RUSSELL LONG's "work bonus" plan, which would give low income workers with one or more children a refundable tax credit equal to 10 percent of their income up to $4,000, and a gradually smaller percentage of their income up to $5,600. The work bonus would extend relief to those with incomes so low they pay no income taxes, but who nonetheless pay very substantial social security payroll taxes. It passed the Senate last November 30 by an overwhelming 57–21 vote.

COMPENSATION FOR INFLATION AND HIGHER TAXES

The relief this tax cut proposal would bring to low- and middle-income families is desperately needed after the runaway inflation and higher taxes of last year.

A study released earlier this year by the Joint Economic Committee shows that a family with a budget of $12,614 had to pay an extra $1,168 just to maintain their 1972 living standards in 1973. In addition, that same family had to pay $281 more in social security and income taxes during 1973, a 15-percent increase.

Much of the income tax increase came about solely because of inflation. If incomes go up just enough to keep up with inflation, workers are no better off—they are just keep-

ing even. But this pushes them into higher marginal tax brackets, and a bigger percentage of their income is taken in taxes—leaving them worse off.

This inflation tax added about 8 or 9 percent to the average family's tax bill last year.

The tax cut we are proposing would help make up for this erosion in real family incomes.

FIGHTING SIMULTANEOUS INFLATION AND RECESSION

The conventional economic wisdom has long been that it is not possible to have soaring inflation and a recession at the same time.

The Nixon administration, however, has managed to work this wonder not once, but twice. Once in the recession of 1969–70, and now again. But this time it is much worse.

In the first quarter of this year, inflation was 11.5 percent—the worst in 23 years—and real GNP dropped by 6.3 percent—the worst decline in 16 years.

The standard remedies for inflation—tight money and a tight Federal budget—are being pursued by this administration with great passion, but with little effect. We now have the highest interest rates since the Civil War, and the budget has been in surplus on a full employment basis for more than a year, yet inflation has escalated without abatement.

Arthur Burns, Chairman of the Federal Reserve Board, has acknowledged that "the rules of economics are not working in quite the way they used to."

It is time to recognize that the inflation we face is not of the conventional kind, and that our efforts to combat it must take into account the equally serious problem of recession.

The present inflation is largely a carryover from the worldwide crop shortages of last year and the Arab oil embargo, which touched off an explosion in food and fuel prices.

This inflation is now built into the economy, and fiscal and monetary policy can have little effect on it.

At the same time, however, this food and fuel inflation has seriously eroded the real incomes of American workers. Real spendable earnings are down 5.6 percent from a year ago.

Because consumers must spend more for the same amount of food and fuel— $15 billion more for fuel alone—they have less left over to spend on other things. The economic effect is the same as if a huge tax increase had been imposed on consumers. This money has been taken out of the economy, and a large part of it will not be put back in, at least for some time.

As a result, consumer demand is lagging badly, and this is a large factor in the present recession. A tax cut aimed at low- and middle-income consumers would make up in part for this erosion in real incomes, and help restore consumer demand to more normal levels.

This can be done without contributing significantly to inflationary pressure, economists say, since little of this additional consumer income would be spent on food and fuel, the two remaining sectors of the economy where significant shortages persist.

In addition, by compensating in part for the bite inflation has taken out of workers' paychecks, a tax cut can lessen somewhat the need for very high wage increases that could build even greater inflation into the economy.

The $6.6 billion tax cut we are proposing would bring the Federal budget for this coming year closer to a balance on a full employment basis. The administration's latest estimates show a full employment surplus of $9 billion for fiscal year 1975, following an $8 billion surplus in the current fiscal year. This is too restrictive, and threatens to deepen the present recession.

Analyses performed recently using the Wharton and Data Resources econometric forecasting models support the view that a tax cut of about $6 billion can stimulate the economy without worsening inflation.

REVENUE-RAISING TAX REFORM AND SPENDING CUTS

While the tax cut we are proposing is needed this year to boost lagging consumer demand and lift the economy out of recession it is important too that we maintain the long-term Federal revenue base.

That is why we have joined in proposing a tax reform amendment that will be offered in conjunction with the tax cut amendment. This reform amendment will generate new revenues of $4 billion in 1974, and $7 billion in the 5th year, by making the following four changes in the Internal Revenue Code:

(1) Repeal of the oil depletion allowance, effective January 1, 1974 ($2.0 billion revenue gain in 1st year, $2.6 billion in 3rd year; $3.3 billion in 5th year).

(2) Repeal of the Asset Depreciation Range (ADR) system of accelerated depreciation, effective for plant and equipment placed in service as of this letter's date ($250 million revenue gain in 1st year, $1.5 billion in 3rd year; $2.0 billion in 5th year).

(3) Repeal of the Domestic International Sales Corporation (DISC) system of tax incentives for exports, effective January 1, 1974 ($815 million revenue gain).

(4) Strengthening the Minimum Tax by reducing the current exclusion from $30,000 to $10,000 and by eliminating the current deduction for taxes paid, effective January 1, 1974. This provision was passed 47–32 by the Senate on January 24, 1974 ($800 million revenue gain).

The revenue gain from these reform amendments will not significantly impair the antirecession stimulus from the tax cut amendment in the first year, since the tax cut will have a more direct and immediate impact on demand than will the tax reforms.

The $6.6 billion tax cut will show up promptly in workers' paychecks as withholding tables are changed, and most of it will go to low- and moderate-income consumers, who must spend most of their income for current needs rather than saving it. It will therefore appear promptly in the consumer spending stream.

The $4 billion in tax reforms, however, will affect principally business and capital spending, which normally has a long lead-time, and which in any event has little immediate impact on jobs or consumer spending. This is especially true for provisions like oil depletion, ADR and DISC, which are widely viewed as relatively ineffective subsidies. Just as their availability has done little to encourage new investment and job creation, so their withdrawal will do little to impair it.

The administration has made it clear, however, that it does not like the idea of balancing tax cuts with revenue-raising tax reforms. CEA Chairman Herbert Stein was asked by Senator Proxmire in hearings before the Joint Economic Committee on May 10 whether the administration would favor a tax cut "combined with an increase in other sectors of the tax code, such as investment credit and oil depletion and so forth, so that you would have a balanced overall effect on revenues, but you would have a different distribution between the impact of the taxes on consumption and investment."

Dr. Stein's response was that—

"[We] are in a situation where the . . . country's need for a higher rate of investment is very great, and . . . we should think very carefully about any tax measures which would reduce the rate of investment. . . .

"So it seems to me very doubtful that we would want to move in the direction of that trade-off at this time. . . .

I think there would be . . . objections to it from the standpoint of the long run welfare of the American people."

This is the classic expression of a Republican trickle-down economics. It is a process always congenial to the tricklers, but often of little value to the tricklees.

There is of course, an alternative way to encourage investment, and that is to provide consumers with more money to spend on things they need, which in turn leads to more investment in producing those things. That is the course we have adopted in our tax cut amendment.

It makes especially good sense at a time like the present, when consumer demand is lagging badly, while capital investment is already booming along at an annual rate of over 19 percent.

The issue between us and the administration is as much one of priorities as it is one of fiscal policy. The administration has already acknowledged one budgetary move to stimulate the economy, although it is a remarkably inappropriate one.

Testifying before the House Appropriations Committee earlier this year, Defense Secretary Schlesinger admitted that the Pentagon budget had been increased by $1 to $2 billion at the last minute to provide "economic stimulus."

Apart from its dubious necessity in a time of declining international tensions, this extra $1 billion is a remarkably inefficient way of providing more jobs. In its 1972 Manpower Report, the Labor Department estimated that an additional $1 billion spent on "aircraft and ordnance" would generate only about 66,000 new jobs. The same amount spent on "personal consumption," however, would generate 82,500 new jobs—fully 25 percent more.

If, as many of our colleagues believe, some spending cuts should accompany tax reduction, there is no doubt where we should begin looking.

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

TAX SAVINGS FROM KENNEDY-MONDALE AMENDMENT (ASSUMES PERSONAL DEDUCTIONS OF 15 PERCENT OF INCOME)

Adjusted gross income	Present tax	Tax with $825 exemption or $190 credit	Tax saving
Married couple with 4 dependents:			
$3,000	0	0	0
$5,000	0	0	0
$6,000	$28	0	$28
$8,000	322	0	322
$10,000	620	$350	270
$12,500	1,024	818	206
$15,000	1,435	1,308	127
$17,500	1,903	1,804	99
$20,000	2,385	2,273	112
$25,000	3,470	3,344	126
Married couple with 2 dependents:			
$3,000	0	0	0
$5,000	98	0	98
$6,000	245	0	245
$8,000	569	373	196
$10,000	905	730	175
$12,500	1,309	1,198	111
$15,000	1,765	1,688	77
$17,500	2,233	2,167	66
$20,000	2,760	2,685	75
$25,000	3,890	3,806	84
Married couple with 1 dependent:			
$3,000	0	0	0
$5,000	208	0	208
$6,000	362	183	179
$8,000	706	563	143
$10,000	1,048	920	128
$12,500	1,463	1,388	75
$15,000	1,930	1,878	52
$17,500	2,416	2,360	56
$20,000	2,948	2,891	57
$25,000	4,100	4,037	63

