By Mr. ICHORD (for himself, and Mr. LATTA):

H.R. 15574. A bill to amend the United Nations Participation Act of 1945 to halt the importation of Rhodesian and Soviet chrome; to the Committee on Foreign Affairs.

By Mr. QUILLEN:

H.R. 15575. A bill to amend section 103(c) of the Internal Revenue Code of 1954 to increase the exemption from the industrial development bond provisions for certain small issues; to the Committee on Ways and Means.

By Mr. RUNNELS:

H.R. 15576. A bill to declare that certain land of the United States is held by the United States in trust for the Pueblo of Laguna; to the Committee on Interior and Insular Affairs.

By Mr. STEELMAN:

H.R. 15577. A bill to amend section 552 of title 5 of the United States Code to clarify certain exemptions from its disclosure requirements, to provide guidelines and limitations for the classification of information, and for other purposes; to the Committee on Government Operations.

By Mr. STEPHENS (for himself, Mr. MITCHELL of Maryland, Mr. GONZALEZ, Mr. GETTYS, Mr. ANNUNZIO, Mr. HANLEY, Mr. COTTER, Mr. J. WILLIAM STANTON, Mr. WILLIAMS, Mrs. HECKLER of Massachusetts, Mr. BURGENER, and Mr. RONCALLO of New York):

H.R. 15578. A bill to amend the Small Business Act, the Small Business Investment Act, and for other purposes; to the Committee on Banking and Currency.

By Mr. FLOOD:

H.R. 15580. A bill making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1975, and for other purposes.

By Mr. NATCHER:

H.R. 15581. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

503. By the SPEAKER: Memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to protection of the fishing industry; to the Committee on Merchant Marine and Fisheries.

504. Also, memorial of the Senate of the Commonwealth of Massachusetts, relative to taxation of the retirement income of elderly citizens; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. CONTE introduced a bill (H.R. 15579) for the relief of Mrs. Louise G. Whalen, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

451. The SPEAKER presented a petition of Bill Brown, Washington, D.C., relative to redress of grievances, which was referred to the Committee on the District of Columbia.

SENATE—*Monday, June 24, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. SAM NUNN, a Senator from the State of Georgia.

PRAYER

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

Eternal Father, we lift our hearts to Thee in thanksgiving for another day in which to live and work and serve this Nation. Give us joyous hearts, keen minds, and resolute wills.

We thank Thee for the goodly company of those who minister to our souls by speaking, writing, or praying. We thank Thee for those who minister to daily necessities of food, shelter, clothing, and for those who service our homes and offices, supplementing and sustaining our endeavors.

Here, wilt Thou accept the work of our minds and hands as an offering to Thee for the well-being of the Nation and the advancement of Thy kingdom?

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 24, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. SAM NUNN, a Senator from the State of Georgia, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the bill (H.R. 15472) making appropriations for agriculture-environmental and consumer protection programs for the fiscal year ending June 30, 1975, and for other purposes, in which it requests the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 1376. An act for the relief of J. B. Riddle; and

H.R. 15124. An act to amend Public Law 93-233 to extend for an additional 12 months (until July 1, 1975) the eligibility of supplemental security income recipients for food stamps.

HOUSE BILL REFERRED

The bill (H.R. 15472) making appropriations for agriculture-environmental and consumer protection programs for the fiscal year ending June 30, 1975, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, June 21, 1974, be dispensed with.

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

WAIVER OF THE CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it 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.

RETIREMENT OF CERTAIN LAW ENFORCEMENT AND FIREFIGHTER PERSONNEL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 919, H.R. 9281.

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

The assistant legislative clerk read as follows:

H.R. 9281, to amend title 5, United States Code, with respect to the retirement of certain law enforcement and firefighting personnel, and for other purposes.

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 had been reported from the Committee on Post Office and Civil Service with amendments on page 2, at the beginning of line 6, strike out "sections" and insert in lieu thereof "section".

On page 2, beginning with line 23, strike out "amended by adding at the end thereof the following:" and insert in lieu thereof the following language:

amended—

(1) by striking out "and" at the end of paragraph (18);

(2) by striking out the period at the end of paragraph (19) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following:

On page 4, in line 12, after "or" strike out "rehabilitation." and insert "rehabilitation; and,".

On page 5, after line 2, strike out "1973" in the two places it appears and insert "1974" in each place.

On page 5, in line 5, strike out "thereof." and insert "thereof:".

On page 5, at the end of line 9, strike out "fifty-five" and insert "55".

On page 5, in line 10, strike out "twenty" and insert "20".

On page 5, in line 14, strike out "sixty" and insert "60".

On page 5, in line 16, strike out "sixty" and insert "60".

On page 6, in line 2, strike out "sixty-day" and insert "60-day".

On page 6, in line 6, strike out "fifty" and insert "50".

On page 6, in line 7, strike out "twenty" and insert "20".

On page 6, in line 9, strike out "twenty" and insert "20".

On page 6, in line 14, strike out "per centum" and insert "percent".

On page 6, in line 16, strike out "twenty" and insert "20".

On page 6, in line 17, strike out "per centum" and insert "percent".

On page 6, at the end of line 18, strike out "twenty" and insert "20".

And on page 7, in line 3, strike out "1977" and insert L"1978", so as to make the bill read.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

A GOOD SUGGESTION BY THE CHAPLAIN

Mr. HUGH SCOTT. Mr. President, in his prayer this morning, the Chaplain included a solicitation to the Almighty "for those who service our homes * * *."

Maybe that is the only way to do it. I have been waiting a long time for someone to fix the icemaker and a longer time for someone to paint the house.

I have tried everything short of prayer. I am, therefore, very thankful to the Chaplain for his suggestion.

LEAKS FROM THE SENATE WATERGATE COMMITTEE

Mr. HUGH SCOTT. Mr. President, there are only 7 days left for leaks from the Watergate Committee. I have the highest regard for all members of that committee. I voted to create it. I voted to support it. I have not waivered in my belief that it has been doing a proper and useful job.

I am sure that most members of the staff are vigilant and of high character. Perhaps some would expect praise for their extraordinary zeal far beyond the call of duty in the activities which they have engaged in of preparing, one presumes, not only a report for the committee to issue, but also a whole lot of other reports which probably would not have seen the light of day except for the fact that some members of the staff seem to be serving as couriers for journalists.

That is certainly an exercise in excessive zeal. One wonders what is served by the preparation of reports which are not going to be made as well as reports that will be made, unless it is to express the frustration of the staff that in some areas they have found no evidence and the best way to cure that, in their minds, evidently, is to assure the existence of evidence, writing it up in the form of innuendos, inferences, and implications, and without the benefit of cross-examination or confrontation, and without the benefit of any means of proving or disproving what they say, and then to wheel them out in bucketfuls and dump it on the public consciousness.

This is a regrettable tendency, which has existed in the committee in the other body as well. It certainly is no way to run a railroad or to run a Congress.

I do not suppose anything we say will stop it, but I think those members of that staff who are engaging in the same practice for which Mr. Colson pled guilty to a felony should be more careful. They should watch themselves, because if it is a felony to issue derogatory, pejorative, or abusive allegations against a person under indictment, it is also a felony for others to do it.

I would not want to see any members of the Senate staff make themselves liable for criminal action by doing exactly the thing which these same people, in an excess of piety, might deplore in Mr. Colson.

So I do not suppose there is any way to put a rein on these people, since there seems to be no effort being made in that direction. But we should mention that it is deplorable. It should not happen. It should not happen, because it demeans the Senate, it demeans the committee, and it demeans the cause of fair play and justice.

I know that the Senators on this committee do certainly, privately, deplore this kind of action, and some of them have so indicated.

I would think that the staff would have some loyalty to the excellent Senators who have done a very able job. If they do not, there seems to be no cure for it. I suppose we will have to endure the next 7 days of unauthorized and unprovable charges dished out by the same people whose sense of responsibility leaves a great deal to be desired.

CONFERENCE OF COMMITTEE ON DISARMAMENT — APPOINTMENT BY THE VICE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. NUNN). The Chair, on behalf of the Vice President, appoints the Senator from Tennessee (Mr. BROCK) to attend the Conference of Committee on Disarmament, to be held in Geneva, Switzerland, beginning on July 2, 1974.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous, the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) is now recognized for not to exceed 15 minutes.

ORDER FOR RECOGNITION OF SENTORS HARRY F. BYRD, JR. AND BUCKLEY TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent on tomorrow, after the orders for the recognition of Senators previously entered have been fulfilled, that the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, JR.) and the distinguished junior Senator from New York (Mr. BUCKLEY) be recognized, each for not to exceed 15 minutes, and in that order.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recognition of Senators on tomorrow, under the orders previously entered, there be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes.

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

THE HELICOPTER GIFT

Mr. ROBERT C. BYRD. Mr. President, I am disturbed by the news reports over the weekend that President Nixon made a "gift" of a two-million-dollar U.S. military helicopter to President Anwar Sadat of Egypt on his recent trip to the Middle East. The White House, I understand, has confirmed the story.

The question that comes immediately to mind is the obvious one: Was this helicopter, assigned by the military to Mr. Nixon, his to give away to the head of a foreign government? By what authority did the President act?

With inflation continuing to eat away the purchasing power of the U.S. dollar, American wage earners will not take kindly to such cavalier use of their tax payments. Two million dollars, in the context of multi-billion-dollar Federal spending, may not sound like much money to some people; but it represents the Federal income taxes paid by a considerable number of middle income U.S. wage earners.

The practice of foreign relations is at best a delicate art; and it occurs to me, moreover, that efforts to purchase friendship in such a manner are questionable on their face.

Against the backdrop of more important international events and more distressing domestic developments, the giving away of one U.S. helicopter may not in actual fact be too significant. But it is symptomatic of a proprietary concept of the American Presidency that is at variance with the view of most Americans that it should be a trusteeship.

Lavish and uncalled for gifts by any American President to the heads of state of other countries, I am sure, will be frowned upon by the people of this

country, to whom a President is ultimately responsible. Such action by Mr. Nixon at this time seems to me to constitute another lapse in good judgment.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I will be glad to yield my time to any Senator, or yield it back.

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

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Texas (Mr. TOWER) is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I am authorized to yield back the time of the distinguished Senator from Texas (Mr. TOWER).

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, of not to exceed 30 minutes, with statements therein limited to 5 minutes.

THE COURAGE AND ENDURANCE OF SENATOR JOHN STENNIS

Mr. HARRY F. BYRD, JR. Mr. President, the Washington Post on Sunday, June 23, published an excellent profile on the distinguished Senator from Mississippi (Mr. STENNIS). This profile was written by Spencer Rich, of the Washington Post, who is not only a highly experienced reporter, but, in my judgment, is an able and objective reporter as well.

The headline on the article is "The Courage and Endurance of Senator JOHN STENNIS."

The article points out the fact that Senator STENNIS, in a grueling 7-day debate, was on his feet for many hours at a time, and indeed he was.

Mr. President, as one who sits almost side by side with the Senator, I watched him during that period with great admiration. Senator STENNIS, less than 18 months ago, was sent to the hospital because of two bullets having been fired into him by holdup men in the District of Columbia.

It was through his own great courage and his own physical stamina, along with the spirit which was given to him by our good Lord, that he was able to come through this ordeal and to resume his duties in the Senate.

As the article published yesterday in the Washington Post points out, few Members of this body would be able to assume the difficult assignment that Senator STENNIS undertook in handling the Military Procurement bill. It was indeed an act of courage and endurance in which he was ably assisted by the ranking Republican on the committee, Mr. THURMOND.

Mr. HUGH SCOTT. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Pennsylvania.

Mr. HUGH SCOTT. Mr. President, I had intended to put this excellent article into the RECORD myself.

I wish to associate myself with the remarks of the Senator from Virginia (Mr. HARRY F. BYRD, JR.), and to compliment Mr. Spencer Rich on the competent way in which he wrote this article. It indeed shows what a tremendous job, a superb job, the Senator from Mississippi (Mr. STENNIS) did, as indeed was also done by the ranking member of the committee, the Senator from South Carolina (Mr. THURMOND).

This bill was handled with a great deal of skill and expertise.

We are delighted that Senator STENNIS has returned to good health and that his stamina enabled him to do this extremely difficult job.

Mr. President, I thank the Senator for yielding.

Mr. HARRY F. BYRD, JR. Mr. President, I thank the Senator from Pennsylvania, the Republican leader.

I ask unanimous consent, on behalf of the Senator from Virginia and the Senator from Pennsylvania, that the text of the article be printed at this point in the RECORD.

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

THE COURAGE AND ENDURANCE OF SENATOR JOHN STENNIS

(By Spencer Rich)

When Senator John Stennis (D-Miss.), the powerful 73-year-old chairman of the Armed Services Committee, walked off the Senate floor June 11, it marked the latest high point of a long and celebrated career in public life.

Stennis, in a grueling seven-day debate in which he was sometimes on his feet for hours at a time, had just shepherded to passage the $21.9 billion military procurement bill. With his tremendous, booming voice, his restless leonine pacing, his uncanny capacity to capture the attention of every member of the Senate whenever he rises to speak in his rich Mississippi drawl, Stennis dominated the debate and won all the major votes.

The procurement measure was the first major bill on which he has acted as floor manager since January, 1973, and it demonstrated an amazing physical comeback for the Mississippi Democrat, who once again is spending his afternoons working out on wall-weights and calisthenics in the Senate gymnasium.