Adjusted gross income	Present tax	Tax with $825 exemption or $190 credit	Tax saving
Married couple with no dependents:			
$3,000	$28	0	$28
$5,000	322	$189	133
$6,000	484	373	111
$8,000	848	753	95
$10,000	1,190	1,110	80
$12,500	1,628	1,578	50
$15,000	2,095	2,062	33
$17,500	2,604	2,566	38
$20,000	3,136	3,098	37
$25,000	4,310	4,268	42
Single person:			
$3,000	138	69	69
$5,000	491	443	48
$6,000	681	647	34
$8,000	1,100	1,084	16
$10,000	1,530	1,512	18
$12,500	2,059	2,040	14
$15,000	3,360	2,610	20
$17,500	3,249	3,226	23
$20,000	3,915	3,890	25
$25,000	5,240	5,392	28

"BREAKEVEN" POINTS (ADJUSTED GROSS INCOME LEVEL AT WHICH THE OPTIONAL $190 TAX CREDIT IS WORTH THE SAME AS THE $825 PERSONAL EXEMPTION)

Type of tax return and adjusted gross income level:	
Married couple with 4 dependents	$16,117.65
Married couple with 2 dependents	15,450.98
Married couple with 1 dependent	15,117.65
Married couple with no dependents	14,784.31
Single person	7,848.33

DECREASE IN TAX LIABILITY UNDER KENNEDY-MONDALE AMENDMENT (BASED ON CALENDAR YEAR 1972 INCOME LEVELS)

Adjusted gross income class	Percent of returns in each income class	Number of returns with tax decrease (thousands)	Decrease in tax liability (millions)	Percent of total decrease
0 to $3,000	5.3	3,221	154	2.6
$3,000 to $5,000	12.7	7,746	559	9.4
$5,000 to $7,000	14.3	8,737	853	14.4
$7,000 to $10,000	20.1	12,229	1,484	25.0
$10,000 to $15,000	25.6	15,595	1,804	30.4
$15,000 to $20,000	12.4	7,557	556	9.4
$20,000 to $50,000	8.7	5,305	441	7.4
$50,000 to $100,000	.7	449	66	1.1
$100,000 and over	.2	102	17	.003
Total	100.00	60,940	5,936	99.703

EXHIBIT 1

[From the Washington Post, May 1, 1974]

TAX CUTS AND INFLATION

(By Walter W. Heller)

That the "savage inflation" of recent months scared the Post into opposing income tax relief in its April 23 editorial is understandable, but wrong. To say that "the most sensible thing to do right now is nothing" reflects (a) a misreading of economic facts and (b) an unwillingness to incur even very small risks on the inflationary front in exchange for sizable gains in social justice and economic recovery.

First, the Kennedy-Mondale tax cut of $6 billion would redress a glaring social grievance. By boosting the per capita exemption to $825 and providing the option of a $190 per capita credit against taxes, it would concentrate the bulk of the tax benefits at the middle and lower ends of the income scale where the past year's surge in food and fuel prices has taken a particularly heavy toll. (It would be the logical counterpart of the sharply expanded Food Stamp Program and unemployment compensation to aid the poor and the jobless.)

Second, by restoring some of the consumer's badly eroded buying power, the $6 billion cut would help arrest the sharper-than-expected slide of the economy toward recession and brighten the chances of recovery in an economy staggering under a new burden of soaring interest rates.

But won't the costs outweigh the benefits? Aren't supply shortages rather than weak demand the hallmark of today's recession? No.

The consumer is reeling under the blows of tight money and runaway food and fuel prices. Not only have car sales plummeted, but sales of household durables have been falling in real terms for nearly a year. Total retail sales in dollar terms are limping along at a pace only 5 per cent above a year ago, or only half the advance in prices over the same period.

Nor is any early rebound of consumer spending in sight. Exploding oil prices are still working their way through the economy. They are siphoning about $15 billion of consumer buying power away from other goods and services into the pockets of foreign and domestic oil producers. As the Post cogently pointed out in an earlier editorial, the end of the Arab embargo has not relieved us of this paradox of "oil drag"—a cost inflation of prices and a taxlike deflation of consumer demand.

The tax cut would offset a considerable part of the demand drag without increasing cost push. Indeed, by helping labor regain part of the 3 per cent loss of real pay in the past year, the carefully targeted Kennedy-Mondale exemption increase might even ease wage-push pressure somewhat. If we are to de-escalate inflation in the longer run, we will have to think more in terms of such broad trade-offs, of changes in the terms of the social contract.

But won't the added buying power released by a tax cut run up against industrial and materials bottlenecks? Federal Reserve capacity data don't support this:

In manufacturing, the combination of falling output and rising capacity—at a 4½ per cent rate in the past 6 months—has cut operating rate to 80 per cent of capacity.

In major materials industries, capacity rose 2 per cent in the past quarter, while output fell 1.7 per cent, thereby easing the operating rate to 92 per cent.

With demand falling significantly below our capacity to produce, then, this seems a relatively safe time to release a moderate amount of funds into the economy.

But for all that, won't much of the tax cut run off into higher prices? On the contrary. Given the special nature of today's inflation, the real thrust of added consumer buying made possible by the tax cut will be to expand output and jobs rather than prices:

The fuel, food, and commodity price explosions are largely the work of outside forces like the oil cartel and worldwide food and commodity shortages, not of excess domestic demand.

The pop-up effect of dumping Phase IV price and wage controls is also largely immune to fiscal or monetary policy.

So inflation has a life of its own. It is in major part the product of special forces that will be ebbing by the end of 1974 even if economic recovery is under way.

Insofar as wage-push pressures take over from these factors, the tax cut will not worsen them and might, as noted, ease them a bit.

But can we spare $6 billion of the $129 billion annual yield of the individual income tax? This year, yes. But for future years, the loss can and should be offset, preferably through removal of tax shelters, especially for oil.

Finally, isn't the Nixon budget already stimulative? Not if we are to believe analyses by the Council of Economic Advisers, the Library of Congress, the St. Louis Federal Reserve Bank, and Michael Levy of the Conference Board. All of them conclude that the fiscal 1975 budget is either neutral or somewhat restrictive.

In short, the proposed tax cut would be socially, economically, and fiscally responsible.

STATEMENT OF ARTHUR M. OKUN, SENIOR FELLOW, THE BROOKINGS INSTITUTION*

Economic activity is sagging in the United States today: Industrial production has declined during the past three consecutive months; unemployment has risen by 650,000 persons since October; and real GNP is declining sharply this quarter. In large measure, the economic setback reflects the oil embargo and the ensuing escalation of petroleum prices. The economy was slowing down last summer and autumn in response to fiscal and monetary restraints that were applied to halt the earlier hyperactive boom. If not for the energy crisis, I believe the slowdown would have been limited and appropriate in scope and magnitude. But after colliding with the oil embargo, the welcome slowdown turned into an unwelcome tailspin.

Federal allocation policies prevented the oil shortage from having major disruptive effects on industry and headed off the wave of store, plant, and office closings that seemed to emerge on the horizon. The shortage was confined largely to consumer use and particularly to the gas tank of the family car. As a result, the petroleum shortage has affected the economy primarily by weakening the demand for products related to gasoline—most notably automobiles and vacation activities. The collapse of new car sales is just beginning to spread to other industries that supply products to Detroit. These prospective damaging secondary effects are one negative element in the economic outlook for the months ahead.

A second and much larger negative factor in the outlook is the prospective impact of higher fuel prices on consumer demand for other products. Fuel inflation is taking an enormous toll on the real purchasing power of the American consumer. It now seems likely that, directly and indirectly, the American consumer will spend $20 billion more on petroleum products in 1974 than in 1973 (and will get less product). History tells us that the consumer responds to such increases in the cost of essential items by tightening his belt generally, and cutting his consumption of a wide variety of discretionary items ranging from movie tickets to television sets. It takes time for such adjustments to be made, and they are not visible now. But the fuel price drain is an inevitable depressive influence that will increasingly hold down production in consumer industries across the economy during the year ahead. The higher payments to countries that ship oil to the United States and the higher payments to the domestic oil industry are the equivalent of a huge tax on the consumer, and they will force cutbacks in other areas of consumer spending.

Moreover, the incomes earned from higher petroleum prices will not flow into the spending stream to create jobs or output in the United States during the foreseeable future. Only a small portion of the increased revenues of the domestic industry will be reflected in increased investment this year; at this point, the industry is probably ready to invest all it can given managerial and physical limitations on the speed with which capital spending can be geared up.

The nations that ship oil to the United States will ultimately spend some of their increased revenues on U.S. products; but that too will take a considerable period of time. In the interim, that money will be a net drain out of the U.S. spending stream.

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*The views expressed are my own and not necessarily those of the officers, trustees, or other staff members of the Brookings Institution.

This diagnosis points to a clear prescription for providing additional fiscal support to the U.S. economy, particularly to alleviate the pinch on consumer purchasing power. At a minimum, such support will help to ensure the beginnings of a recovery by the end of 1974. I see virtually no risk of such a strong self-generating upsurge that additional fiscal support would be risky and inappropriate. At a maximum, such a measure might prevent a prolonged and sharp slide in employment and output.

A well-timed, broad-based cut in consumer taxes would be the best way to provide the fiscal support. In gauging the appropriate magnitude of such a measure, I am assuming that the expenditure side of the budget for fiscal year 1975 may turn out slightly above the administration proposal, but not by a significant margin. I see some opportunities that Congress may choose to pursue in adding to jobs programs, housing programs, and strengthening the unemployment compensation system. But only a small volume of such expenditures could be geared up adequately to provide anti-recessionary protection in the near-term when it is needed. On the other hand, I see some likelihood that Congress may trim the administration requests for military expenditures. Given that assumption, I conclude that a tax cut of about $6 billion (annual rates) would be large enough to be constructive and small enough to avoid excessive fiscal stimulus under any plausible economic scenario.

THE INFLATION ISSUE

I am recommending anti-recessionary supportive measures only after the most careful consideration of their possible impact on the serious problem of inflation. I feel particularly confident today that the response of the economy to a tax cut will increase output and employment rather than add to inflation. A tax cut in 1974 will not even reduce unemployment from current levels; it can and will limit the deterioration in economic activity that is bound to occur in the months ahead. It supplies a landing net for a recessionary economy—not a launching pad for a boom.

When the tax cut bolsters consumer demand, the economy will have ample labor and plant capacity to meet and greet that spending. While a number of shortage areas linger on today, those other than food and fuel will continue to vanish during the first half of 1974 as rapidly as they emerged during the first half of 1973. The economy's operating rates will be significantly lower by mid-year than they were late in 1972, when lumber was the only significant area of shortage. Since only a trivial part of additional consumer income is funneled into the demand for food, a tax cut will have virtually no effect on food prices. In the case of petroleum, price controls should ensure that any increment in demand is not converted into additional inflation.

More unemployment is *not* what this country needs to stop inflation. Labor markets were not tight last year and they are becoming regrettably easier. Wages have not accelerated and have not contributed to the upsurge in inflation. To maintain the fiscal policy of 1973 in 1974 is to prescribe the same medicine for a case of the chills that was appropriate for a fever.

It is expensive and ineffective medicine. The difference between 6½ percent and 5½ percent unemployment rates at yearend could cost $40 billion in our rate of GNP without reducing the rate of wage-increase by as much as 0.1 percent. Indeed, I would argue that, by evidencing the concern and effort of the government to alleviate the acute cost-of-living squeeze on the worker, a tax cut may have beneficial effects in preserving the recent moderate behavior of wages.

In short, a supportive tax cut that offsets only part of the "tax" collected by the petroleum-producing countries is not going to exacerbate the inflation problem. My sense of the urgent need to reverse the present inflation leads to proposals for a rollback of petroleum prices and for regulations to ensure adequate domestic supplies of farm products. These are surely lesser evils (with greater anti-inflationary benefits) than letting the whole economy go through the wringer.

SPECIFIC TAX CUTS

Three specific proposals would fill the tax bill, as I see it:

1.—Reduce social insurance taxes on employees and the self-employed, making up for that loss of receipts to the social insurance funds out of general revenues. That could amount to a reduction across the board in payroll taxes of nearly one percentage point. Alternatively, it could be structured to graduate the payroll tax, giving the greatest proportionate relief at the low end of the wage scale.

2.—Incorporate into the income tax law the option of a $200 credit in lieu of the present $750 personal exemption that is deductible in calculating taxable income.

3.—Raise the present personal exemption from $750 to $900 per person.

The economic impact of all these options would be highly desirable and roughly equivalent. The tax cut stemming from any would flow immediately into consumer take-home pay through our withholding system. Indeed, any one would provide an occasion for restructuring withholding rates to reduce the current large volume of over-withholding and thus to produce an even larger immediate effect on take-home pay. The widespread small increases in consumer take-home pay resulting from any of the tax cuts would get into the spending stream and help to alleviate the possible retrenchment in consumer living standards that might otherwise take place in response to job layoffs and fuel inflation. The vast bulk of any of these tax cuts would flow to the lower-middle and middle-income consumer who consumes virtually the whole of his income.

Any choice among the measures really has to be based on one's sense of equity about the tax system and one's perception of the feasibility of prompt enactment. As I view the equity issue, easing the burden of the payroll tax would be my top priority. But that requires the use of general revenues for partial financing of the social insurance funds; and that would be a new precedent which the Congress has been reluctant to adopt in the past and might well wish to deliberate at length before accepting now.

The $200 credit option aso introduces a new provision into the tax laws, but one that should be much less controversial in principle. There is a paradox in the present provisions that make the personal exemption worth $105 per head to families in the lowest income-tax bracket and $525 per head in the highest. The $200 credit option provides tax relief for families in tax brackets under 26 percent. That covers the vast majority of Americans and, by excluding the remainder, it can offer a significantly larger amount of tax relief to the family at median income than would the straight rise in the personal exemption. I regard that feature as an advantage of the $200 credit option. On the other hand, the personal exemption increase has the advantage of being the simplest type of tax cut. The fact that it provides some relief to every family that pays income taxes may also be viewed as an advantage.

Any one of these three tax measures would be constructive and responsible, representing a combination of good economic policy and good social policy. They deserve prompt consideration and action.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY,
Cambridge, Mass., March 27, 1974.

Senator WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: I am glad to respond to your request of March for my views on your proposal to give taxpayers the option of taking a $200 credit for themselves and each dependent if they prefer that over the current $750 exemption.

I do favor this proposal. Perhaps the three most important considerations in its favor are the following:

1. Because of the rise in prices and cost of minimum living standard in the 30 years since World War II, the present exemption level is increasingly inadequate, being more onerous than was thought appropriate even in the middle of World War II when our system was fighting for its life. So an increase in effective tax reduction at the bottom, such as you are recommending, has been long overdue rgardless of the state of the business cycle.

2. Currently the U. S. economy is in a state of stagflation. Real family incomes have not been growing in the way considered par for our system. If ever there were a good time for introducing this reform, with its implied $6 billion revenue loss, this would seem to be it. I say this taking due regard of the fact that as I write the consumers price index is soaring around the 10 percent annual rate. However, the causes of the most recent acceleration of the price level are not to be found primarily in an excess of consumer purchasing power, but rather in the realm of energy, food, and other staple prices. Reducing the onerous tax burden on the middle and low-income taxpayers is not calculated to worsen this kind of inflation—and indeed a powerful case can be made, as Dr. Heller has recently shown, that the moderation in wage settlements of recent times can be best preserved by just such tax reform.

3. Finally, there is the point that energy costs will be irreversibly higher than before the October Mideast War. This hits middle and low income families particularly. Even the Administration economists agreed, at the time when they were fearing political pressures for gasoline and fuel rationing in the interests of equity, that a strong economic case could be made for offsetting some of the rise in market prices for energy by middle- and low-income tax adjustments. Your bill, it seems to me, achieves this vital purpose with a minimum of administrative difficulty. So, aside from the long-term and the cyclical arguments for your proposal, I think there is a powerful reinforcing argument from the standpoint of efficiency and equity in adjusting to the higher costs of energy that will be with us in the longer run.

I have not exhausted the arguments for the tax-credit proposal, nor commented in detail on the counter arguments. But I believe I have said enough to indicate that a majority of mainstream American economists would favor this proposal on the basis of a broad nonpartisan consensus.

Sincerely yours,

PAUL A. SAMUELSON,
Institute Professor.

Mr. ROBERT C. BYRD. Mr. President, I understand that the distinguished Senator from Utah (Mr. BENNETT) has a cloture motion to offer. That is a privileged motion, and I ask unanimous consent that I may yield to him for the purpose of offering that motion only, which he has a right to offer without my yielding to him.

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

CLOTURE MOTION

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

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

The assistant legislative clerk read the cloture motion as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 14832, an act to provide for a temporary increase in the public debt limit.

Wallace F. Bennett, James B. Allen, Charles H. Percy, Paul Fannin, Clifford P. Hansen, J. Glenn Beall, Jr., Robert Dole, Jesse Helms, Edward W. Brooke, Robert P. Griffin, Hugh Scott, Edward J. Gurney, John Tower, Strom Thurmond, Pete V. Domenici, William L. Scott, Hiram L. Fong.

Mr. BENNETT. I thank my friend from West Virginia.

Mr. GRIFFIN. Mr. President, will the Senator from West Virginia yield for the purpose of a parliamentary inquiry?

Mr. ROBERT C. BYRD. Yes, I yield for that purpose only, without losing my right to the floor.

Mr. GRIFFIN. Mr. President, in view of the fact that there are now two cloture motions at the desk, for the information of the Senate, one cloture motion filed by the majority leader and the second cloture motion filed by the Senator from Utah (Mr. BENNETT), am I correct in my understanding that the first vote will be, under the rule, on the motion filed by the majority leader?

The PRESIDING OFFICER. Under the precedents, the first one filed will be the first one upon which the Senate will vote. If the first one fails, the Senate will vote immediately on the second one. If the first one were agreed to, the Senate would dispose of that amendment before the second cloture motion would be voted upon.

Mr. GRIFFIN. I thank the Chair. I think that information will be of interest to the Members of the Senate.

Mr. ROBERT C. BYRD. Mr. President, if the Chair will indulge me momentarily, while various conferences are being held, I have no desire to speak on the amendment of the Senator from Alabama.

I shall hold the floor, as I promised I would, to protect the Senator from Alabama until he is through.

Mr. HUGH SCOTT. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Mr President, I yield for a question only on condition that I do not lose my right to the floor.

Mr. HUGH SCOTT. On those terms I accept.

Mr. President, if the Senator finds some difficulty in locating something to talk about, perhaps he might want to discuss the climate of West Virginia and its resorts and its greenery.

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

Mr. ROBERT C. BYRD. I have the floor.

Mr. HUGH SCOTT. I think I have achieved my purpose.

The PRESIDING OFFICER. The time has expired, and the Chair recognizes the Senator from Alabama under the previous order.

Mr. ALLEN. I thank the distinguished Senator from West Virginia for yielding to me.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield 10 minutes to me to discuss this matter?

Mr. ALLEN. I would be delighted to yield on the condition that I not lose my right to the floor, and that my resumption of my remarks shall not be considered as a second speech.