Just 17 months ago, on Jan. 30, 1973, Stennis was shot twice in the late-night holdup as he got out of his automobile in front of his Northwest Washington home. His pancreas, a vital organ, was "slivered," as the doctors at Walter Reed Army Hospital later told him. He lost large quantities of blood and did not fully regain consciousness for weeks. He wondered whether he would ever walk again, let alone come back to the Senate.

His remarkable performance as floor manager on the procurement bill—which would be wearing and exhausting even for a younger man in perfect condition—illustrates that fine medical care, an iron will to recover, religious faith and a powerful physique kept in trim by constant exercise have enabled the Mississippi Democrat to regain much of his old vigor and force.

But there were many moments, especially in the weeks immediately after the shooting, when he suspected he wouldn't make it, he said in a rare interview.

Gazing out the window of a private "hideaway" office in the Capitol's West Wing overlooking the Mall, he said:

"Early on, I thought about dying, and one night I dreamed I saw a newspaper headline, 'Stennis Dies in His Sleep.' When I was coming and going out of consciousness in the early weeks, and very weak, and had been told how seriously ill I was, I fully realized that I might pass away at any time."

Describing the first days after the shooting, he said, "Well, you have fleeting moments of consciousness, but it was two weeks before I had conscious minutes at a time and could actively think . . . Impairment of functions, that was the great question I would think about—impaired mobility. You want to be useful. They kept examining me for signs of paralysis."

The Mississippi Democrat said he hadn't been fully conscious and able to think clearly until three weeks after he was shot.

It was 30 days before he could eat any solid food—"soft eggs, soft boiled," he recalled.

Stennis had been shot once in the leg but "that didn't hit a vital organ or break a bone," he recalled. The serious wound, which at the outset many thought would cost him his life, was "just at the belt-line on the left side. It affected my pancreas, colon and portal vein which supplies blood to the stomach. The vein was almost cut in two."

Stennis had an immediate operation and then two more later, carried out by Col. Robert Muir and Col. Wayne Wilson. Stennis said both had had considerable experience with abdominal gunshot surgery under combat conditions in Vietnam.

In the early days after the operation, while he was still only partially conscious, he was fed entirely on intravenous injections, he said, and the doctors told him that he might not have survived without the powerful muscles in his back, shoulders and legs to take the repeated injections.

Before being shot, Stennis was noted as a physical fit new man. "I used to work out in the gym. I swam, pulled wall weights, used the bicycle exerciser a minimum of four days a week."

He also was an active hunter, frequently shooting quail and other game with Sen. A. Willis Robertson (D-Va.). After Robertson left the Senate, Stennis continued to hunt in the Shenandoah Valley area, and annually he would go to a big September dove hunt in Culpeper, Va., as the chief guest.

Stennis said he didn't go to last September's dove hunt; he was still too weak. But "this year I was quail hunting in Georgia and I could hit them as well as I did any other time. I'm a fair shot."

The gym exercises and the hunting contributed to the physique that withstood the terrible shock of the two gunshot wounds, and he has now gradually resumed those activities. He is up to 170 pounds, about the right weight for his 5 feet, 11-inches.

When he was first shot, he said, "I wasn't in desperation any time but I realized I might pass away any time. I thought in terms of prayer, to better understand my situation. I wouldn't describe myself as religious but I was always a church man, a Presbyterian. I wanted to live in order to be useful."

In the early days when his life hung in the balance, visits and letters from family, friends and aides gave him a terrific psychological boost, Stennis recalled.

"I got more and more will to live. You know, it's easier just to die. I kept wondering, would I be useful?"

Aside from his wife, his son, John, and his daughter, Margaret, and her children, one of his first visitors was his administrative assistant, Bill Creswell. Other early visitors in-

cluded Sen. James Eastland (D-Miss.), all the congressmen from Mississippi and Senate colleagues like Hugh Scott (R-Pa.), a one-time law-school classmate at the University of Virginia, Democratic Whip Robert C. Byrd (W. Va.), Virginia's Harry F. Byrd (Ind.), Stuart Symington (D-Mo.), Henry M. Jackson (D-Wash.), Mark Hatfield (R-Ore.), Barry M. Goldwater (R-Ariz.), Strom Thurmond (R-S.C.), former Defense Secretary Melvin R. Laird and Chief Justice Warren E. Burger. Many others wrote and called.

"Messages, cards, letters, books—those things tend to build a person up," he said.

Thirty days after the shooting, he took his first solid food. Another week and he began getting up for a few moments. By Mid-March he was able to walk haltingly into an adjoining room.

By April he was starting to believe he could eventually regain his strength. "But I had to relearn to walk," he said. "I did that in the hallway with a metal support."

He started taking business phone calls from aides and other senators, and by late April he was ready for his first foray out of the hospital, a trip to Mississippi for rest and rehabilitation.

It was there, on April 27, that he appeared with President Nixon and made a statement about "toughing it out" which many interpreted as advice to Mr. Nixon to ignore impeachment and Watergate talk and simply ride out the storm.

Although Stennis was reluctant to discuss this, he hinted that the meaning of his statement had been somewhat exaggerated in the press. He said he really had been focusing on the need for a man in public office to have "courage and endurance to tackle problems" and he didn't mean to endorse everything the President was doing and advise him to ignore all criticism. "I was referring to the man's courage and endurance to tackle problems," he said.

After this visit he went back to Walter Reed, occasionally going to his Washington home overnight. On July 30, 1973, he went home for good and started going into his office a few hours once or twice a week.

"In September I came to the senate floor for the first time, but I wasn't able to get much work done. I couldn't stand sustained work and effort."

At this time, Stennis looked thin and pale, barely a shade of his former vigorous self—a fact that elicited much comment among Senate insiders. But he gradually began regaining strength, although Symington still kept command as acting chairman of armed Services.

"It wasn't till I got back here in January that I really got to feeling better," Stennis said. Suddenly his appetite came back. His voice regained strength. His step got the old restless bounce and his face filled out—all changes that were noticeable to colleagues and reporters.

He handled both the hearings and executive sessions on the military procurement bill—the most important military policy bill each year—and made his debut again as a floor power by managing the bill from June 3 to 11.

Now he says he's pretty much back to snuff. "I sleep more than I did. The preparation and debate on military procurement I considered a real test of my strength and endurance.

"I didn't get especially tired during debate—that's where your muscle helps you."

Summing it all up, the closeness to death, the slow recovery over 17 months, the wondering about whether "I'd be able to walk," the regaining of his strength, Stennis rose and looked down at the Mall's broad sweep and said slowly, "I have a feeling life really means more to me now than it did."

Mr. HARRY F. BYRD, JR. Mr. President, the distinguished Senator from Georgia is presiding over the Senate at this time as the Acting President pro tempore. Because of that, he is not able, personally, to associate himself with the remarks just made by the Senator from Virginia and the Senator from Pennsylvania in regard to the Senator from Mississippi (Mr. STENNIS).

On behalf of the Acting President pro tempore, the Senator from Georgia (Mr. NUNN), I ask unanimous consent that he be associated with the remarks just made in regard to Senator STENNIS.

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

ORDER OF BUSINESS

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

The ACTING PRESIDENT pro tempore. 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.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED AMENDMENT TO BUDGET REQUEST FOR THE DEPARTMENT OF STATE (S. Doc. 93-88)

A communication from the President of the United States transmitting an amendment to the budget request for appropriations for the Department of State (with accompanying papers). Referred to the Committee on Appropriations, and ordered to be printed.

PROPOSED AMENDMENT TO BUDGET REQUEST FOR THE DEPARTMENT OF JUSTICE (S. Doc. 93-89)

A communication from the President of the United States transmitting an amendment to the budget request for appropriations for the Department of Justice (with accompanying papers). Referred to the Committee on Appropriations, and ordered to be printed.

PROPOSED AMENDMENT TO BUDGET REQUEST FOR THE FEDERAL TRADE COMMISSION (S. Doc. 93-90)

A communication from the President of the United States transmitting an amendment to the budget request for appropriations for the Federal Trade Commission (with accompanying papers). Referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

H.R. 7089. An act for the relief of Michael A. Korhonen (Rept. No. 93-956).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs:

S. Res. 346. An original resolution authorizing supplemental expenditures by the Committee on Interior and Insular Affairs for inquiries and investigations. Referred to the Committee on Rules and Administration (Rept. No. 93-957).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 13221. An act to authorize appropriations for the saline water program for fiscal year 1975, and for other purposes (Rept. No. 93-958).

By Mr. CHURCH, from the Committee on Interior and Insular Affairs, with an amendment:

S. 2001. A bill to redesignate the Alamogordo Dam and Reservoir, N. Mex., as Sumner Dam and Lake Sumner, respectively (Rept. No. 93-959).

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. STENNIS, from the Committee on Armed Services:

Adm. Thomas H. Moorer, U.S. Navy, for appointment to the grade of admiral, when retired.

Mr. STENNIS. Mr. President, from the Committee on Armed Services, I report the nomination of Adm. Thomas H. Moorer, U.S. Navy, to be placed on the retired list in the grade of admiral. I ask that his name be placed on the Executive Calendar.

The ACTING PRESIDENT pro tempore (Mr. NUNN). Without objection, it is so ordered.

Mr. THURMOND. Mr. President, from the Committee on Armed Services, I report favorably the nominations of Gen. Donald V. Bennett, U.S. Army, to be placed on the retired list in that grade; Lt. Gen. James W. Sutherland, Jr., U.S. Army; Lt. Gen. Walter Edward Lotz, Jr., U.S. Army; Lt. Gen. Robert R. Williams, U.S. Army; Lt. Gen. Walter Philip Leber, U.S. Army; and Lt. Gen. Raymond Leroy Shoemaker, U.S. Army, to be placed on the retired list in that grade, and Brig. Gen. William A. Boyson, U.S. Army, to be major general and also appointment to permanent grade of brigadier general; 32 promotions in the Army Reserve and National Guard in the grades of major general and brigadier general; in the Navy, Rear Adm. Pierre N. Charbonnet, Jr., U.S. Navy, for appointment to the grade of vice admiral and 58 in the Navy for permanent promotion to the grade of rear admiral; and, in the Air Force, Gen. Jack J. Catton, Gen. Theodore R. Milton, and Gen. John C. Meyer to be placed on the retired list in the grade of general; Lt. Gen. Louis T. Seith for promotion in the grade of general; Lt. Gen. William V. McBride for promotion to the grade of general; Lt. Gen. Louis L. Wilson, Jr., to the grade of general; Lt. Gen. Durward L. Crow, Lt. Gen. Gordon T. Gould, Jr. to be placed on the retired list in the grade of lieutenant general; and Lt. Gen. George S. Boyland, Jr., to be placed on the retired list in that grade; Maj. Gen. James A. Hill, U.S. Air Force, to be lieutenant general; Maj. Gen. Lee M. Paschall, U.S. Air Force, to the grade of lieutenant general; Maj. Gen. Marion L. Boswell, U.S. Air Force, to be lieutenant general; Maj. Gen. John W. Pauly, U.S. Air Force, to

lieutenant general; Maj. Gen. Bryce Poe II, U.S. Air Force, to the grade of lieutenant general, Maj. Gen. Ray B. Sitton, U.S. Air Force, to lieutenant general; Col. Belisario D. J. Flores and Col. Charles L. Sullivan to the grade of brigadier general in the Reserve of the Air Force; and, Philip O'Bryan Montgomery Jr., of Texas, to be member of the Board of Regents of the Uniformed Services University of the Health Sciences for the remainder of term expiring May 1, 1977. I ask that these names be placed on the Executive Calendar.

In addition, there are 348 in the Army Reserve and National Guard for promotion to colonel and lieutenant colonel; in the Navy there are 90 for promotion to chief warrant officer, W–3, and W–4 plus 24 for temporary and permanent promotions in the grade of captain and below and 2 Navy enlisted scientific education program grades for appointment to the grade of second lieutenant in the Marine Corps. Also in the Marine Corps are 294 for temporary appointment to the grade of lieutenant colonel and 148 for temporary appointment to the grade of colonel. In the Air Force, there are 2,006 for promotion to the grade of lieutenant colonel. Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be placed on the Secretary's desk for the information of any Senator.

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

(The nominations ordered to be placed on the Secretary's desk were printed in the RECORD of May 28, May 29, June 3, and June 10, 1974.)

SUBMISSION OF A CONFERENCE REPORT ON H.R. 7724, THE NATIONAL RESEARCH ACT (S. REPT. NO. 93–960)

Mr. KENNEDY submitted a report from the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7724) to amend the Public Health Service Act to establish a national program of biomedical research fellowships, traineeships, and training to assure the continued excellence of biomedical research in the United States, and for other purposes, which was ordered to be printed.

EXTENSION OF AUTHORITY FOR THE COMMITTEE ON FOREIGN RELATIONS TO FILE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of the distinguished Senator from Idaho (Mr. CHURCH), I ask unanimous consent that the deadline for the report from the Foreign Relations Committee under Senate Resolution 174, relating to the U.S. commitment to the Southeast Asia Collective Defense Treaty and Organization, which was agreed to November 2, 1973, be further extended to July 31, 1974.