Mr. President, I ask unanimous consent that I may yield for 10 minutes for that purpose and under that condition.

The PRESIDING OFFICER. Is there objection? Without objection, the Senator from Virginia has the floor.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the Senator from Alabama yielding to me and want to commend him for what he is doing, for his actions of yesterday and today in bringing to the attention of the Senate the nature of the matter in which we are engaged.

I believe that all Senators see the need for tax reform. I believe that all Senators want each citizen to pay his fair share of the tax burden. If seems, however, Mr. President, that we need to look at the nature of the various amendments that have been offered to the debt ceiling bill. I believe we should recognize the cost of the amendments that have been printed and are ready to be offered.

If we look at the first amendment, amendment No. 1362, which would increase the personal exemption of the individual, I, too, would like to see us get $1,000 for each individual. To have a $1,000 personal exemption would appear to be very reasonable.

But if we look at the report of the committee, we see on page 3 of the report that last year, 1973, we had an actual deficit, the difference between the Government receipts and outlay, of $14.3 billion; and if we look at the makeup of that deficit, we find that $25 billion was the real deficit in the administrative budget, the way Congress used to consider it. In the matter over which Congress has control, we had a deficit last year of $25 billion.

However, in recent years we have had a unified budget where we have lumped the trust funds with the administrative budget. In that way, because there is a surplus in the trust fund, our overall budget deficit does not look as bad.

I have had constituents write to me who are concerned about the fiscal integrity of our trust fund. They write about the government employees' retirement fund and whether or not it is actuarially sound.

They also write to me about social security. We know that these are two of the principal items included in the trust funds, together with the highway funds.

I do not believe we can obtain a fair picture of the national debt by looking at this unified bulget. It gives us the impression that $14.3 billion was the actual amount of the Government deficit for 1973. However, I submit that the $25 billion is the actual amount.

When we look at the current year's budget we see that when the President submitted a budget—and this again was the unified budget—he indicated that we would have a deficit of $4.7 billion. The estimate today is $3.5 billion. We have improved a bit for the current year.

But we look further to the estimated budget for 1975, at the time the President submitted it, in February there was an estimate of $9.4 billion deficit. Today it is $11.4 billion. There has been a change that will produce $1 billion less in receipts, and a need for $1 billion more, making the deficit increase by $2 billion.

If we look at the administrative budget, the Federal funds, we note that during fiscal year 1975 an estimate of a $19.9 billion deficit, almost a $20 billion deficit, without the amendments in this bill being adopted.

Mr. President, I submit that in view of the present fiscal situation in which the Government finds itself, these amendments are unrealistic.

It is said that a part of the first amendment offered by the Senator from Massachusetts (Mr. KENNEDY) would return the social security payment to the low-income people.

Purportedly that amendment, in its entirety, is to help the lower income people. But lower income people are not helped by inflation. Deficit spending, in my opinion, is one of the major factors that has brought about the inflation which exists today.

I hate to think of the social security recipients as being on welfare. We like to think that social security is an insurance program; that the worker contributes; that the contribution of the employee and the employer match each other and make up the amount that is contributed into the social security fund.

But if we are going to provide that the lower income people's contribution will be returned to them, then that will take away some of the pride of the people in being self-sufficient, in managing their own lives?

Will not the stigma of welfare be attached to the social security recipient if he gets his benefits out of the general fund or if he gets it out of a trust fund to which he has not made a contribution?

Mr. President, I think the social security program is an excellent program. I feel, however, that it should not be combined in any manner with the welfare concept.

When we look at the first amendment to this bill and at the report, the summary that was prepared by the Finance Committee staff and see that the first portion of the amendment, to increase the amount of the personal exemption from $750 to $825 would cost $5.934 billion, almost $6 billion.

If we combine the remainder of the amendment, that would be an additional $700 million, and would make a total addition to the deficit with which the country is confronted in the next fiscal year of $6.6 billion.

This is not helping the poor person. It is not helping any of our American citizens by adding to the national debt.

I believe that under our Constitution we have a manner in which——

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

Mr. WILLIAM L. SCOTT. As soon as I have finished my thought.

Under our Constitution, we have a manner in which we consider tax legislation. Tax legislation, under the Constitution, originates in the House of Representatives. It is considered by the Committee on Ways and Means. Then it comes over to this body.

I submit that to attach an amendment costing $6.6 billion to a debt ceiling bill is not the proper way to legislate, especially when we are talking about increasing the debt ceiling to $495 billion.

I am glad to yield now to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I hope that while the Senator from Virginia is describing the amendment, he will also mention its tax reform provisions in his comments, because quite clearly he is not presenting a full picture of the amendment by just describing the tax relief provisions. I hope that, in fairness, in his presentation he would indicate to the Senate whether he is for tax reform, and if so, what his evaluations are of the various provisions of the amendment, rather than present only half of the proposal.

Mr. WILLIAM L. SCOTT. May I ask the distinguished Senator from Massachusetts, What is the amendment that he is proposing going to cost the taxpayers?

Mr. KENNEDY. It would provide $6.5 billion in tax relief through the modest increase in the personal exemption, the optional tax credit, and the work bonus for the working poor.

This revenue loss is made up in the first year by increased revenues of $4 billion in tax reform, which will rise to $7 billion in the fifth year. So the revenue loss is almost completely offset.

Mr. WILLIAM L. SCOTT. May I ask the Senator what the amendment——

Mr. KENNEDY. If the Senator will permit me to respond to the question of the Senator——

The PRESIDING OFFICER. Will the Senators suspend? The time agreed upon by the Senator from Alabama has expired. The Senator from Alabama has the floor.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield, under the same conditions, an additional 5 minutes?

Mr. ALLEN. Mr. President, I ask unanimous consent that the Senator from Virginia have an additional 10 minutes under the same conditions.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. WILLIAM L. SCOTT. Mr. President, I believe the distinguished Senator from Massachusetts certainly should have an opportunity to respond to my comments, but I would ask him, if he will, to tell us whether the particular amendment which I am talking about, without bringing in extraneous matters, does increase or decrease the income of the Government?

Mr. KENNEDY. Is the Senator talking about amendment No. 1443?

Mr. WILLIAM L. SCOTT. I am talking about——

Mr. KENNEDY. Amendment No. 1443 provides tax relief for middle-income, low income, and working poor. The Senator is describing only a part of that amendment. Other parts of the amendment deal with tax reform.

Mr. WILLIAM L. SCOTT. No, I am not talking about that one.

Mr. KENNEDY. It includes the repeal of accelerated depreciation, repeal of oil depletion, repeal of DISC, and a strengthening of the minimum tax.

Mr. WILLIAM L. SCOTT. No, I am not talking about that amendment.

Mr. KENNEDY. Then, will the Senator describe which amendment he is talking about?

Mr. WILLIAM L. SCOTT. I am talking about amendment No. 1362, which is number one on the summary of amendments to the bill which was prepared by the staff of the Committee on Finance. The figures I quoted to the Senate, which the distinguished Senator heard, were figures prepared by the staff of the Committee on Finance. As I read those figures and read the summary prepared by the Committee on Finance, this would result in a further deficit of $6.6 billion. I was not referring to the other amendment which the Senator mentioned.

Mr. KENNEDY. Mr. President, the point that I would like to make is that the amendment which we hope to have considered is amendment No. 1443. It includes the identical tax relief provisions described by the Senator from Virginia, as comprising amendment No. 1362. As the Senator will see, amendment No. 1363 comprises the tax reform proposal; amendment No. 1443 combines amendments Nos. 1362 and 1363 into a single amendment. There is no present intention to call up amendment No. 1362. The summary to which the Senator refers, is simply a list prepared by the committee staff of all the amendments offered so far to the Debt Ceiling Act. Amendment No. 1362 is listed first because it happened to be the first amendment introduced to the bill.

If the Senator wants to use his time to describe an amendment which I previously offered but which will not be called up, then obviously the Senator is entitled to do so. But if he would address himself to amendment No. 1443, which it is our intention to call up at the earliest posible time, which is the amendment referred to by the majority leader, which is the amendment that has been written about and considered in the course of this discussion, then I personally feel, as one of the sponsors of that amendment, that the attention of the Senate would be used more valuably.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the comments of the Senator from Massachusetts. I call attention, however, to the fact that this is designated on the summary prepared by the staff of the Committee on Finance as the first amendment. It is amendment No. 1362, of which the Senator from Massachusetts is the chief sponsor.

I am glad to know that he does not intend to call this amendment up. I had not heard him say that on the floor of the Senate prior to just a moment ago. As I understand the Senator, he is not going to call up amendment No. 1362; he is going to call up a substitute amendment, No. 1443 which he cosponsored with Senator HUMPHREY and others.

Mr. KENNEDY. The Senator is correct, and I think the statements I have made in the RECORD over a period of recent days and last week will clearly indicate that.

Amendment No. 1443 includes amendments Nos. 1362 and 1363. The substance is the same, but the form is amendment No. 1443. So I am glad to clarify the RECORD, and indicate that it is the hope and intention of the sponsors to call up amendment No. 1443. It provides some tax relief tax equity to middle income, low income, and working poor people, and its revenue loss will be offset by the closing of various tax loopholes, such as accelerated depreciation, the DISC provision, the minimum tax, and the oil depletion allowance.

It is our intention to provide relief to the middle income, low income, and working poor groups, and to offset that relief by increased revenues from closing tax loopholes.