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

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. ABOUREZK:

S. 3691. A bill to insure the equitable allocation of supplies of materials and equipment necessary for the exploration, production, refining, and required transportation of energy supplies and for the construction and maintenance of energy facilities. Referred to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON (for himself and Mr. COTTON) (by request):

S. 3692. A bill to amend section 216(b)(1) of the Merchant Marine Act, 1936. Referred to the Committee on Commerce.

By Mr. MATHIAS:

S. 3693. A bill to amend title 5, United States Code, to provide for grade retention benefits for certain Federal employees whose positions are reduced in grade, and for other purposes. Referred to the Committee on Post Office and Civil Service.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ABOUREZK:

S. 3691. A bill to insure the equitable allocation of supplies of materials and equipment necessary for the exploration, production, refining and required transportation of energy supplies and for the construction and maintenance of energy facilities. Referred to the Committee on Interior and Insular Affairs.

Mr. ABOUREZK. Mr. President. One of the major reasons that oil wells are not being drilled in the United States is the result of a shortage of steel drill pipe and steel oil well casing, an issue which has received scant attention by the Congress.

On April 1, 1974, Mr. Duke Ligon, Assistant Administrator for Policy, Planning, and Regulation of the Federal Energy Office, stated that—

The general uncertainty as to the availability of tubular goods has apparently already delayed the drilling of some wells which should be drilled now.

Reports have been circulated that large amounts of tubular steel are being stockpiled and hoarded by the major oil companies.

During Dr. John Sawhill's confirmation hearing on June 7, 1974, I asked him if there were not two significant reasons for the tubular steel shortage: "One is the exports of tubular steel to oil producing nations in the Middle East has taken up a lot of production in this country. Second, the major oil companies in the United States have accumulated inventories of tubular steel products far above any amount of inventory they have ever had."

Dr. Sawhill responded saying:

I think the second reason is really the important one.

When I pressed Dr. Sawhill if he agreed with both statements, he answered:

Yes. It is this inventory distribution which is really causing the problem now.

In order to deal with crude oil shortages, the Nixon administration has decided that only higher prices will give producers the incentive to drill for more oil. While it is now clear, according to internal Cost of Living Council documents, that some of the administration's price increases on so-called old oil were economically unjustified, the administration has not only refused to roll back the price of oil, but has also refused to seek legislation for the mandatory allocation of tubular steel.

On May 6, the Oil & Gas Journal reported that "the U.S. Export-Import Bank intends to keep on financing exports of drilling rigs and tubular steel in spite of the domestic shortage." Thus, on the one hand the United States is encouraging the exportation of necessary materials already in short supply, while on the other hand the Federal Energy Office refuses to seek mandatory authority to allocate supplies. The only thing that FEO has done is attempt to jawbone steel producers. Yet, the problem does not really lie with the steel producers, since their capacity to expand production is limited.

Therefore, Mr. President, I have prepared legislation which I introduce today giving the Federal Energy Administration the mandatory authority to allocate supplies of tubular steel and other materials. I ask unanimous consent that the text of my bill and some recent newspaper articles be printed at this point in the RECORD.

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

S. 3691

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 Energy Materials Allocation Act of 1974".

SECTION 1. Beginning 60 days after the date of enactment of this Act, the Administrator of the Federal Energy Administration shall, by rule or order, require the allocation of, or the performance under, contracts or orders (other than contracts of employment) relating to supplies of materials and equipment, including steel oil well casing and drill pipe, if he makes the findings required by section (3) of this Act.

SEC. 2. Not later than 30 days after the date of enactment of this Act the Administrator shall report to the Congress with respect to the manner in which the authorities contained in section (1) will be administered. This report shall include but not be limited to the manner in which allocations will be made, the procedure for requests and appeals, the criteria for determining priorities as between competing requests, and the office or agency which will administer such authorities.

SEC. 3. The authority granted in this Act may not be used to control the general distribution of any supplies of materials and equipment in the marketplace unless the Administrator finds that—

(a) such supplies are scarce, critical, and essential to maintain or further exploration, production, refining, and required transportation of energy supplies and for the construction and maintenance of energy facilities, or

(b) maintenance or furtherance of exploration, production, refining, and required transportation of energy supplies and the

construction and maintenance of energy facilities during the energy shortage cannot reasonably be accomplished without exercising the authority specified in section (1) of this Act, or

(c) competition in exploration, production, refining, and required transportation of energy supplies and the construction and maintenance of energy facilities will be lessened unless the Administrator exercises the authority granted in section (1) of this Act.

[From the Oil and Gas Journal, May 6, 1974]

EXIMBANK TO FINANCE RIG, PIPE EXPORTS DESPITE U.S. PINCH

The U.S. Export-Import Bank intends to keep on financing exports of drilling rigs and tubular steel in spite of the domestic shortage.

William J. Casey, president and chairman of Eximbank, expressed this intention last week before the House banking subcommittee on international trade.

The bank doesn't want to do anything to weaken domestic energy development, Casey stressed. However, he added, "I believe that denying credit on export sales of this equipment accomplishes very little, if anything. I think it is more likely to injure not only the dominant position we now hold in markets for such equipment but also our interest in expanding the world energy supply and in having enough capacity to produce this equipment to sharply expand exploration at home."

There is already evidence that the Japanese offshore platform builders are expanding. Casey told the subcommittee. A recent listing of contracts for the North Sea area shows Germany abreast and Norway 40% ahead of the U.S. in contracts to build offshore platforms, he said. The U.S. "owned" this market not so long ago.

"If the word gets around that Eximbank financing is not available for this equipment," Casey warned, "American manufacturers may slow down in seeking foreign orders, shift their source of supply to overseas subsidiaries, or even turn to foreign suppliers who governments will provide financing to sell this equipment to American firms building offshore platforms. This could not only cost jobs but it could (also) cut into the competitive edge we now have in finding oil."

Casey said the Soviet Union has "a prime credit rating based on its large gold reserves, over $10 billion at the current market price of gold; its status as the second largest economy in the world; its unblemished record of prompt repayment of its commercial debt established over the years; and the importance to the Soviet foreign economic policy of maintaining that record."

The Soviet Union has given preliminary clearance for $49.5 million in credits, equal to 45% of the cost of the exploration phase of the Yakutsk LNG project in eastern Siberia. Eximbank has been under severe congressional criticism for making loans financing exports to the Soviet Union.

Sen. Richard Schweiker (R-Pa.) has said he will push legislation to block the Soviet LNG deal.

[From the Washington Star-News, May 31, 1974]

EX-IM OIL LOANS DRAWING FIRE

(By John Holusha)

Independent oil producers are complaining bitterly that the nation's Project Independence is being undermined by low-cost government-backed loans for the export of drilling and refining equipment despite shortage at home.

"This is nonsense," one independent promoter snorted. "Here we have this program that's supposed to make us self-sufficient (in energy) but the Export-Import Bank is giving long-term credits at 7 percent to export a flood of pipe and equipment.

"Even if I could get it, I'd have to pay prime rate." The prime bank lending rate is now at a record 11½ percent.

A search of Ex-Im Bank records shows that since last June the bank has made available more than $200 million to finance the export of some $460 million of exploratory, production, transport and refinery materials.

Interestingly, some $340 million of this has been agreed to since the October Arab oil embargo.

Some of the financing arrangements include: Slightly over $6 million for an offshore drilling rig to be used in the Arab emirate of Abu Dhabi. Abu Dhabi is a member of OPEC, the organization that coordinated the cutoff of oil shipments to the United States.

Credits up to $100 million to build an oil pipeline from the Gulf of Suez to Alexandria, Egypt. The line will be owned 50 percent by Egypt, with the remainder shared by Saudi Arabia, Kuwait, Abu Dhabi and Qutera—all OPEC members.

$4 million for drilling rigs to be used by a subsidiary of Ashland Oil Co. in Nigeria.

$49.6 million for desulfurization equipment at a refinery in the Bahama Islands. The plant is owned by Standard Oil of California and New England Petroleum Corp.

Most of these loans were made at a 6 percent interest rate, since the increase to 7 percent did not come until February. Ex-Im Bank usually advances 45 percent of the cost of the equipment to be exported, with a commercial bank advancing a similar amount and the buyer putting 10 percent down. Ex-Im will guarantee the bank loan in some cases.

Although Ex-Im does not receive a regular appropriation from the government, its loans are backed by the full faith and credit of the United States. Moreover, it was initially capitalized by $1 billion from the U.S. Treasury.

There is little question that there is a shortage of oil exploration and production machinery in the United States. The recent tripling of the price of crude oil has touched off a wildcatters' boom.

J. A. Mull Drilling Co. in Wichita, Kan. is a typical explorer.

"I've got 40 locations, including offsets, I could be drilling now. But I've only got two rigs and three strings of casing (the pipe used to line the drilled shaft). It's so bad that we're pulling secondhand casing out of wells in Louisiana that are 35 years old."

Other bottlenecks are in drilling pipe. ("I've been promised only two strings this quarter") and the rigs themselves. ("They said 18 to 24 months was the best delivery they could promise.")

"And, hell, there isn't a pumping unit in the country," he adds.

An aide to the Senate Interior Committee, which has looked into domestic production problems, concurs on the shortage.

"Part of the problems of course, is that anybody who can string two pipes together is out in his back yard trying to punch holes," he said.

But another factor is links between the major oil companies and equipment producers and lenders, he adds. "We hear stories of equipment heading down toward the Gulf. Instead of turning up in the production fields it heads toward the port of Houston and Galveston."

"There is also the issue of whether it is better to use, say, four rigs on 10,000 barrel-a-day wells in the United States or send them to four different countries overseas for 50,000-barrel wells."

The problem of resource allocation, the aide says, "is terribly complex."

The attitude at the Federal Energy Office is similarly divided. A middle-level official said the Ex-Im Bank notifies the FEO of prospective loans for export of petroleum gear. "If it's on the critical list, we tell them we'd rather they didn't finance it."

Does the comment have any impact? "I don't know, we don't follow up."

At the policy making level, the tone is somewhat different.

The independents have "legitimate complaint" when they see badly needed equipment go overseas with the help of the Ex-Im Bank, an aide to policy chief Duke Ligon, concedes.

But the FEO feels "our focus can't be so narrow that we concentrate solely on U.S. production. We can't afford to ignore world supply and the effects on countries like Japan."

Ex-Im Chairman William J. Casey, a former under secretary of State for economic affairs, sees the issue in terms of payments balances and the competitive position of American industry.

"In some types of equipment we have an advantage. If we step out of those markets now, we'd be inviting other countries to step in," he said.

Casey said it could be "counterproductive" to sacrifice these markets now and be frozen out of them in a few years when production of drilling and refining machinery has caught up to demand.

Since the oil companies claim they need large profits to finance exploration, why give them low-cost loans? Casey was asking.

Well, we could sit here and say use your own money," Casey said. "But other countries like Britain, France and Japan support their industries more than we do. Other countries make 5 percent money available."

Casey added that the bank has "been going slow" in financing the export of materials in short supply.

The FEO aide admitted there is somewhat of a conflict between the goal of U.S. self-sufficiency and Ex-Im's role of bolstering payments surpluses through exports.

"Up until now, as you know, we've been too busy putting the fire out.

"Now we're trying to create some unity of approach. We've got to come up with some long-range policies to eliminate the bottlenecks".

STEELMEN SET UP TO AID INDEPENDENTS

(Oil and steel people visit Washington at FEO's request, but they warn that federal intervention would do more harm than good. IPAA wants no current tubular output to be allowed to build up stocks of producers.)

Steel suppliers have begun to set up plans to get more scarce casing and tubing to independent producers to beat the Government to the punch.

The Federal Energy Office called steel and oilmen to Washington last week to prod the industry into action.

No formal program came out of the Apr. 29 meeting, but an FEO spokesman said it seemed to be having the desired results. Before the Washington conference, Jones & Laughlin pledged to boost output in order to make more oil-country goods available to independents with well locations and no steel.

Also, Youngstown promised to increase production 40% for the same reason. FEO said it would check with individual steel producers—notably U.S. Steel—later to see what if anything large firms planned to do. U.S. Steel declined to attend the meeting, out of antitrust caution, but told the Journal it was drawing up its own allocation plan.

Earlier, Lone Star Steel led the way with its voluntary plan allocating casing and tubing to independents who said they were unable to obtain delivery in time to meet current drilling needs.

Steel suppliers wouldn't go along with an idea mentioned by FEO, providing for in-

dependent producers to borrow from stocks of majors, repaying them from future deliveries. They urged FEO to let the present system solve the problem, warning that federal intervention would do more harm than good.

FEO disclaimed any authority or desire to set up an allocation system and rejected an independent-producer suggestion for an embargo on exports of oil-country pipe. The agency said it will continue to use jawboning to try to persuade steel suppliers and major oil firms with stocks above current needs to help assure that wells don't go undrilled because independents don't have pipe.

FEO and independent producers say that steel supplies are tight, but that the situation could be eased considerably by redistribution. At the Apr. 29 meeting, Texaco pleaded that pipe not be taken away from companies that had the foresight to plan ahead for expanding drilling programs. Both Texaco and Cities Service said they didn't have enough pipe to meet their own needs.

The presiding FEO official said his agency wasn't prepared to judge whether the problem resulted from stockpiling or from a shortage of steel. Steel suppliers and the Commerce Department agreed that the pipe shortage stemmed from a basic shortage of steel. A Youngstown spokesman cited forecasts projecting a continuation of the shortage through the rest of the decade and warned that environmental rules could even cut steel capacity by 5%.

One distributor questioned the industry's ability to meet projected production of 2.7 million tons of oil-country goods in 1974. More realistic targets were said to be 2.3–2.5 million tons, in view of current output and the fact that one mill is having to rebuild its labor force.

There was much criticism of the efficiency of the current distribution system, compared with the period when producers drew directly from distributor and jobber stocks in the field. Now producers purchase complete pipe needs prior to drilling a well before knowing whether the production string will be needed. This ties up much more pipe than the old system, it was pointed out. One estimate for "inventory demand" was 1.1–1.5 million tons.

The Independent Petroleum Association of America suggested that steel companies ship future production to downstream distributor or jobber points for sale only to operators who will put it into the ground immediately. IPAA urged that no current output be allowed to go to build up the stocks of any producer.

IPAA proposed instead that producers be allowed to reserve pipe needed immediately by paying an inventory charge. If a well turned out to be dry, requiring only the surface casing, the production string could be released to another producer.

H. S. Erskine, of Kewanee Oil Co., Tulsa, also ascribed a good deal of the present shortage to the practice of "end-use inventory" instead of the former down-river yard inventory. He predicts the shortage will continue into 1975.

Robert Mosbacher, Houston independent operator, said the pipe shortage was causing the industry to lose the output of the top 10% of rigs available. He compared average recent rig usage of 1,360 with a top figure of 1,500. Active rigs won't exceed this level, Mosbacher said, regardless of pipe. Long range, he added, rig supply is more critical than pipe.

In the short run, he said, production of oil-country goods much over 2 million tons annually will be academic because rigs won't be available in the next year. He appealed to steel companies and distributors not to sell to companies that have a 60–90 day inventory.

FEO has estimates that 55 more rigs will be produced this year (for both onshore and offshore use), giving a net gain of 25–35, making about 1,800 rigs capable of making hole in the U.S. by year end. Next year, 60 rigs will be turned out, according to figures received by FEO. Using an efficiency factor of 85%, the U.S. will soon be running rigs at the effective capacity rate, an FEO spokesman said.

S. O. Beren, of Misco-United Supply Co., Wichita, Kan., cautioned against the kind of borrow and payback scheme suggested by FEO. He said a recent trade made by his firm involved 20 telephone calls. To adopt this as a system of allocation, he warned, would impede oil operators more than it would help. IPAA told the Journal that the FEO plan wasn't practical because independents can't get delivery this year to repay any pipe loans.

Beren expressed hope that other suppliers would follow the lead of Lone Star, J&L, and Youngstown, making pipe available for new customers without a buying history who are ready to drill wells now. In urging the Government to stay out of the distribution system, he appealed to the FEO not to "destroy 95% of the good points" of the system to "correct a 5%" weakness.

Wallace Wilson, Wilson Industries, Houston, predicted supply would catch up by year end, with rigs than becoming the controlling factor. Then, he said, the industry can revert to the downriver stock system, which he considers the most efficient method of distribution.

Independent producers praised the steel companies for setting up voluntary allocation programs to ease the shortage for them. IPAA specifically commended J&L for its program to furnish steel equipments for two additional oil and gas wells daily beginning July 1.

The Texas Independent Producers & Royalty Owners Association also praised the steel suppliers. "This kind of statesmanship," Tipro said, "can obviate a federal mandatory allocation program which all of us would like to avoid."

A Commerce spokesman said export controls to keep all pipe output for U.S. consumption, would be counterproductive. While exports of casing and tubing ran 20,000 tons in January and 26,000 tons in February, and imports were only 5,600 and 6,700 tons for the months, steel imports overall are 2½–3 times the tonnage of exports. The problem, he explained, extends to many steel products, not just to pipe. FEO pointed out that domestic producers should be in a better position to compete for U.S. pipe output since price controls expired Apr. 30.

By Mr. MAGNUSON (for himself and Mr. COTTON) (by request):

S. 3692. A bill to amend section 216 (b) (1) of the Merchant Marine Act, 1936. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, for myself and the Senator from New Hampshire (Mr. COTTON), I introduce by request, for appropriate reference, a bill to amend section 216(b)(1) of the Merchant Marine Act, 1936, and ask unanimous consent that the letter of transmittal, statement of need, and text of the bill be printed in the RECORD.

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

WASHINGTON, *D.C., May 22, 1974.*

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

DEAR MR. PRESIDENT: Enclosed are six copies of a draft bill "To amend section 216(b)(1) of the Merchant Marine Act, 1936, together with a statement of purpose and need in support thereof.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our proposed legislation to the Congress from the standpoint of the Administration's program.

Sincerely,

FREDERICK B. DENT,
Secretary of Commerce.

STATEMENT OF THE PURPOSES AND NEED OF THE DRAFT BILL "TO AMEND SECTION 216(b)(1) OF THE MERCHANT MARINE ACT, 1936"

Section 216(b) of the Merchant Marine Act, 1936 (the Act), as amended (46 U.S.C. 1126), authorizes the Secretary of Commerce to maintain a Merchant Marine Academy at Kings Point, New York, for the instruction and preparation for service in the merchant marine of selected persons as officers, and provides for the nomination and appointment of qualified candidates to fill vacancies at the Academy. Such vacancies are allocated among the fifty States and Puerto Rico in proportion to their representation in Congress, and to Guam, American Samoa, the Virgin Islands, the Canal Zone and the District of Columbia by special provision of section 216(b).

Section 216(b)(1) of the Act generally provides for the nomination of "qualified candidates", without distinction as to sex, to fill vacancies at the Academy. In the case of the two vacancies allocated to the Canal Zone, however, the statute provides that the Governor of the Canal Zone shall fill such vacancies from among the "sons of the residents" of the Canal Zone and the "sons of personnel" of the United States Government and the Panama Canal company residing in the Republic of Panama.

On January 24, 1974, the Maritime Administration amended its regulations governing the admission and training of midshipmen at the Merchant Marine Academy (46 CFR 310, 39 FR 2759) to provide that officials authorized by section 216(b)(1) of the Act, except the Governor of the Canal Zone, may nominate both men and women. (Previously such regulations provided only for the nomination of men). The reference to "sons of residents" and "sons of personnel" contained in section 216(b)(1), however, legally precluded the Maritime Administration from providing in the amendment of the regulations for the nomination of women by the Governor of the Canal Zone.

The purpose of this proposed amendment to section 216(b)(1) of the Act is to provide that the Governor of the Canal Zone may, as other authorized officials, nominate qualified candidates of both sexes. It is necessary to afford all potential women nominees, wherever they happen to reside, equal employment opportunity in the maritime industry.

S. 3692

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 216(b)(1) of the Merchant Marine Act, 1936 (46 U.S.C. 1126(b)(1)) is amended by inserting after the word "sons" wherever the word appears the words "and daughters".

By Mr. MATHIAS:

S. 3693. A bill to amend title 5, United States Code, to provide for grade retention benefits for certain Federal employees whose positions are reduced in grade, and for other purposes. Referred to the Committee on Post Office and Civil Service.

FAIR PLAY FOR FEDERAL EMPLOYEES

Mr. MATHIAS. Mr. President, I am pleased today to introduce a bill which would bring about a much-needed reform in our current civil service procedures—a

bill which seeks to recognize the legitimate need for security and justice among Government employees who are performing their jobs with distinction and diligence.

In my communications with Federal employees throughout my own State of Maryland, I am frequently struck by the thought that this must be a difficult time to be a Federal civil servant. The uncertainties we have come to know as "Watergate" still hang like a cloud, preoccupying many in the high councils of Government and often frustrating thoughtful policy direction. Public respect and personal pride in working for the Federal Government is probably at a low ebb.

Indeed, that the Government is functioning so well in these troubled times is an eloquent tribute to the dedication and loyalty of millions of nonpartisan Federal employees, who are simply doing their jobs and doing them well, at a time when public attention is fastened on the more glamorous issues of the day.

It is even more crucial now, therefore, that we in Congress spare no effort to assure that our Federal employees are treated like human beings, and not simply abstract digits on a balance sheet.

The bill I am introducing today, Mr. President, would severely limit the effects of the practice of arbitrary downgrading. This is the practice whereby a worker finds his job downgraded, not because he or she is not doing it well, but because some job classifier decides the job description really belongs at a different level.

This practice clearly undermines the dignity and security of any worker who falls victim to it—to say nothing of other workers who live in fear that theirs will be the next job to be downgraded through no fault of their own.

Downgrading is defended, of course, as an aspect of the merit system—a device to protect the principle of equal pay for equal work, whenever a given job description is found to have been mistakenly classified at too high a level.

If such mistakes can thus be corrected at any time during a worker's career, however, an employee is never safe in the knowledge that his job is secure, no matter how well the employee is performing the job, and for no matter how long. He or she will never know when the downgrading ax is going to fall. I am sure my colleagues can well imagine the delibitating effect that this can have on the morale of the Federal work force.

Furthermore, at a time of acknowledged budgetary stress, the suspicion has been expressed by some that downgrading is being used, not merely to correct classification errors in order to maintain the merit system, but also as a simple budget-trimming device.

OMB, for example, often gives agencies actual target quotas for grade reductions in an effort to reduce Federal expenditures. To the degree that these quotas cannot be met by attrition or retirement, some agencies may find it quite tempting to use the practice of downgrading instead—as if any number of misclassifications could simply be discovered upon demand.

If so, this would represent an end-run around the very civil service protections which we have written into law. Federal employees cannot and must not be permitted to be singled out to pay for a given agency's poor planning, mismanagement, or maladministration.

Hearings before the House Subcommittee on Manpower and Civil Service on this issue last November revealed a typical instance of arbitrary downgrading which should be of concern to us all. It appears that a new Civil Service Commission standard for machinists will result in the downgrading of more than 2,000 Federal employees across the country, many of whom have occupied their positions for as long as 10 or 15 years. They have now been obliged to face the prospect of a one- or two-grade reduction, not because they are performing fewer duties, not because of incompetence, but because somebody in Washington made an "error" or changed his mind.

Under the bill I am introducing today, Mr. President, an agency would have up to 3 full years to discover an improper classification and downgrade a given job. After that time, if an error is discovered, an incumbent jobholder would be protected from downgrading as long as he or she remains in that job. The job could then be downgraded only after the employee left or was promoted. Nothing in this legislation, of course, would in any way limit the Government's existing ability to demote an employee for cause or in a reduction in force.

The procedure embodied in this legislation will thus provide ample opportunity to discover and correct genuinely mistaken job classifications, without subjecting Federal employees to a lifetime of uncertainty as to when the other shoe is going to fall.

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

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

S. 3693

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subchapter VI of chapter 53 of title 5, United States Code, is amended by adding at the end of such subchapter the following new section:

§ 5366. Retained grade of employee on grade reduction of his position

"Under regulations prescribed by the Civil Service Commission, an employee as defined by section 5102 of this title, or a prevailing rate employee as defined by section 5342 (a) (2) of this title, who holds a career or a career-conditional appointment in the competitive service or an appointment of equivalent tenure in the expected service and whose position is reduced in grade on or after the date of enactment of this section, shall retain the grade which he held immediately before the reduction in grade of such position so long as he—

"(1) continues in the same agency, including an agency to which he is transferred in a transfer of function, without a break in service of one workday or more;

"(2) is not reassigned or promoted; and

"(3) is not demoted (A) for personal cause, (B) at his request, or (C) in a reduction in force.

The provisions of this section shall apply only to a position that has been classified at the grade from which the position was reduced for a continuous period of at least three years immediately prior to the reduction of such position to a lower grade.".

(b) The table of section of subchapter VI of chapter 53 of title 5, United States Code, at the beginning of such chapter 53, is amended by adding, immediately below the item relating to section 5365 thereof, the following new item:

"5366. Retained grade of employee on grade reduction of his position.".

ADDITIONAL COSPONSORS OF BILLS

S. 3557

At the request of Mr. Moss, the Senator from Wisconsin (Mr. NELSON) was added as a cosponsor of S. 3557, to allow the use of certain funds authorized to be appropriated for expenditure from the highway trust fund and apportioned to the States pursuant to title 23, United States Code, without matching State or local funds.

S. 3679

At the request of Mr. MCGOVERN, the Senator from Nebraska (Mr. HRUSKA) and the Senator from Oklahoma (Mr. BARTLETT) were added as cosponsors of S. 3679 to provide emergency financing for livestock producers; and at his own request the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor to the same bill.

SENATE RESOLUTION 346—ORIGINAL RESOLUTION REPORTED AUTHORIZING SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

(Referred to the Committee on Rules and Administration.)

Mr. JACKSON, from the Committee on Interior and Insular Affairs, reported the following original resolution:

S. RES. 346

Resolved, That Senate Resolution 245, 93d Congress, agreed to March 1, 1974, is amended as follows:

In section 2, strike out the amount "$475,000" and insert in lieu thereof "$550,000".

SENATE RESOLUTION 347—SUBMISSION OF A RESOLUTION RELATING TO THE ROLE OF THE FEDERAL GOVERNMENT ON TOURISM IN THE UNITED STATES

(Referred to the Committee on Commerce.)