So I hope, in behalf of those who are interested in providing tax justice and tax relief, that we will be able to have some debate and discussion of that amendment. I think it would be useful, now, since the Senator is interested in talking about the merits of these provisions, if we could have an opportunity to discuss them. We are not permitted to discuss them now under the parliamentary situation.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the Senator's explanation and his reference to another amendment and the fact that he is not going to call up the amendment. I would say, however, that amendment No. 1362 is the one at the head of the page numbered 1 of the summary of amendments prepared by the staff of the Committee on Finance. So if I was incorrect in understanding that the Senator intended to call up amendmet No. 1362, apparently the staff of the Senate Finance Committee was also mistaken.

Mr. President, I believe that substantially all of these amendments, would decrease the amount of the Federal income and result in a further spread of the difference between the Government's receipts and outlays. In my opinion a greater deficit is against the interests of everyone including poor people of the country.

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

Mr. WILLIAM L. SCOTT. I do not yield further to the Senator from Massachusetts.

Mr. President, I feel that the inflationary pressures in this country work against the poor people, against people in retirement, and people living on a fixed income. I feel that some way must be found to bring our fiscal house in order so that we will not have this continued deficit.

If we look at page 2 of the committee

report, we will find that in 1947 a debt ceiling was first established, in the amount of $275 billion. We see, that through the years, the debt ceiling has gone up and up until now we have a debt ceiling, a permanent ceiling, of $400 billion, and a temporary ceiling of $75.7 billion more resulting in the present temporary ceiling of $475.7 billion.

The proposal is to raise the temporary ceiling by an additional $95 billion, placing the permanent ceiling at $400 billion.

Mr. President, it seems to me that, somehow, we have to reverse this trend so that we can have income equal our outlays. If we really want to help the people of this country, I hope that Members of Congress, both Senate and House, can find a way to balance the budget of the country. We are playing a cruel hoax on the people of the country when we say that we are going to help them by reducing taxes because, regardless of the amount of the tax they pay, when they have to pay more for the things they buy in order to live from day to day, then the tax advantages we might give to them are of no real benefit.

We have to find a way to control inflation in this country. I hope that the various amendments to decrease the Federal income will not prevail, although some of them have considerable merit. We can consider tax reform in the regular way and let the House Committee on Ways and Means hold hearings and report a bill for consideration by the Congress.

The PRESIDING OFFICER (Mr. HASKELL). The 10 minutes of the Senator have expired. The floor reverts to the distinguished Senator from Alabama (Mr. ALLEN).

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the distinguished Senator's yielding this time to me.

Mr. ROBERT C. BYRD. Mr. President, with the understanding that the distinguished Senator from Alabama (Mr. ALLEN) will not lose his right to the floor and that he will not be charged with a second speech, I ask unanimous consent that the Senate stand in recess——

Mr. MANSFIELD. Mr. President, if the Senator will withhold that request briefly, and under the same conditions, I should like to ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

Mr. ALLEN. Mr. President, is that within the 30 minutes for the recess?

RECESS FOR 30 MINUTES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, under the conditions previously stated, that the Senate stand in recess for 30 minutes.

There being no objection, at 5:04 p.m., the Senate recessed for 30 minutes; whereupon, the Senate reassembled at 5:34 p.m., when called to order by the Presiding Officer (Mr. HASKELL).

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

The PRESIDING OFFICER. The Senator from Alabama has the floor.

Mr. ALLEN. Mr. President, I ask unanimous consent that I may yield the floor for not to exceed 12 minutes to the distinguished Senator from Iowa (Mr. CLARK), with the understanding that I will not lose my right to the floor and with the further understanding that my resumption of my remarks after he has yielded the floor back to me will not be considered a second speech on the same subject.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator from Alabama and the Senator from Iowa yield me 3 minutes, under the same conditions, before the Senator from Iowa starts his speech?

Mr. CLARK. Yes.

Mr. ALLEN. Yes.

Mr. MANSFIELD. Mr. President, I am about to make a unanimous-consent request.

I ask unanimous consent that the time for the vote on the cloture motion introduced today covering the amendment of the distinguished Senator from Alabama (Mr. ALLEN) be moved up from Thursday to Wednesday afternoon at 4 p.m.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. Mr. President, reserving the right to object—and I shall not object—I am sure the majority leader is going further and is also providing for moving up the cloture motion calling for cloture as to the entire bill.

Mr. MANSFIELD. Yes. I make that request and that the vote on the first cloture motion occur at the hour of 4 o'clock tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, would it also be understood that perhaps it could be agreed that a motion to table the amendment would not be in order prior to that?

Mr. MANSFIELD. It would be in order, but it would not be made.

Mr. GRIFFIN. I know the distinguished majority leader does not intend to make that motion.

Mr. MANSFIELD. I think on the basis of my conversations with various Members, I can give the full Senate that assurance.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER TO HOLD H.R. 15124 AT DESK

Mr. LONG. Mr. President, will the Senator from Alabama be willing to yield to me for 1 minute, on the same basis, for a unanimous-consent request?

Mr. ALLEN. Yes.

Mr. LONG. Mr. President, I ask unanimous consent that when the bill H.R. 15124 arrives at the desk, it be held at the desk pending further decision by the Senate as to its disposition.

Mr. ALLEN. Mr. President, reserving the right to object, what is the item of legislation?

Mr. LONG. That is a bill involving food stamps for the poor, which I would like to keep at the desk when it comes over from the House, because I believe the Senate will want to act on that bill without amendments. In due course I expect to ask unanimous consent that it be placed on the calendar, but for the time being I merely ask that it be held at the desk until the Senate decides what it wants to do.

I point out that I can do that by objection, anyway. A single objection will keep it from being referred to the committee. What I am saying is that what I want to do, I will do, anyway; the Senator cannot keep me from doing it.

Mr. GRIFFIN. Very well.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the two votes on the cloture motions be back-to-back.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, in the event that the Senate were to vote to invoke cloture on the Allen amendment, would there then be back-to-back votes, under the unanimous-consent agreement?

The PRESIDING OFFICER. If the first cloture motion were not agreed to, then there would be two successive votes. If the first cloture motion were agreed to, the vote on the second cloture motion would not occur until the first matter had been disposed of, except by unanimous consent.

Mr. GRIFFIN. Mr. President, I do not know whether or not that is what the majority leader intended by his unanimous-consent request. I would have no objection to his request, provided that the cloture motion did not carry on the first vote.

Mr. MANSFIELD. Mr. President, I withdraw my request, and let the rules of the Senate be in force.

PROVISION FOR TIME TO BE SET FOR DISCUSSION OF CLOTURE MOTIONS

Mr. ALLEN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. ALLEN. No provision has been made for a discussion of the motions immediately prior to the vote on the cloture motion. Would not the majority leader not like to make provision for a time to be set apart for discussion of those motions? Generally it is 1 hour's time.

Mr. MANSFIELD. How much time would the Senator suggest?

Mr. ALLEN. I was wondering whether,

possibly, 1 hour would cover both cloture motions.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on the first cloture motion there be—well, on both cloture motions, if we get to the second cloture motion, the second cloture vote—that there be 1 hour equally divided between the majority and minority leaders or whomever they may designate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. The right designations will be made.

Mr. ALLEN. A further inquiry, Mr. President. Has it been definitely established that the vote on the Bennett cloture motion will also be on Wednesday?

Mr. MANSFIELD. If necessary, yes.

Mr. ALLEN. Yes.

PROVISION FOR ESTABLISHMENT OF QUORUM AT TIME OF VOTE ON FIRST CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I wonder whether the distinguished majority leader and other Senators will allow me to make whatever arrangements are necessary to provide for the establishment of a quorum, which is required under the rule, in such a way that the vote on the first cloture motion will occur as near to the hour of 4 o'clock as is possible; because unless we vacate that portion of the rule requiring the establishment of a quorum, we cannot be absolutely sure that that vote on the first cloture motion will come precisely at 4 o'clock, no matter what kind of unanimous consent request we enter into.

The PRESIDING OFFICER. The Senator from West Virginia is correct.

Mr. ROBERT C. BYRD. Unless we vitiate the request for a quorum.

So if the Senator will allow me, after the Senator from Iowa has finished his speech, to shape up the program accordingly, as best I can, it will be appreciated.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 12 minutes.

THE ADMINISTRATION'S LIVESTOCK POLICY: TOO LITTLE CONCERN AND TOO LITTLE ACTION

Mr. CLARK. I want to thank the distinguished Senator from Alabama for yielding. I shall not take the entire 12 minutes.

Mr. President, yesterday 19 Senators got together here to discuss the crisis in the livestock industry and to propose several specific steps to resolve that crisis. Later in the day, the Subcommittee on Agricultural Credit and Rural Electrification held hearings on legislation to provide emergency loans to livestock producers now threatened with bankruptcy because they can no longer afford to raise cattle, hogs, turkeys, and chickens. The prices are so low—and the expenses in raising livestock are so high—that farmers cannot break even, let alone make a small profit on their hard work.

The proposals for concrete action and the prospects for passage of an emergency loan bill have provided some encouragement to livestock producers. But with that encouragement came some very bad news. Yesterday, it became clear that this administration has no plans to provide substantial assistance to the livestock industry.

And, what is even more discouraging, this administration opposes legislation now before Congress that would provide just that kind of help.

For the last week or so, this administration has been involved in little more than a charade, pretending that it was ready and willing to come to the assistance of livestock producers. There were high-level meetings and pronouncements, but it was all a sham. This administration continues to act as if it still believes that "farmers have never had it so good."