Mr. INOUYE (for himself, Mr. MAGNUSON, Mr. PASTORE, Mr. HARTKE, Mr. CANNON, Mr. MOSS, Mr. STEVENSON, Mr. GRIFFIN, Mr. BAKER, Mr. COOK, Mr. STEVENS, Mr. BEALL, and Mr. GURNEY) submitted the following resolution:

S. RES. 347

Resolution to authorize the Committee on Commerce to make an investigation and study on the policy and role of the Federal Government on tourism in the United States

Whereas the United States is the foremost choice as the country most people (including United States citizens) wish to visit;

Whereas tourism is among the top three industries in the 46 of the 50 States;

Whereas tourism expenditures are the second ranking retail expenditure in the United States;

Whereas tourism spending by resident and foreign visitors in the United States in 1972 totalled approximately $61 billion;

Whereas it is estimated that by 1980 tourism spending in the United States will total $127 billion yearly;

Whereas tourism expenditures in the United States in 1972 directly and indirectly provided employment for approximately 4 million Americans;

Whereas it is estimated that tourism expenditures in the United States by 1980 will directly and indirectly provide employment for approximately 6.7 million Americans;

Whereas the leisure activity provided for Americans by the tourism industry is essential for a sound and healthy society;

Whereas the National Tourism Resources Review Commission (established by Public Law 91–447) was directed to undertake a two-year study of tourism needs and resources of the United States;

Whereas that Commission completed its report and submitted its recommendations to the President and to the Congress;

Whereas the Commission's report found, inter alia, that the Federal Government, although deeply involved in an array of tourism programs, is not responding coherently to the phenomenal growth of tourism and the consequent demands for adequate recognition of, and response to, public interest goals;

Whereas the Commission's report concluded the role of the Federal Government needs to be more effective;

Whereas the major recommendations of the Commission's report were that Congress establish a national tourism policy and create the administrative means to execute that policy; and

Whereas the Commission report expressly recognized that further study was necessary and much additional work was needed to implement those recommendations: Now, therefore, be it

Resolved, That the Committee on Commerce is authorized, under sections 134(a) and 136(a) of the Legislative Reorganization Act of 1946, and in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, to make a full and complete investigation and study for the purpose of determining a policy and role for the Federal Government on tourism in the United States which will most effectively enable the industry to realize fully its potential to contribute to the social well-being, the cultural understanding, and the economic prosperity of the United States.

SEC. 2. In order that other committees of the Senate with a jurisdictional interest over specific elements of this study under rule XXV of the Standing Rules of the Senate, may participate in the study authorized by this resolution, the chairman and ranking minority member of each of the Committees on Appropriations, Agriculture and Forestry, Interior and Insular Affairs, Public Works, Foreign Relations, Government Operations, Labor and Public Welfare, Banking, Housing and Urban Affairs, and Judiciary, and the Select Committee on Small Business, or a member of such committees designated by each such chairman or ranking minority member to serve in his place, shall serve as ex officio members of the Committee on Commerce for purposes of this study.

SEC. 3. The Committee on Commerce shall report its findings, together with its recommendations for such legislation as it deems advisable, to the Senate.

Mr. INOUYE. Mr. President, today I am introducing a Senate resolution cosponsored by members of the Commerce Committee.

This resolution would authorize the Committee on Commerce to make an investigation and study on the policy and role of the Federal Government in tourism in the United States.

Mr. President, Public Law 91–477, October 21, 1970, created the National Tourism Resources Review Commission, and directed it to undertake a 2-year study of the tourism needs and resources of the United States.

The Commission submitted its six-volume report—"Destination USA"—to the President and to the Congress on June 25, 1973.

Among the facts which came to light as a result of the Commission's work and subsequent industry reports generated by the Commission's report were the following:

First. Tourism expenditures are the second-ranking retail expenditures in the United States, totaling $61 billion in 1972; and by 1980 they are expected to total $127 billion annually;

Second. Tourism expenditures provided directly and indirectly employment for approximately 4 million Americans; and

Third. In 46 of our 50 States, tourism is among the top three industries.

The Commission report concluded that, although 50 Government agencies are involved in over 100 travel and tourism programs, the Federal Government was not responding coherently to the urgent demands of tourism development or using tourism's growth potential to help achieve public interest goals.

Accordingly, the Commission's major recommendations were that Congress establish a national tourism policy, and create the administrative means to implement the policy. However, the Commission did not propose the legislative enactment and administrative acts to carry out its recommendations. The Commission recognized that further study was necessary and much additional work was needed.

On October 4, 1973, I introduced legislation cosponsored by Senator BAKER (S. 2536) which legislatively reflected the Commission's major recommendations. At the time, I said the bill was intended to be a catalyst to generate constructive analysis and dialog within the Government and the industry.

Last April 25 and 26, the Subcommittee on Foreign Commerce and Tourism held 2 days of hearings on S. 2536.

It was the unanimous recommendation of the travel industry panel which represented all segments of the tourism industry that the Commerce Committee complete the work initiated by the Commission and undertake a study and investigation which would result in legislative recommendations to the Congress for a national tourism policy and the administrative means to implement the policy.

Mr. President, the resolution I am introducing today would direct the Commerce Committee to undertake that study.

In recognition of the pervasive nature of the tourism industry, section 2 of the resolution would make the chairman and ranking minority member or their designates of several specified committees of the Senate, members ex officio of the Commerce Committee for purposes of the study.

Mr. President, this resolution has broad support throughout the industry, and from those who represent the millions of men and women employed in it.

I am sending a personal letter to all of my colleagues in the Senate, inviting them to join as cosponsors of this resolution. I would be pleased to have them do so.

ADDITIONAL COSPONSOR OF RESOLUTIONS

SENATE RESOLUTION 307

At the request of Mr. ROBERT C. BYRD, the Senator from South Dakota (Mr. MCGOVERN) was added as a cosponsor of Senate Resolution 307, requesting the conclusion of a new national inventory of wetlands by 1976.

SENATE RESOLUTION 341

At the request of Mr. PEARSON, the Senator from Idaho (Mr. CHURCH), the Senators from Arizona (Mr. FANNIN and Mr. GOLDWATER), the Senator from Louisiana (Mr. LONG), the Senator from Arkansas (Mr. MCCLELLAN), and the Senator from Alabama (Mr. SPARKMAN) were added as cosponsors of Senate Resolution 341, expressing the sense of the Senate that the President should immediately terminate the suspension of proclamations made under section 2 of the act entitled "An act to provide for the free importation of certain wild animals, and to provide for the imposition of quotas on certain meat and meat products," approved August 22, 1964.

ADDITIONAL COSPONSOR OF A CONCURRENT RESOLUTION

SENATE CONCURRENT RESOLUTION 91

At the request of Mr. MONDALE, the Senator from South Dakota (Mr. ABOUREZK) was added as a cosponsor of Senate Concurrent Resolution 91, to provide for a statue or bust of Dr. Martin Luther King, Jr.

ENERGY REORGANIZATION ACT OF 1974—AMENDMENT

AMENDMENT NO. 1516

(Ordered to be printed and referred to the Committee on Government Operations.)

Mr. ABOUREZK. Mr. President, the amendment I am introducing today to S. 2744, the Energy Reorganization Act of 1974, has a simple objective: to establish the Energy Research and Development Administration—ERDA—as a nonnuclear R. & D. agency. It would leave the AEC intact to carry out its developmental work on nuclear fission. It would not alter the sound decision of the Government Operations Committee to separate the regulatory functions of the AEC from its promotional aspects. But it would ensure that the nonnuclear research and development activities of the

Government are carried out by a nonnuclear agency.

Under S. 2744, all of the AEC, including the Division of Military Application, is transferred into ERDA, except for the number of people in the AEC's Directorate of Regulations which is transferred to a newly created Nuclear Safety and Licensing Commission. While most of the AEC, with its national laboratories and extensive contractor network go into ERDA, transfers from other agencies are minor by comparison. These include the Department of Interior's Office of Coal Research, fossil fuel energy R. & D. conducted by the Bureau of Mines, and solar and geothermal research of the National Science Foundation.

The following table shows the personnel and budgets which will be transferred to ERDA from each agency:

	People	Money
AEC	[1] 5,988	[1] $3,779,000,000
Interior	116	$372,000,000
NSF	13	$37,000,000

[1] An additional 1,900 people and $140 million in fiscal year 1975 funds will be transferred to the newly created Nuclear Safety and Licensing Commission.

In addition to the 7,000 AEC employees, there are 88,000 employees at AEC-owned facilities. The AEC's National Laboratories, which are operated by private firms under contract with the AEC, employ 33,000 individuals. All of these contract employees would come into ERDA, under S. 2744, to continue the work they have been doing for the AEC.

It is obvious that the AEC will be the dominant agency in ERDA. Indeed the nuclear proponents in the House would never have rushed the ERDA bill through that body in such haste if it did not put the AEC in charge of energy development.

I think it should be apparent to everyone by this time that putting the AEC in charge of developing nonnuclear energy technologies is like putting the fox in charge of guarding the chickens. AEC's record is one of outspoken advocacy for nuclear power against all other forms of energy. Let me cite a few examples.

First. On June 11, 1974, the AEC unveiled its geothermal energy program. The resources it has devoted in the past to the program are pitifully small, and its announced 1985 objective woefully inadequate. The program was started only in 1974 with a funding of about 4.5 million. Its aim is to do R. & D. work on the construction and operation of small pilot plants with 10-megawatt capacity. The program hopes to stimulate commercial production of 20,000 MW by 1985.

Contrast this with the report geothermal energy produced in September 1973 by about 50 scientists under a grant sponsored by the National Science Foundation. The report concluded that with adequate R. & D. funds 132,000 megawatts could be produced by 1985, the equivalent of more than half of all the electricity now being generated in the United States.

Second. A report on the potential for solar energy, prepared by an outstanding panel of experts assembled by the AEC, was almost completely ignored in the AEC's December 1973 report to the President on a national energy program. The experts concluded that:

At an average energy conversion efficiency of 5 per cent, less than 4 per cent of the U.S. continental land mass could supply 100 per cent of the current energy needs. Thus solar energy could contribute significantly to the national goal of permanent energy self-sufficiency while minimizing environmental degradation. In addition, this technology will be an exportable item for use by other energy deficient areas of the world. Although the full impact of solar energy probably won't occur until the turn of the century, the economic viability of several of the applications, e.g., heating and cooling of buildings, wind electric power, and bioconversion to fuels could be developed and demonstrated in the next 5 years. Ultimately, practical solar energy systems could easily contribute 15–30 per cent of the Nation's energy requirements.

The panel recommended a 5-year funding program beginning in 1975 with $409 million—minimum viable—to $1,056 million—accelerated—"having a high probability of early success."

By contrast the report of the chairman of the AEC to the President assigns the lowest priority to solar energy—solar is ranked last out of 10 technologies considered—the report recommended 5-year R. & D. budget is less than one-fifth that of the accelerated, orderly program and less than half the minimum viable program advocated by the solar energy panel of experts.

Third. The December 1973 AEC report to the President on a national energy R. & D. program is overwhelmingly biased in favor of further development of nuclear energy and against the renewable energy sources. The report singles out nuclear fission for the largest share of the R. & D. pie—24 percent as against 9 percent for solar geothermal combined and hydroelectric and nuclear fusion combined. The bias is even more pronounced in the short- and mid-range R. & D. budget projections—$5.3 billion is recommended to achieve short and mid-term objectives for nuclear fission as compared to $430 million for all renewable energy technologies. These huge sums recommended for nuclear fission R. & D. are all the more astounding in light of the fact that nuclear power plants are now in production in large numbers and the R. & D. phase at the program should have been passed long ago.

This year the Senate passed by unanimous vote S. 1283, a 10-year, $20 billion program to make the country self-sufficient in energy by 1985. The House is working on a companion measure and it appears certain that a comprehensive energy R. & D. program will be passed by the Congress in the next few months. Most importantly, this landmark legislation provides not a single cent for nuclear fission research and development. Indeed the House sponsors of the bill are relabeling it as the "Non-Nuclear Energy Research and Development Act."

It is simply incomprehensible that the Congress should pass this major legislation for the development of nonnuclear energy technologies and then turn over the management of the programs to the Atomic Energy Commission.

The AEC has, over the years, developed a dogma regarding nuclear power that approaches a religious faith. And the more vocal critics have become in pointing out the inherent dangers of nuclear technology, the more entrenched and determined has the AEC bureaucracy become. And this intense commitment to the promotion of nuclear energy is paying off for its adherents: 44 nuclear power plants are on line now. Two hundred twenty-five are scheduled to be in operation in 10 years; 1,000 in 25 years. Out of a $2.2 billion fiscal year 1975 energy budget, nuclear power received the lion's share—$1.5 billion. Now much of the AEC's efforts is being directed to finding ways to bring nuclear plants into operation quicker, from 10 to 6 or 7 years.

How can we possibly expect top AEC personnel who have devoted all of their lives to the promotion of nuclear power to reverse gears and to start pushing nonnuclear energy sources? They have not done so in the past; they have given no indication that they believe renewable energy technologies can play a significant role in this century in meeting our energy needs; their commitment to nuclear power is complete.

Well, one of the answers being given is that S. 2744 as reported out by the Government Operations Committee would assure that ERDA would not be dominated by pronuclear people, even though the AEC would overwhelmingly dominate the new agency by its sheer manpower and personnel. What are these controls in the bill, and how effective can we expect them to be?

First, section 2(b) states that:

The Congress intends that no energy technology be given an unwarranted priority.

Second, Section (102)(c) prescribes that:

The President shall appoint the Administrator from among individuals who, by reason of their training and experience are especially qualified to manage a full range of energy research and development programs.

Third, a separate assistant administrator is established for solar, geothermal and advanced energy systems.

Does anyone believe that these generalities will suffice to give non-nuclear technologies a fair shake in an agency dominated by nuclear proponents? What real protection do these sections of the bill provide? For example, who is to determine what constitutes an "unwarranted priority" for an energy technology? The technical competence for evaluating new possibilities will be in ERDA, and if that agency decides that solar or geothermal have only limited possibilities in the near and mid-term, as they already have, who will gainsay them and provide for bigger R. & D. budgets than the agency wants? If ERDA does not undertake needed research in nonnuclear areas because of its pre-occupation with nuclear power, who will correct the balance, OMB? The Appropriations Committees? The Legislative Committees? Maybe. But let's not count on it.

With regard to the second point above, that is, the Administrator and Deputy Administrator "specially qualified to manage a full range of energy research

and development programs" this has already been interpreted in Committee as not excluding any of the present members of the Atomic Energy Commission even though most of them are specially qualified to manage only one R. & D. program, the nuclear one.

How seriously this amendment is being taken by the administration can be seen from the fact that the White House has already floated the name of one candidate for the job of ERDA Administrator, John Simpson, president of a Westinghouse Division involved in the design and production of nuclear reactors and one of the most outspoken advocates of nuclear power.

Finally, the designation of an assistant administrator for Solar, Geothermal, and advanced energy systems, insures only that the funds allocated to his office will be spent on these technologies. It does nothing to insure that he receives a proper share of the total resources allocated to the agency. In an AEC dominated ERDA run by personnel who have already indicated their low opinion of solar and geothermal energy, the chances for the assistant administrator to get a fair share of the funds available to the agency will be poor indeed.

Another effect of the amendment I have introduced is to keep the AEC's military weapons program out of ERDA. Under the committee bill, a Military Applications Division is established in ERDA as a consequence of the transfer of most of the AEC functions to the new energy agency. The development of nuclear weapons has no place in a civilian R. & D. agency which has as its principal responsibility the development of energy technologies. All of the ERDA Administrator's time and that of his immediate staff will be required to set up and run this new program aimed at solving the Nation's energy needs. This is an all-consuming and an all-important task. Why burden these people with the job of managing a military weapons program?

My amendment would not prevent the utilization of AEC resources by ERDA for energy research. There is no doubt that the AEC, in its contractor-operated national laboratories and in its tens of thousands of professional contract employees, possesses a capability of inestimable value. For example, AEC contractors at Los Alamos Laboratory, at the Lawrence Lab in Berkeley, at the Livermore Lab at Aerojet Nuclear and elsewhere have an excellent potential for geothermal energy. R. & D. ERDA would be encouraged to contract with these organizations to undertake research efforts appropriate to their capability. Indeed, ERDA would be encouraged to seek out and utilize all available resources in the Federal Government—including the National Aeronautics and Space Administration which is omitted in S. 2744—government, in private industry, and in the great universities, to placing R. & D. contracts with those organizations best fitted to carry out the task of developing new energy technologies.

To sum up the arguments for establishing ERDA as a nonnuclear energy R. & D. agency:

First. The AEC will inevitably dominate ERDA by virtue of its overwhelming preponderance of manpower and budget.

Second. The AEC has provided ample evidence of its intense bias in favor of nuclear power and against other forms of energy technology.

Third. Putting the management of a major nonnuclear energy R. & D. act in the hands of an AEC-dominated ERDA and expecting these nonnuclear technologies to be aggressively promoted indicates a faith in the nuclear bureaucracy that passeth understanding.

Fourth. The controls supposedly contained in the committee bill cannot be expected to prevent a pronuclear bias in the new agency. There is nothing in S. 2744 that provides real assurance that the ERDA management will promote nonnuclear energy technologies to their fullest potential.

ISSUANCE OF SPECIAL SERIES OF POSTAGE STAMPS—AMENDMENT

AMENDMENT NO. 1517

(Ordered to be printed and referred to the Committee on Post Office and Civil Service.)

Mr. BROCK submitted an amendment, intended to be proposed by him, to the bill (S. 3516) to provide for the issuance of special series of postage stamps, in conjunction with the Bicentennial celebration of the United States, depicting the flags of each of the 50 States, Guam, the District of Columbia, Puerto Rico, and the Virgin Islands.

ISSUANCE OF SPECIAL SERIES OF POSTAGE STAMPS—AMENDMENT

AMENDMENT NO. 1518

(Ordered to be printed and referred to the Committee on Post Office and Civil Service.)

Mr. BROCK submitted an amendment, intended to be proposed by him, to the bill (S. 3517) to provide for the issuance of special series of postage stamps for the Bicentennial celebration depicting an historical event or individual from each of the 50 States the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

AMENDMENT OF THE URBAN MASS TRANSPORTATION ACT—AMENDMENT

AMENDMENT NO. 1519

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

Mr. TUNNEY. Mr. President, today I am introducing an amendment to S. 3601 This amendment would enable metropolitan areas facing serious health hazards as a result of automobile pollution to qualify for the special discretionary fund proposed in this bill.

S. 3601 as presently written sets aside $1.75 billion in a discretionary fund to be distributed to areas which can demonstrate an increase in mass transit ridership. These additional moneys would enable qualifying areas to expand their mass transit facilities.

Under the provisions of the Clean Air Act of 1970, which passed the Senate without a dissenting vote, EPA has determined that 39 metropolitan areas are currently facing serious health hazards as a direct result of automobile pollution. It has been proven that certain pollutants can cause or aggravate many respiratory ailments, including lung cancer. In order that pollutants can be lowered to safe levels, EPA has promulgated transportation control plans which call for large reductions in the number of vehicle miles traveled—VMT. The methods for reducing VMT include such alternatives as parking management plans, carpooling, preferential lanes, and gasoline supply reductions. EPA recognizes, however, that the most effective way of decreasing VMT is by providing adequate mass transportation facilities to those areas which have health dangers.

While I do not endorse or support some of the methods required by EPA's transportation control plans, I believe it is essential that we provide maximum funding for rapid expansion of mass transit facilities in those areas which, for health purposes as mandated by the Clean Air Act, must decrease VMT. By tying to use of the discretionary fund strictly to a demonstration of increased ridership, the bill as presently written does not adequately recognize the health crisis which these 39 metropolitan areas of the countries are facing.

The amendment I am offering today would simply allow urban areas which have established transportation control plans for the purpose of meeting the requirements of the Clean Air Act, to apply for moneys under the discretionary fund.

Mr. President, I request unanimous consent that the text of the amendment be printed at this point in the RECORD.

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

AMENDMENT NO. 1519

On page 6, line 12, before the period insert the following: "and/or to urbanized areas which have established transportation control plans for the purpose of meeting the requirements of the Clean Air Act".

EXTENSION OF THE EXPORT ADMINISTRATION ACT—AMENDMENT

AMENDMENT. NO. 1520

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

CONGRESS MUST VOTE BEFORE NUCLEAR TECHNOLOGY IS SENT TO THE MIDDLE EAST

Mr. PROXMIRE. Mr. President, in view of the fact that the Atomic Energy Commission intends to act quickly in authorizing the transfer of fuel to Egypt and Israel for their proposed power reactors, Congress must also move with speed on the question of whether or not to approve such deliveries.

Under present conditions as spelled out in the 1954 Atomic Energy Act, a request for a proposed agreement along peaceful use lines need not be considered by the full Congress. It can be approved simply by vote of the Joint Committee on Atomic Energy or by resting 30 days in the committee without action of any kind.

On June 19, I introduced amendment No. 1489 to the Export Administration Act which would require a vote

in both Houses of Congress before any such proposed agreement could go into effect.

Several events now make consideration of that amendment timely.

First, there have been reports that the AEC must make its decision to give fuel to Egypt and Israel by June 30, 1974. Apparently the requests for fuel, a scarce resource, have created a backlog of unfilled but potential demands on the United States. Therefore, it is appropriate that the Senate consider this issue as quickly as possible and before long-term arrangements are worked out that have a momentum of their own.

Second, it is quite apparent that the United States, offer to Egypt and Israel, coupled with the testing by India, has created a prospect of proliferation of nuclear warhead technology throughout the world. The Shah of Iran has expressed direct interest in acquiring the bomb. India may be testing again soon with an improved device, possibly a hydrogen bomb. One press report indicates that Japan's ratification of the Non-Proliferation Treaty may be in doubt.

All of these factors make it imperative that the Senate vote on the question of transferring such technology at the earliest possible time.

Therefore, I am introducing an amendment to Senate Joint Resolution 216, the extension of the Export Administration Act of 1969, which will set the stage for a vote on this issue. The substance of this amendment is identical to my amendment 1489.

Mr. President I ask unanimous consent that my amendment be printed in the Record and held at the desk until Senate Joint Resolution 216 is reported to the floor.

The PRESIDING OFFICER. Without objection it is so ordered.

Amendment No. 1520 is as follows:

AMENDMENT NO. 1520

At the end of the Joint Resolution, add a new section as follows:

SEC. 2. Notwithstanding any other provision of law, no cooperation with any nation or regional defense organization shall be undertaken pursuant to section 54, 57, 64, 82, 91 (c), 103, 104 (d) 123 or 144 of the Atomic Energy Act of 1954 (42 U.S.C. 2074, 2077, 2094, 2112, 2121 (c), 2133, 2134 (d), 2153 and 2164) on or after 1 June 1974 until the proposed agreement for cooperation has been submitted to Congress by the President and the Congress has adopted a concurrent resolution stating in substance that it favors the proposed agreement for cooperation.

CONSUMER PROTECTION AGENCY ACT—AMENDMENT

AMENDMENT NO. 1521

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

Mr. MONDALE. Mr. President, I am today introducing an amendment to S. 707, the Consumer Protection Agency bill. I believe this amendment will provide a useful adjunct to the resources of the Agency and will help the Agency fulfill its goal of protecting, informing, and representing the American consumer.

In brief, my amendment authorizes the Administrator of the Consumer Protection Agency to provide information and financial assistance to private consumer organizations for the purpose of assisting such organizations in intervening or participating in any agency or judicial proceeding which substantially affects consumer interests.

Private consumer groups have become increasingly important as State courts, Federal courts, and administrative agencies cope with litigation stemming from newly created statutory rights, increased concern with consumer and environmental interests, and public awareness. These groups have provided decisionmaking bodies with helpful input and have brought important controversies to the forefront of public attention.

Only last term, the U.S. Supreme Court decided *United States* v. *Students Challenging Regulatory Agency Procedures* (SCRAP), 412 U.S. 669 (1973). This suit was originally brought by a private consumer group made up of law students at George Washington University. Although the students ultimately lost on a jurisdictional question, they did settle an important standing question and brought the case all the way to the Supreme Court.

Similar groups have litigated important questions involving the environmental impact of highway construction, the right of access to the media, the rights of the consuming public, and other important environmental issues. See *Citizens to Preserve Overton Park* v. *Volpe*, 401 U.S. 402 (1971); *Calvert Cliffs Coordinating Committee* v. *Atomic Energy Commission*, 449 F. 2d 1109 (D.C. Cir. 1971); *Office of Communications of the United Church of Christ* v. *Federal Communications Commission*, 359 F. 2d 994 (D.C. Cir. 1966); *Scenic Hudson Preservation Conference* v. *Federal Power Commission*, 354 F. 2d 608 (2d Cir. 1965).

It seems abundantly clear that private, consumer groups play an important part in the raising and settling of critical issues that affect the American consumer.

I propose to allow the Administrator of the Consumer Protection Agency the power to aid—with information and financial assistance—private, consumer organizations that wish to intervene in or participate in agency or judicial proceedings which affect consumer interests.

I believe this amendment will serve several important purposes.

First, by its very nature, the Consumer Protection Agency will be forced to arrive at a single "consumer" position and urge that position before the court or administrative agency. In fulfilling his duty under section 6 of the bill to "represent the interests of consumers before Federal agencies and Federal courts," the Administrator will decide the position he feels is in the best interest of the consumer and represent that position. Yet, the "consumer interest" is seldom monolithic. One can easily envision circumstances where it is in the interest of consumers to have a safety device installed on a vehicle, but it is also in the interest of the consumer to see the vehicle sold at the lowest possible price. In such circumstances, the Administrator might remain neutral, might blandly present both positions, or choose to represent one interest to the exclusion of the other. Allowing the Administrator to aid a private, consumer group would enable him to, in effect, assign representation of one of the competing interests to a private advocate who could effectively represent that interest in court or agency. The decisionmaking body would be served, because it would have full, effective input on all sides of the question; the Administrator would be free to forcibly represent the interest he believes paramount; and the consumer would be served because all possible consumer views would be represented in the proceeding.