Time and time again, spokesmen for this administration have promised action, but that is not what it has delivered. They have testified against the emergency loan bill, against reimposing import quotas for beef, and against a tax cut that would increase the consumers buying power, and it is apparent that this administration will do little to encourage wholesalers and retailers to lower their profit margins.

There was a well-publicized White House meeting yesterday where the administration was supposed to "jawbone" meat retailers to reduce the spread between the prices paid by the consumer and the prices paid to farmers. But that did not happen. Instead, administration spokesmen questioned the effectiveness of jawboning and suggested that the "price spread" was not all that significant—even though the spread is at or near record levels.

This administration still refuses to reinstate import quotas on meat. It argues that quotas will not help very much. Instead of quotas, the administration has promised to encourage other nations not to export as much beef to this country. But livestock producers are going out of business today—they cannot wait for the administration's encouragement to take effect, especially when the administration cannot tell us how much its proposals will help.

The most outrageous example of the administration's callous indifference to the problems of the livestock industry occurred yesterday when Under Secretary of Agriculture J. Phil Campbell testified at Senator McGOVERN's hearings on the emergency loan legislation.

He said that the administration opposed such legislation. For the administration to say, on the one hand, that it wants to help the livestock producers and then, on the other hand, to flatly oppose a modest emergency loan program is hypocritical at best.

Unfortunately, Secretary Campbell did not come to the subcommittee hearing well prepared. He told us he had no idea what the "break-even" price for cattle is. He could not tell us what impact on prices the administration's proposals would have. This is not the first time that an official of the Department of Agriculture has been poorly prepared for an appearance before the Senate Agriculture Committee. Most of us accept that as a reflection of the administration's attitude toward the Congress, but surely the cattle and hog feeders who had come to testify had the right to expect more. And no one left that hearing room without the feeling that this administration does not have much concern for the health and welfare of the American farmer or consumer.

I find it difficult to understand the administration's opposition to the emergency loan proposal—especially when just a few months ago it failed to oppose a $10 million giveaway to a few large poultry producers. Unlike the chicken indemnity bill, this emergency loan program is not a grant. Unlike the chicken indemnity bill, it would help thousands of farmers. And unlike the chicken indemnity bill, it is a limited response to a very serious problem.

One avenue of relief that the administration has pursued, is increased Government purchases of meat. The Department of Agriculture has just announced that it will purchase $100 million of meat. It is a good step forward, but obviously will make no significant improvement in the price situation. As long as the administration is unwilling to provide any other assistance, it must be willing to make a much greater commitment to buying more meat—for the school lunch and commodity programs and for the military's use. In 1964, during a crisis much less acute, the administration purchased $280 million in meat.

So far, at least, all this administration has done for livestock producers is to supply them with words and false hopes. If the administration has other concrete plans, let us hear them. If not, let them stop making promises of help they do not intend to keep.

In the meantime, Congress cannot stand idly by.

We can pass that emergency loan legislation. Hopefully, the Senate Agriculture Committee can report a bill to the floor tomorrow.

We can continue to argue strongly for a reimposition of the meat quotas, and we can emphasize the need to thoroughly investigate the growing "price spread" in the livestock industry and put meaningful pressure on those who may be profiting unjustly at the expense of farmers and consumers.

Finally, the Congress can help the entire economy—including livestock producers—by passing the tax-reform tax-cut proposal that has been offered as an amendment to the debt ceiling bill. That would put additional money in low- and moderate-income consumers hands. It would give them buying power for meat and other goods.

The administration has opposed each of these proposals without suggesting an effective alternative. Its basic policy seems to be "hands off." Eventually perhaps, enough producers will go bankrupt to enable the remaining producers to survive. And although that hardly seems sound policy, it is this administration's policy. The consequences of a "hands off" approach to this problem add up to economic tragedy—for farmers, related businesses, rural communities, and the consumer.

I hope that the Senate will pass the emergency loan program and the tax-reform-tax cut legislation in the next few days—to provide leadership where the administration has not.

I yield to the Senator from Alabama.

Mr. ALLEN. Mr. President, an agreement has been entered into whereby the cloture vote on the motion to bring debate to a close on the pending germane amendment introduced by the Senator from Alabama will occur tomorrow instead of Thursday.

Immediately after that vote, provided it does not carry, there will be a vote on the cloture motion filed by the distinguished Senator from Utah (Mr. BENNETT).

This agreement was entered into in order to accelerate the business of the Senate and to get to the issue at the earliest moment, in accordance with the rules of the Senate.

The agreement has been made that no motion to table will be made as against the pending amendment, but that it will be decided on its merits; and for that reason, the Senator from Alabama is going to suggest the absence of a quorum.

Mr. LONG. Mr. President, if the Senator will yield, would the Senator be so kind as to permit me to have unanimous consent to address the Senate for about 7 minutes?

Mr. ALLEN. Provided that I do not lose my right to the floor, and that the resumption of my remarks will not constitute the beginning of a second speech.

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

ORDER FOR PRINTING ADDITIONAL COPIES AND CORRECTION OF A TECHNICAL ERROR IN S. 2513, WITH ADDITIONAL COSPONSORS LISTED

Mr. LONG. Mr. President, on October 2, 1973, Senator RIBICOFF and I were joined by 13 of our colleagues in the Senate in introducing S. 2513, "The Catastrophic Health Insurance and Medical Assistance Reform Act." Since then, 12 additional Senators have joined in cosponsoring S. 2513.

In the initial printing of S. 2513, 4,000 copies were printed and distributed. In addition, the Senate document room has gone back to press twice to meet the demand for copies of S. 2513.

A technical error was inadvertently included in these initial printings of the bill. In title II of the bill, page 53, between lines 13 and 14, the following was omitted:

(D) skilled nursing facility services.

Since this error results in a substantial change in the intended bill, I believe it is important to correct it in a new printing.

In view of this required correction, the continuing demand for the bill, and the fact that the committee has initiated hearings on this and other bills on catastrophic and national health insurance, I ask unanimous consent that the bill, S. 2513, be reprinted to correct the technical error and to include all 25 cosponsors, that 1,000 copies be printed for the use of the Committee on Finance, and that the record remain open for 3 days to enable other Senators who wish to do so to join in cosponsoring S. 2513.

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

Mr. LONG. Mr. President, I ask unanimous consent that a list of the members of the Committee on Finance who will be holding hearings on this measure, as well as a list of other Senators who have joined in cosponsoring it, be printed in the Record at this point.

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

COSPONSORS OF S. 2513, THE CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM ACT

MEMBERS OF THE COMMITTEE ON FINANCE

Russell B. Long, Herman E. Talmadge, Abraham Ribicoff, Gaylord Nelson, Lloyd Bentsen, Clifford P. Hansen, Robert Dole, William V. Roth.

OTHER SENATORS

Charles H. Percy, Hugh Scott, Joseph M. Montoya, James S. Abourezk, George S. McGovern, Milton R. Young, Lawton Chiles, Floyd K. Haskell, Gale W. McGee.

Daniel K. Inouye, Alan Bible, Edward J. Gurney, Howard W. Cannon, Jennings Randolph, Ernest F. Hollings, Quentin N. Burdick, Adlai E. Stevenson III.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

Mr. ROBERT C. BYRD. Mr. President, will the Senator from Alabama yield?

Mr. ALLEN. Mr. President, I ask unanimous consent to yield such time as the distinguished assistant majority leader may require, without losing my right to the floor and without the resumption of my remarks being considered the beginning of a second speech.

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

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, in accordance with the understanding that has previously been entered into, that at the hour of 3 p.m. tomorrow the Senate resume the consideration of the unfinished business, and that the 1 hour for the debate on the motion to invoke cloture then begin running.

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

Mr. ROBERT C. BYRD. I ask unanimous consent that at the conclusion of routine morning business on tomorrow, the Senate proceed to the consideration of the Older Americans Act, H.R. 11105.

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

ORDER FOR CONSIDERATION OF S. 2784 TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon disposition of H.R. 11105 tomorrow, the Senate proceed to the consideration of S. 2784, Calendar No. 879, the veterans bill.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the unfinished business on tomorrow be temporarily laid aside and remain in temporarily laid aside status until the hour of 3 p.m.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the conclusion of the vote—which will be by rollcall, automatically—on the motion to invoke cloture on the amendment by the Senator from Alabama (Mr. ALLEN), if that motion to invoke cloture fails, the vote on the motion to invoke cloture on the bill immediately occur.

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

Mr. ROBERT C. BYRD. Now, Mr. President, I ask unanimous consent that, if the first motion to invoke cloture carries, upon disposition of the Allen amendment, if that be on tomorrow, the vote then immediately occur on the second motion to invoke cloture.

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

Mr. ROBERT C. BYRD. I believe this request is necessary, otherwise, under the rule, in the event the Allen amendment were brought under cloture and disposed of tomorrow, the second vote to invoke cloture would not automatically come tomorrow, because tomorrow would not be the first calendar day except one following the entry of the cloture motion.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that if action on the Older Americans Act and/or on the veterans' bill is not completed by the hour of 3 p.m. tomorrow, at such time as the leadership may wish to return to such measure, the leadership would be authorized to do so.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that prior to the hour of 3 p.m. tomorrow, no motion to table the Allen amendment be in order.

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

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

Mr. ALLEN. Mr. President, will the Senator from West Virginia yield, before he leaves the matter of cloture? I understood—and I wish to underline the agreement—the distinguished majority leader to say that there would be no motions to table the Allen amendment even in case cloture was invoked against that amendment. Is that correct?