Second, in the process of considering applications for Consumer Protection Agency aid, the Administrator will be exposed to ideas for possible involvement of the Agency in proceedings and, in addition, consumer views on a variety of matters. Although the bill provides, pursuant to section 9, for notice to the Administrator by Federal agencies of "any action which may substantially affect an interest of consumers," it is possible that the application process will notify the Administrator far in advance of imminent agency action. Of course, many important consumer interests do not achieve full agency or judicial fruition until long after they surface as legitimate consumer concerns. The Administrator may be greatly aided in his efforts if he has this "early warning" system built into the Agency's procedures. Surely, the application process will aid in the section 11 information gathering functions and the section 12 information disclosure functions.

Third, although private, consumer groups have played an important role in recent judicial and agency proceedings, their role has been limited by the high cost of intervention and participation and the lack of resources available to such groups. They are frequently faced with high filing fees, printing costs, personnel salaries, and research costs. Resources are limited to private contributions or foundation grants. Allowing the Administrator to aid such groups would take the financial burden off of their more important projects and allow them to do the job they do so well—representing the consumer.

Finally, but surely not of least importance, the program envisioned by this amendment would serve as a pilot for State and local governments thinking of introducing similar projects. Needless to say, State and local programs along these lines would enable private, consumer groups to play an important role in State and local courts and agencies.

The authority conferred by this amendment is carefully defined and limited. For instance, assistance may not be provided for intervention or participation in any proceeding in which the Administrator himself is prohibited from intervening or participating under the bill. Also, any organization receiving assistance pursuant to this amendment must abide by the requirements of section 7 of the bill relating to compliance with agency statutes and rules of procedure and the orderly conduct of proceedings.

Also, applications for aid must include several important safeguards including:

First, substantial control of any program by or under the supervision of the applicant;

Second, the proper and efficient administration of such program;

Third, fiscal control and fund accounting;

Fourth, assurances that the funds will not be used for prohibited purposes;

Fifth, full reporting to the Administrator; and

Sixth, any other information and assurances the Administrator may require.

Finally, the amendment provides for means of termination of any grant and for judicial review of such a decision.

The Administrator will, of course, grant applications on the basis of criteria which are consistent with the purposes of the Consumer Protection Agency bill and which further his duties under the bill. I would envision the issuance of rules and regulations to implement this amendment and to further define its operation.

The bill seeks to encourage the representation of consumer interests before Federal courts and agencies but ignores one of the most important potential sources of such representation. Private, consumer organizations have a proven track record of effective representation. This amendment would tap their talents to aid in the important goals of this bill.

Congress has frequently acted to encourage private litigation and representation in the public interest by, for instance, authorizing double and treble damages to successful litigants. Similarly, Congress and the courts have awarded expenses and attorney's fees to litigants who bring suits in the public interest. I encourage my colleagues, as they consider the most important single piece of public interest legislation to come before this body in many years, to facilitate the use of able and potent private resources in the representation of the consumer interest.

I am proud to say that Prof. John Banzhaf, professor of law and legal activism at George Washington University National Law Center, and Prof. Louis B. Schwartz, Benjamin Franklin professor of law and the University of Pennsylvania Law School, have indicated their support for this amendment. Both professors are experts on private litigation in the public interest, having engaged in such efforts themselves, and are extremely able to judge the beneficial effects of this provision. Both Professor Banzhaf and Professor Schwartz are champions of the public interest, and I am proud to have their support for this amendment.

I ask unanimous consent that the letters to me from Professors Banzhaf and Schwartz, followed by the text of this amendment be printed in the RECORD at this point.

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

THE NATIONAL LAW CENTER,
June 5, 1974.

Hon. WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: I am very happy to accept your kind invitation to comment on your proposed amendment to the Consumer Protection Agency Bill [S. 707], which would authorize the reimbursement of public interest organizations for their expenses in participating in certain agency proceedings. I believe that your amendment is a very worthwhile and necessary addition to the bill, and goes a long way towards remedying what many have suggested are weaknesses in the bill.

In the first place, there has been some doubt whether the creation of still another governmental entity is the most effective way to insure that the consumer or public interest point of view will be represented before major federal regulatory agencies. When each of the agencies was created, it was initially assumed that both the staff and the commissioners of the agency would be vigorous in expressing and protecting the public interest. Sadly, experience has shown that this is generally not true, and that after a reasonably short period most agencies seem to lose their initial drive, and the public interest point of view is heard less and less. As I understand it, one of the major purposes of the proposed Consumer Protection Agency would be to serve the function originally delegated to the staffs of the respective agencies of representing the consumer or public interest point of view. Yet what guarantee is there that such an agency will be different from all others and will continue to effectively represent this point of view as the years go by? Indeed, is it not possible that 10 years from now Congress will be asked to set up still another agency to represent the consumer or public interest point of view before the Consumer Protection Agency, to insure that it, in turn, represents this viewpoint before its federal regulatory agencies?

The provision for reimbursement as provided in your amendment would be a most effective means of dealing with this problem. Many of the public interest organizations which presumably could be reimbursed under your amendment have demonstrated a continuing interest and ability to speak strongly for various consumer points of view. Indeed, many of them depend for their continued survival on the effectiveness of their representation, since without it they will be unable to raise funds from those they seek to represent. In addition, the constant interaction between such vigorous outside organizations and the staff of the Consumer Protection Agency would tend to keep the latter vigorous in their representation of consumer interests, both by setting an example, and by constant encouragement and serving in a watch dog capacity.

It has been suggested by some supporters of the original bill that the Consumer Protection Agency would be effective in its advocacy of consumer interests where the staffs of the individual agencies have failed, because with no power of its own the C.P.A. would not be the recipient of industry and lobbyist pressure which have done so much to cripple the major regulatory agencies. With all due respect, I think that argument is erroneous. To whatever extent the Consumer Protection Agency is effective in influencing proceedings at other agencies related to strong vested interests, these interests will, in turn, seek to neutralize the effectiveness of the Consumer Protection Agency, presumably by using the same techniques which have proven so effective at other government agencies. There therefore remains a very strong and pressing need for non-governmental organizations to represent the consumer and public interest point of view before major federal regulatory agencies.

A second reason why I believe your amendment is both worthwhile and necessary is because of the extreme difficulty, even impossibility, of determining what "The Public Interest" is in any given situation. Indeed, it is probably presumptious for any individual private organization or government agency to presume to represent "The Public Interest" in any given proceeding, since it is the function of most regulatory proceedings to determine how public interest can best be served with regard to a particular factual and/or legal situation. No matter how the proposed Consumer Protection Agency would determine which positions it wishes to espouse, these positions may not accurately or completely reflect the consumer interest it seeks to protect. No one entity, whether private or governmental, can always be sure that the view it is advocating on behalf of consumers is the most appropriate one. It can be said with some assurance, however, that by permitting a multiplicity of voices on any given issue the Government will greatly increase the chances that one among those positions is the most correct. Your amendment would permit private organizations whose views on a given issue may differ from that of the Consumer Protection Agency to nevertheless have them heard by the regulatory agency. Thus, the general public interest will be served by permitting the decision-maker to be exposed to a wide variety of different views and suggestions and to adopt from among them, on the basis of his own expertise, that best calculated to serve the public interest.

Thirdly, even assuming that the Consumer Protection Agency in a given situation fortuitously represents the interest of consumers, there may, nevertheless, be different proposals to achieve generally agreed upon ends. It is very difficult for an individual attorney or organization to forcefully advocate two or more different approaches to the same problem. Thus, it is more likely to choose one which it believes to be the most appropriate, and to advocate that to the exclusion of all others. On the other hand, the regulatory agency, having a wider perspective, might choose to adopt an alternative solution to the same problem, if only it were presented to it by a forceful advocate sharing the concerns of the Consumer Protection Agency, but not its ideas with regard to specific remedies. Your amendment, again, would permit different organizations sharing the same general viewpoint and orientation to submit to the regulators alternative proposals for dealing with the same problem. Such an approach can only make the regulatory system fairer and more effective, which is, after all, the goal of the Consumer Protection Agency Bill.

Finally, I believe your amendment would lead to far more effective and efficient representation before regulatory agencies. Consumers have a very wide spectrum of interests, many falling in areas of great legal and technical complexity. Were the Consumer Protection Agency forced to develop sufficient expertise in each of these many areas so as to present and espouse the consumer interest, it could do so only with an inordinent expenditure of time and resources. Moreover, as the individual responsible for a given area—e.g., food product labeling—educated himself on these issues, it is not unreasonable to suppose that he would leave the agency, creating a lack of continuity and the need to re-educate a new staff member. To put the same thought in different words, it is impossible for an agency the size of the Consumer Protection Agency to develop a continuing expertise in the many areas of direct interest and impact on consumers. On the other hand, there are a large number of organizations which have developed considerable experience and expertise in many of these areas. Your amendment would permit

the Government to avail itself of this expertise directly, without the need in each case for a Consumer Protection Agency staff member to become educated in what may be a highly complex area.

For all of the reasons stated above, I very strongly support your proposed amendment, and hope that your colleagues will agree to accept it. Space has prohibited me from amplifying on many of the ideas expressed above, or in providing concrete examples. I would be very happy to provide to you or to an appropriate committee concrete examples of each of the ideas discussed above, as well as to answer any questions you or members of your staff may have. I again thank you for providing me with this opportunity to comment.

Yours truly,

JOHN F. BANZHAF,
Professor of Law and Legal Activism.

UNIVERSITY OF PENNSYLVANIA,
Philadelphia, Pa., June 3, 1974.

Hon. WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: I have just had an opportunity to examine your proposed amendment of S. 707 to provide for financial assistance to consumers organized for self-help. It seems to me this is an excellent complement to, and should be regarded as an integral part of, any effort to institutionalize consumer protection.

Self-help is the first, most pervasive, and traditional reliance of the citizen in a democracy; but he needs the means to employ the professionals who can make his case effectively. The regulatory agencies have, by and large, failed him. Even a Consumer Protection Agency cannot be everywhere at once, and in the husbanding of its resources must leave most of the potential controversies to those directly affected. Under the Antitrust Laws, the concept of the "private attorney general" has long been established, and the mere possibility of private treble damage suits has in the opinion of some observers contributed more to compliance with the law than official prosecutions. In other fields of law, the Courts have recently shown a marked sympathy with organized private self-help, by awarding attorneys' fees and costs against the Government, even in a case where the judicial relief had to be denied but where the litigation succeeded in bringing a Department into compliance with the law. Wilderness Society v. Morton, Court of Appeals for the District of Columbia, April 4, 1974.

Although I have been familiar with earlier versions of the CPA bills, I have not seen S. 707, and therefore do not know the significance of your § 17(b)(1), excluding grants to finance private litigation in proceedings from which the Administrator is excluded. I submit that the exclusion is not necessarily desirable: it may well be fitting for the persons directly concerned to be given the means of vindicating their position even if it be deemed best that the CPA itself not intervene.

I should also like to renew my earlier suggestion that any program of grants in aid to state consumer protection plans envision the inclusion in such plans of grants to consumer self-help organizations.

Sincerely,

LOUIS B. SCHWARTZ,
Benjamin Franklin Professor of Law.

AMENDMENT NO. 1521

On page 85, between lines 22 and 23, insert the following new section:

ASSISTANCE TO CONSUMER GROUPS

SEC. 17. (a) The Administrator is authorized, subject to the provisions of this section, to provide information and financial assistance to private organizations of consumers representing a substantial number of individuals for the purpose of assisting such organizations in intervening or participating in any agency or judicial proceedings which substantially affect consumer interest.

(b)(1) Assistance under subsection (a) of this section shall not be provided to any organization for the purpose of intervening or participating in any agency or judicial proceeding in which the Administrator is prohibited from intervening or participating.

(2) Any organization receiving assistance under subsection (a) of this section shall, as a condition of receiving such assistance, agree to abide by the requirements of section 7 of this Act insofar as such requirements relate to compliance with agency statutes and rules of procedure and the orderly conduct of the proceedings.

(c)(1) No financial assistance shall be made under this section unless an application therefor has been submitted to, and approved by, the Administrator. Such application, in accordance with regulations prescribed by the Administrator, shall provide for—

(A) substantial control of any program by or under the supervision of the applicant;

(B) the proper and efficient administration of such program;

(C) such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for funds received under this section;

(D) adequate assurances that the funds made available under this section will not be used by any grantee to advance any partisan or nonpartisan political activity associated with a candidate for public or party office, or to conduct any voter registration activity or any activity to provide voters or prospective voters with transportation to the polls;

(E) adequate assurances that funds made available under this section will not be used to require any act which is prohibited by Federal law, to prohibit any act which is required by Federal law, or take any action which is contrary to the purposes of this Act;

(F) such reports, in such form and containing such information, as the Administrator may reasonably require; and

(G) such other information and assurances as the Administrator may prescribe to provide for effective programs under this section.

(2) Payments under this section may be made in advance or by way of reimbursement and in such installments as the Administrator may determine.

(3)(A) Each recipient of financial assistance under this section shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the program for which such assistance is provided and the amount and the portion of the total cost supplied by other sources, and such other records as will facilitate an effective audit.

(B) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this section.

(4)(A) Whenever the Administrator, after reasonable notice and opportunity for hearing, finds that the Administration of any program funded under this section no longer substantially complies with the provisions of this section, he shall notify such recipient that no further payments will be made under this section, or that further payments will be limited to portions of the application not affected by such failure, until he is satisfied that there will no longer be any failure to comply.