Mr. ROBERT C. BYRD. I think that was the intention of the majority leader. Whether he expressed it precisely in that fashion, I do not recall, but I think that was his intention.

Mr. ALLEN. Shall we get that nailed

down by a unanimous-consent agreement?

Mr. ROBERT C. BYRD. I would be willing to ask unanimous consent to that effect, realizing that if cloture is invoked on the Allen amendment, any amendments at the desk at the time, that have met the reading requirement and are germane, can be called up before the Allen amendment would be disposed of.

Mr. ALLEN. How would they have to be disposed of if they were amendments to the Allen amendment?

Mr. ROBERT C. BYRD. If cloture is invoked, any amendments to the Allen amendment that had been read would qualify for being called up.

Mr. ALLEN. That is true, but if the basic amendment is tabled, there would be nothing to amend.

Mr. ROBERT C. BYRD. I am not questioning that. I am saying that I realize, and the distinguished majority leader realizes, that in making the promise that no motion to table the amendment would be in order even if cloture is invoked, the leadership is giving up something, because without such consent, under the rules, even though cloture is invoked on the Allen amendment, a motion to table would be in order.

Mr. ALLEN. Yes, I realize that.

Mr. ROBERT C. BYRD. If the motion to table the Allen amendment cannot be made by virtue of an understanding—which I am sure the majority leader meant to convey—then the leadership is bound to allow any amendments germane to the Allen amendment, any amendments that have met the reading requirement—to be called up and discussed, thus delaying final action on the Allen amendment, if cloture is invoked.

Mr. ALLEN. In other words, the amendment to the Allen amendment would not be subject to a motion to table if cloture is invoked on the Allen amendment; is that correct?

Mr. ROBERT C. BYRD. No.

Mr. ALLEN. No, but in view of the unanimous-consent agreement, that would not be——

Mr. ROBERT C. BYRD. What I am saying is that—and I want the record to show—the leadership is giving up something.

Mr. ALLEN. What is it giving up? That is the point.

Mr. ROBERT C. BYRD. By consenting, by agreeing that no motion to table the Allen amendment would be made even if cloture is invoked on the Allen amendment——

Mr. ALLEN. Yes, I understand that. That is what I am trying to get nailed down, that there would be no motions to table the Allen amendment even if cloture is invoked.

Mr. ROBERT C. BYRD. That is what the Senator is trying to get nailed down. That is what I am interested in getting an agreement on, but not without making the comment that the leadership is fully aware that in agreeing that no motion to table would be made, the leadership is fully aware it is giving up some of its rights and that the Senator's amendment, if subject to amendment to a considerable extent—say there are 50 qualified amendments to the Senator's amendment at the desk—this could mean that even though cloture were invoked on the Senator's amendment, the Senate could spend a week on amendments to his amendment, if the leadership gives up its ordinary right to move, after cloture is invoked, to table the basic amendment. I am simply trying to say to the Senator, to the Senate, and to the world, that the leadership is giving up something in giving up this motion to table the Allen amendment.

Mr. ALLEN. What will be the status of the understanding that no motions to table may be filed in the event cloture is invoked to the Allen amendment or to any amendment thereto that met the test?

Mr. ROBERT C. BYRD. I think that the leader indicated that there would be no motion to table the Allen amendment, and I do not believe he went beyond that.

Mr. ALLEN. That is perfectly all right. I have no interest in amendments to the amendment, but the Senator from Alabama is under the impression that the distinguished acting minority leader asked that question of the majority leader, and that was the impression the Senator from Alabama was under. So is it agreed, then, that the unanimous-consent agreement stipulates, even if cloture is invoked, that there will be no motions to table the Allen amendment?

Mr. ROBERT C. BYRD. Up to now, that exists only as an understanding. I have gotten consent that no motion to table the Allen amendment will be in order prior to 3 p.m. I am now prepared, in carrying out the distinguished majority leader's promise, and in making sure that the understanding is nailed down, to ask unanimous consent, because that was the understanding, that even if the motion to invoke cloture is agreed to, no tabling motion of the Senator's amendment would be in order.

Mr. ALLEN. But the amendments to the Allen amendment would be subject to the tabling motion?

Mr. ROBERT C. BYRD. Yes; because I do not think the majority leader made such a statement.

Mr. ALLEN. That is the way the Senator from Alabama understands it.

Mr. LONG. Mr. President, reserving the right to object, I can foresee the possibility that the Senate might vote cloture on the Allen amendment and, having voted cloture on the Allen amendment, that 35 or 40 Senators might avail themselves of the 1 hour available under the cloture rule, and the discussion might take another 5 days on the Allen amendment before it came to a vote, if no motion to table were available to those who do not favor the amendment.

Mr. President, I do not feel that it is my duty to protect the parliamentary rights of those who favor the Humphrey-Kennedy-Mondale amendment, but I do not think that those Senators, if they knew what this meant, would permit this unanimous consent request to be agreed to if they were here.

Therefore, Mr. President, in fairness, I must object. If they were here, I should think that they would object; and, to protect their rights, I think it is my duty to object.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. ALLEN. I yield.

Mr. ROBERT C. BYRD. May I say to my distinguished friend, the Senator from Louisiana, that I do not believe they would object. They were under the understanding that there would be no motion to table the Allen amendment, that it would go to a vote on cloture, and that if cloture were invoked, no motion would be made to table the Allen amendment, in any event.

Mr. LONG. If the Senator is that confident that they will not object, I will go along. But my first impression was that those who favored the Kennedy-Humphrey amendment would be making a mistake to agree to that. But if the Senator is confident that they would go along with that, I will not object.

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

Suppose we not make this further request but have that understanding, and let the majority leader speak for himself in that regard.

Mr. ALLEN. I was not asking the Senator to make any new request. If I have to, I will ask for a ruling from the Chair. I was merely trying to have it stated, in so many words, that that was the agreement.

It is the recollection of the Senator from Alabama that, in answer to the question of the Senator from Michigan, that is what the majority leader embraced in his request. The Senator from Alabama had a similar conversation with the majority leader, himself. I am not basing it on that request. I am asking it on the basis of the record, if the Senator from West Virginia is not going to make the request to remove any doubt.

I ask the Chair for a ruling on the question.

The PRESIDING OFFICER. Will the Senator repeat his request for a ruling?

Mr. ALLEN. The Senator from Alabama, wanting to underline the unanimous-consent agreement, asks of the Chair if it was not the unanimous-consent agreement, as stipulated by the majority leader in answer to a question from the distinguished acting minority leader, Mr. GRIFFIN, that there would be no motion to table the Allen amendment even if cloture should be invoked. Obviously, that motion to table, in the event cloture should be invoked, would deprive the Members of the Senate of their opportunity to discuss the amendment. It was the understanding of the Senator from Alabama that the majority leader stated that he gave his assurance that there would be no motion to table the Allen amendment.

The Senator from Alabama thought that was incorporated in the unanimous-consent agreement. Apparently, the distinguished Senator from West Virginia was of the same opinion.

Mr. LONG. Mr. President, if the Senator will yield, reserving his rights and not prejudicing his rights whatever, those who wanted to offer the Kennedy-Humphrey-Mondale-Nelson amendment should arrange to be on the floor of the

Senate from time to time. It is very difficult for those of us who are not completely in agreement with that amendment to protect their rights, not knowing what they would like to do about this matter. If they had been here to begin with, they would have had an opportunity to move their amendment before the Senator from Alabama (Mr. ALLEN) moved his amendment, but they were not here.

Mr. President, none of us in the Senate can read a crystal ball, nor can we be sure we know what they have in mind. So the amendment was not offered.

Mr. President, if the majority leader, made a commitment, he made it in complete good faith and will endeavor to keep it. But if I were one of the sponsors of that amendment, I would not agree not to make a motion to table once cloture is invoked. Otherwise, there could be another 4 or 5 days of debate on the Allen amendment, even after cloture, is invoked. It would be a pretty ridiculous thing to agree to if you are the ones trying to pass the Kennedy-Nelson-Mondale-Humphrey-and so forth amendment.

Mr. President, if I were one of the sponsors of that amendment, I would object. I would be saying that if cloture is invoked, it is all right for someone to make a 1-hour speech about it, but after one or two 1-hour speeches, we should then move to table the amendment rather than to have the debate on that one amendment drag out for days.

I have had my say, and I will trust to the good judgment of the assistant majority leader. He thinks he knows what the Senators want. So far as I am concerned, I trust him, having told him what I would be thinking if I were one of the sponsors of that amendment.

The PRESIDING OFFICER. The Chair will state that the only unanimous-consent agreement relative to the motion to table related to a motion to table prior to the cloture vote prior to 3 o'clock tomorrow, but that, not necessarily a part of the unanimous-consent agreement, the majority leader did give his assurance to the effect indicated by the Senator from Alabama.

Mr. ALLEN. I thank the Chair.

In view of that statement from the Chair, I wonder if the distinguished assistant majority leader would not renew his request.

Mr. ROBERT C. BYRD. No, I do not think I would want to renew it, because I think that the understanding is universal, and the majority leader's word is as good as a unanimous-consent agreement.

I did proceed to get the unanimous-consent request that he asked me to get, and that was to the effect that no tabling of the motion would be in order prior to the motion to invoke cloture.

Mr. ALLEN. There could not be any motion to table prior to cloture because the Senate has already had this bill laid over until 3 o'clock. Obviously, there could not be any motion, so there is no concession.

Mr. ROBERT C. BYRD. I would not say that. After all, I think it was I who got the request to lay it over until 3 o'clock. I merely added an additional bit of protection.

I wanted to fully protect the Senator from Alabama by adding that no motion to table would be in order before the vote to invoke cloture occurred. Otherwise, a motion to table could have been made yet today.

Mr. ALLEN. I appreciate the attitude of the distinguished Senator from West Virginia.

The Chair stated that the majority leader made that personal assurance, and the Senator from Alabama felt that that was incorporated in any unanimous-consent agreement. If he is mistaken, that is his loss.

Mr. ROBERT C. BYRD. I had earlier sought to nail that down by consent request, but I think I will not. The understanding is sufficiently clear.

I did take occasion, as the distinguished Senator from Louisiana did, to point out what the leadership is giving up when it gives assurance that there will be no motion to table the Allen amendment even if the motion to invoke cloture carries. It means any amendment at the desk—there may be 50 or 500 in number—can be called up if qualified. Of course, they could be tabled. But action, one way or another, would have to be taken on those amendments, and that could take some time. Each Senator has 1 hour, and the motion to table could not be made until someone who was ready to make that motion got the floor and the time of any Senator who wishes to speak in an intervening way ran its course.

I think all sides have been very cooperative here. The Senator from Alabama has been most understanding and cooperative, as have the Senator from Louisiana, the Senator from Massachusetts and other Senators. The leadership has, as I think I have said, given up one of its prerogatives, but in so doing I think the time of the Senate, in an overall way, has been saved; otherwise, the Senate would have been in session throughout this night and possibly tomorrow night, and the vote on the motion to invoke cloture would not have occurred until the day after tomorrow.

So, by virtue of this agreement, the Senate will have saved 1 day.

Mr. ALLEN. I think a very fine agreement has been worked out and, I feel, expediting consideration of the matter in coming to the issue involved, which in the final analysis is going to be the Kennedy amendment, because I know the motion to invoke cloture will eventually be filed as to that.

Seeking then, Mr. President, to clear up the status of amendments that are at the desk with respect to the Allen amendment, they, having met the requirements of the rules, could they be offered in the event the majority leader's assurance that no motion will be filed as to the Allen amendment is not lived up to? I have no reference to the majority leader himself. Could the amendments at the desk, with respect to the Allen amendment, still be offered to the bill?

The PRESIDING OFFICER. Assuming the amendments to the Allen amendment had complied with rule XXII, any such amendment could be offered to the Allen amendment while the Allen amendment was pending.

Mr. ALLEN. Well, in the event the Allen amendment is tabled, would all the amendments then fall?

The PRESIDING OFFICER. If the Allen amendment were tabled subject to invoking cloture or were defeated, any amendments to the Allen amendment lying at the desk would fall, but could subsequently be offered, of course, as amendments to the bill if drafted before cloture were invoked.

Mr. ALLEN. Well, could they be offered during the cloture period, could the other amendments be offered during the cloture period?

The PRESIDING OFFICER. The Chair would state that the amendments referred to by the Senator from Alabama—the amendments to the Allen amendment—if cloture were invoked on the Allen amendment, could be offered to the Allen amendment until the Allen amendment was disposed of either by tabling or by defeat or by the adoption of the amendment in the alternative, and then subsequently such amendments would have to be, if they were to be adopted, offered to the bill, would have to be redrafted, sent to the desk, and read before cloture could be invoked on the bill.

Mr. ALLEN. Could they be offered, though, during the time set apart for considering the Allen amendment, or would it be after we got back on the bill?

The PRESIDING OFFICER. Is the distinguished Senator from Alabama referring to the period prior?

Mr. ALLEN. No, after cloture is invoked. The question of the Senator from Alabama is, Will Senators be able to use their 1 hour's time to discuss the other amendments, the amendments to the Allen amendment?

The PRESIDING OFFICER. Unless the Allen amendment were disposed of by a tabling motion.

Mr. ALLEN. Then there is no further discussion.

The PRESIDING OFFICER. Then there is no further discussion; and assuming that the Allen amendment were tabled, then the amendments at the desk to the Allen amendment would fall.

Mr. ALLEN. I think so.

Mr. ROBERT C. BYRD. I am not sure that I understood that the Senator's question was answered.

The PRESIDING OFFICER. The Chair understood the Senator——

Mr. ALLEN. I feel that it was. I am satisfied. Unless the Chair wants further clarification, I have no objection.

AUTHORIZATION OF APPROPRIATIONS FOR INDIAN CLAIMS COMMISSION, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3007.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3007) to authorize appropriations for the Indian Claims Commission for fiscal year

1975, which was to strike out all after the enacting clause, and insert:

That there is authorized to be appropriated to carry out the provisions of the Indian Claims Commission Act (25 U.S.C. 70), during fiscal year 1975, not to exceed $1,450,000 to continue the program of the Indian Claims Commission.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. JACKSON, I move that the Senate disagree to the amendment of the House to S. 3007 and ask for a conference with the House of Representatives on the disagreeing votes of the two Houses, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JACKSON, Mr. METCALF, Mr. ABOUREZK, Mr. BARTLETT, and Mr. MCCLURE conferees on the part of the Senate.

ADDITIONAL COSIGNER OF CLOTURE MOTIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the name of my senior colleague from West Virginia (Mr. RANDOLPH) be added as a signer of both cloture motions.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, I will attempt to state the program for tomorrow.

The Senate will convene at the hour of 10 a.m. After the two leaders or their designees have been recognized under the standing order, Mr. PROXMIRE and Mr. BROCK, I believe, will be recognized in that order, each for not to exceed 15 minutes, with a period for the transaction of routine morning business of not to exceed 15 minutes to follow, and statements therein to be limited to 5 minutes each.

At the conclusion of routine morning business, the Senate will take up the Older Americans Act, H.R. 11105, under a time limitation. Votes by rollcall may occur thereon or on amendments thereto.

On the disposition of that bill, the Senate will take up S. 2784, a bill to amend title 38, United States Code, to increase the vocational rehabilitation subsistence allowance, educational assistance allowances, and the special training allowances paid to eligible veterans, and for other purposes. Rollcalls may occur on that bill and/or on amendments thereto, the bill and amendments being under a time agreement.

At the hour of 3 p.m. tomorrow, the Senate will proceed, for 1 hour to debate the motion to invoke cloture on the amendment by Mr. ALLEN to the bill (H.R. 14832)—the so-called debt limit bill. Upon the conclusion of 1 hour, or at the hour of 4 p.m., to be specific, the Chair will have the clerk call the roll to establish a quorum, and upon the establishment of a quorum, the Senate will proceed to vote by mandatory rollcall on the motion to invoke cloture.

If that vote carries, then the Senate will proceed to dispose of the Allen amendment under rule XXII, and upon the disposition of the Allen amendment, should that occur tomorrow, the vote will then occur on the motion to invoke cloture on the bill.

If the vote to invoke cloture on the Allen amendment does not succeed, then the vote will occur immediately by rollcall on the motion to invoke cloture on the bill.

If that succeeds, then the Senate will proceed with the consideration of that bill to the exclusion of all other business until its disposition under rule XXII.

If that vote also fails, then we will be where we are now—on the Allen amendment.

Am I correct, Mr. President?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair. There will be several rollcall votes tomorrow.

ADJOURNMENT TO 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 10 a.m. tomorrow.

The motion was agreed to; and, at 6:35 p.m., the Senate adjourned until tomorrow, Wednesday, June 19, 1974, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate June 18, 1974:

DEPARTMENT OF STATE

Robert Stephen Ingersoll, of Illinois, to be Deputy Secretary of State.

Carlyle E. Maw, of New York, to be Under Secretary of State for Coordinating Security Assistance Programs.

CONFIRMATION

Executive nomination confirmed by the Senate June 18, 1974:

FEDERAL ENERGY ADMINISTRATION

John C. Sawhill, of Maryland, to be Administrator of the Federal Energy Administration.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Tuesday, June 18, 1974*

The House met at 12 o'clock noon.

Rev. Harley J. Murray, Western Avenue Southern Baptist Church, Anaheim, Calif., offered the following prayer:

Our Father we thank You for this great Nation, America. We ask that Thou might continue to guide and preserve her. We invoke Thy blessings upon this Congress and these our Representatives. Father we ask that You might grant to them wisdom, knowledge, insight, and a spirit of discernment. We pray, O God, that there might be a desire in each of their hearts to follow Thee and to do Thy will. We ask that we might see displayed here, on the floor of the House of Representatives, that great spirit which has made America truly one nation indivisible under God. We ask all these things in Jesus' 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 without amendment a bill and concurrent resolutions of the House of the following titles:

H.R. 8586. An act to authorize the foreign sale of the passenger vessel steamship *Independence;*

H. Con. Res. 454. Concurrent resolution to authorize the printing as a House document "Our Flag", and to provide for additional copies;

H. Con. Res. 455. Concurrent resolution to provide for the printing as a House document "Our American Government. What Is It? How Does It Work?"; and

H. Con. Res. 537. Concurrent resolution designating the 21 days from June 14 to July 4, 1974, as a period to honor America.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H. Con. Res. 201. Concurrent resolution to reprint the brochure entitled "How Our Laws Are Made."

The message also announced that the Senate insists upon its amendments to the bill (H.R. 11864) entitled "An act to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling," 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. Moss, Mr. KENNEDY, Mr. CRANSTON, Mr. TUNNEY, Mr. HASKELL, Mr. GOLDWATER, Mr. DOMINICK, Mr. WEICKER, and Mr. FANNIN to be conferees on the part of the Senate.