(B) Any recipient of assistance under this section which is dissatisfied with a decision of the Administrator under subparagraph (A) of this paragraph may obtain judicial review, pursuant to chapter 7 of title 5, United States Code, in the United States District Court for the district in which the recipient resides or has his principal place of business. The commencement of proceedings under this paragraph shall not, unless so specifically ordered by the court, operate as a stay of the action of the Administrator.

On page 85, line 24, strike out "Sec. 17." and insert in lieu thereof "Sec. 18.".

On page 87, line 21, strike out "Sec. 18." and insert in lieu thereof "Sec. 19.".

On page 87, line 20, strike out "Sec. 19." and insert in lieu thereof "Sec. 20.".

On page 88, line 4, strike out "Sec. 20." and insert in lieu there of "Sec. 21.".

On page 88, line 15, strike out "Sec. 21." and insert in lieu thereof "Sec. 22.".

On page 89, line 21, strike out "Sec. 22" and insert in lieu thereof "Sec. 23."

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT—AMENDMENTS

AMENDMENT NO. 1523

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

TERMINATING DISC BENEFITS

Mr. MUSKIE. Mr. President, I send to the desk an amendment, cosponsored by Senators CLARK, HASKELL, HUDDLESTON, HUMPHREY, KENNEDY, MONDALE, and STEVENSON, that would terminate DISC benefits under the tax code, and recover $815 million in lost revenue in calendar year 1974. Under DISC, specially organized export corporations can defer indefinitely the tax on one-half of their income. Recent reports indicate that most of this lost revenue constitutes tax breaks for large, profitable exporting corporations—and that there is no evidence that DISC provisions are serving their intended purpose of stimulating extra exports. Finally, the new international monetary system of flexible exchange rates make the theory of DISC obsolete.

HOW DISC PROVISIONS WORK

Under existing law, a corporation may elect to be a DISC—a Domestic International Sales Corporation—if at least 95 percent of its gross receipts, and at least 95 percent of its assets, are export-related. DISCs are completely free from normal income taxes. Shareholders, however, are taxable on one-half of the DISCs income each year, or the amount distributed as dividends, whichever is greater. Thus, DISCs in effect allow indefinite tax deferral on one-half of export income.

In practice, DISCs are most often paper corporations established by other large corporations merely for the purpose of receiving tax benefits for export. A DISC need not satisfy normal requirements of corporate capitalization, but need have only $2,500 in assets. In 1972, 22 percent of the income received by all DISCs was earned by eight DISCs with gross receipts over $100 million, and over 80 percent of the 2,249 DISCs were owned by corporations with assets of over $100 million. These large corporations can channel their exports, on either a sale or commission basis, through DISCs they have created, and thus receive substantial tax benefits.

REVENUE GAIN FROM TERMINATION OF DISC BENEFITS

The estimated revenue loss from DISC was $250 million in 1972; $500 million in 1973, and will reach $740 million in 1974 and $920 million in 1975. The revenue loss has been much higher than Congress expected when it enacted DISC in 1971—at that time, DISC was predicted to cost only $100 million in 1972 and $170 million in 1973.

Terminating DISC benefits under my amendment would gain an estimated $815 million in 1974—$740 million from revenue which would otherwise be lost in 1974, and $75 million from the estimated tax revenue which would be payable in 1974 on DISC income deferred in prior years.

DISC PROVISIONS HAVE HAD NO DEMONSTRABLE EFFECT ON INCREASING OUR EXPORT TRADE

The United States in 1973 enjoyed a $700 million trade surplus, with an unprecedented $70 billion in exports. The trade surplus has continued in 1974. But when the DISC provisions were originally enacted in 1971, the Nation was facing a serious balance of payments deficit, including for the first time in recent years a deficit in trade of goods and services. According to the international economic report of the President, the turn-around in the U.S. trade balance was caused primarily by increased worldwide demand for our agricultural and manufactured exports, and the 15 percent devaluation of the dollar since 1971. During 1971 and the first half of 1972 our demand for foreign products was strong, and economic slowdowns abroad reduced demand for our exports, producing a negative trade balance. Since then, however, export demand has increased, the prices of our exports have become more competitive, and higher relative prices abroad have reduced our demand for imports.

There is no evidence than any part of this trade turn-around is due to the tax benefits provided under DISC. In fact, the GAO has reported that DISC "is not considered to have had much influence toward increasing U.S. exports to date. Neither has it resulted in exporters lowering their prices to meet competition." And a recent Treasury Department report gives no solid evidence that the tax subsidy under DISC is having an effect on our exports or balance of trade. Although the Treasury analysis, which covers data from 1972, shows that selected firms utilizing DISCs increased their exports 14.1 percent, slightly more than the total U.S. export growth by 12.4 percent in that year, the Treasury makes no claim that these figures are statistically significant, and admits that their conclusion is "highly tentative." The Treasury report did show, however, that exporters using DISCs have about twice the normal industry profit rate: 15 percent compared with the normal 8 percent rate of return for those industries in which DISCs predominate.

Even assuming that DISC could boost exports, and may have been seen by some as a worthwhile experiment when it was enacted in 1971, the changes in the world monetary system since then makes the DISC subsidy obsolete and counterproductive. The original justification for DISC was that it would allow our exporters to lower their prices and thus increase their sales. Under our present flexible monetary exchange rate system, however, such an artificially induced increase in our balance of trade would artificially increase the value of our dollar. As a consequence, the price of foreign goods would fall, and imports would increase, wiping out any benefits from DISC. Even worse, foreign investment would become cheaper and more attractive to Americans, and the flow of capital out of our country would increase.

EFFECTIVE DATE

My amendment would make DISC benefits unavailable for any taxable year beginning after December 13, 1973. Since DISCs are largly an accounting device, utilized by corporations at the end of their taxable years when export receipts, assets, and income are accounted for, terminating the DISC provisions as of this taxable year would work no unfairness. Taxes on income previously defended would be payable in equal assessments over 10 years.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 1348

At the request of Mr. HUMPHREY, the Senator from Indiana (Mr. HARTKE), the Senator from Maine (Mr. HATHAWAY), the Senator from Iowa (Mr. HUGHES), the Senator from Wyoming (Mr. MCGEE), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Minnesota (Mr. MONDALE), and the Senator from Wisconsin (Mr. NELSON) were added as cosponsors of amendment No. 1348 intended to be proposed to the bill (S. 2005) to provide adequate reserves of certain agricultural commodities, and for other purposes.

AMENDMENT NO. 1371

At the request of Mr. HUDDLESTON, the Senator from Maryland (Mr. MATHIAS) and the Senator from Illinois (Mr. STEVENSON) were added as cosponsors of amendment No. 1371 to provide a cost-of-living adjustment in the retirement income credit, intended to be proposed to the bill (H.R. 8217) to exempt from duty certain vessel equipment and repair costs.

AMENDMENT NO. 1458

At the request of Mr. MATHIAS, the Senator from Maryland (Mr. BEALL) was added as a cosponsor of amendment No. 1458, intended to be proposed to the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

AMENDMENT NO. 1468

At the request of Mr. HATFIELD, the Senator from North Dakota (Mr. YOUNG) was added as a cosponsor of amendment No. 1468 intended to be proposed to H.R. 14832 to provide for a temporary increase in the public debt limit.

ADDITIONAL STATEMENTS

TAX-CUTTING NONSENSE

Mr. HUGH SCOTT. Mr. President, the June 22 edition of Business Week has printed a timely editorial on Congress and fiscal responsibility. The two topics have not mixed well as of late and I would like to take this opportunity to join Business Week's forthright reporting in pointing out a few of the inconsistencies. In its "Tax-Cutting Nonsense" editorial, the magazine brings to our attention the absurdity of sponsoring sensible budget reform and then simultaneously conducting [a] biennial contest to determine who can sponsor the most nonsensical tax proposal.

I have said since the beginning of this debate that it would be futile to place a tax rider on the back of the debt ceiling bill when it is most certain to be either defeated in the House or vetoed.

Business Week concludes that "it would be a cruel hoax to pretend to help them—low income taxpayers—with a tax cut that simply generates still more inflation."

I ask unanimous consent that this most commendable editorial be printed in the RECORD.

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

TAX-CUTTING NONSENSE

The same Congress that has voted so sensibly for budget reform is simultaneously conducting its biennial contest to determine who can sponsor the most nonsensical tax-cutting proposal. For it is fiscal follies time again in Congress, and the show will continue until the November election.

The Senate is engaged in its old game of trying to piggyback a tax-cut rider onto important legislation—this time a bill raising the debt ceiling. The rider probably will be killed, either in the House or by veto, but the picture it portrays of a Congress unwilling to face up to fiscal realities is bound to undermine the nation's already shaky confidence.

With a roaring inflation and the prospect of an $11.4-billion deficit in the fiscal 1975 budget, this clearly is no time for any sort of tax-cutting. The proposal sponsored by Senators Kennedy and Mondale would compound the folly by repealing such investment incentives as accelerated depreciation. It would thus discourage the building of a new plant to expand capacity and cut costs—the one way the nation can hope to bring inflation under control.

As Treasury Under Secretary Paul A. Volcker warned the Senate Finance Committee last week, such a package would "tend to increase consumption and reduce investment. . . . This would exacerbate current pressures on the nation's productive capacity and contribute to continued inflation."

Part of the problem with the U.S. economy today is that too much of the burden of fighting inflation has been left to the Federal Reserve. Monetary policy cannot do the job alone. The money managers must have fiscal support, or the whole anti-inflation program will wind up in disaster.

There is no denying that inflation has hit the low-income taxpayers hardest. But it would be a cruel hoax to pretend to help them with a tax cut that simply generates still more inflation.

SENATOR GEORGE McGOVERN'S ADDRESS TO SOUTH DAKOTA VFW STATE CONVENTION

Mr. MANSFIELD. Mr. President, no Member of Congress has given more of his time, been more genuine in his commitment, or worked with greater under-

standing of America's veterans than Senator McGOVERN.

As a bomber pilot in World War II, he won his Nation's gratitude as a decorated war hero.

As one of the country's foremost leaders, he has, time and again, won the respect of veterans for his tireless efforts on their behalf.

And when the Senate recently passed the Vietnam Era Readjustment Act of 1974, the main provisions of that bill were those originally introduced by Senator McGOVERN last year. He argued successfully for a tuition assistance allowance, for an extension of the delimiting period, for increases in the monthly education assistance allowance, and for an extension of the entitlement period for educational benefits. These efforts are clear testament to his deep fellowship with the causes of peace and justice which our veterans have fought so hard to preserve.

For these reasons, those of us in Congress pay particular attention when Senator McGOVERN addresses the issue of veterans' affairs. On June 16, 1974, in Rapid City, S. Dak., Senator McGOVERN addressed his State's Veterans of Foreign Wars Convention, and I know that my colleagues in the Senate will be most interested in reading his remarks.

I ask unanimous consent that a transcript of those remarks be printed in the RECORD.

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

VFW STATE CONVENTION,
RAPID CITY, S. DAK.,
June 16, 1974.

Commander Musick, officers, and fellow veterans. I'm pleased to be with you today at what must be a landmark state convention for the VFW. I have noted with a great deal of pride South Dakota's standing in the national membership drive. You can all be very proud of the fact that you lead the nation for two months. It is a tribute to both your hard work and your dedication as well as your open armed welcome for the newly returned Vietnam veterans.

I think special tribute must be paid to your very fine state commander who has spent the last year acquainting himself with almost every square inch of South Dakota. If there has been a legitimate energy crisis in South Dakota, somebody forgot to tell Russ about it. I understand that he has spent so much time in Redfield that they're giving serious consideration to either electing him to an office in their post or just setting up the Russ Musick memorial overnight room.

Seriously, I think everyone in the State who has had the opportunity to work with Russ over the past year will be a little sorry to see him step down. His work in helping to organize the joint South Dakota Veterans' Committee, to provide better leadership in the State Capitol for all veterans, speaks for itself. You all know of his fine efforts to gain the support of every veterans' organization in the State.

That kind of cooperation can only lead to bigger and better things for South Dakota's veterans. And there is no doubt that we need that cooperation.

From my own viewpoint, we need it for three specific legislative undertakings in the Congress.

For the past fourteen months, I have been working in the 93d Congress to pass comprehensive reform of the Vietnam Veterans GI bill. I am very pleased to report today that the Senate is about to pass landmark legislation in that area. The Senate bill includes the tuition program I first proposed in May of last year. Since that time, I have worked closely with the VFW and particularly Smokey Stover, as well as the other major veterans organizations, in gathering support for reinstatement of some kind of tuition plan that so many of us in this room had available to us following World War II.

After a year of hard work, in which we gathered the support of over a third of the Senate from both parties, it looks as if we are closing in on that goal. There is still considerable opposition in the House of Representatives and the VA itself. We have come too far and over too many hurdles to rest now.

But with the same kind of support exhibited by the VFW both on a State and national level, I am confident that the remaining hurdles can be overcome and that we can pay a long overdue and well-deserved tribute to the seven million men who served their country during the last decade and a half.

We also need that same kind of across-the-board support for measures before the Congress calling for a guaranteed pension for our World War I veterans and their wives and widows. Each time I read the inscription on the Veterans' Administration Building in Washington, I have to honestly wonder if we are fulfilling our obligation to the men who fought in the World's first great war. On the building are enscribed the words of Abraham Lincoln from his second inaugural address: "To care for him who has borne the weight of battle and for his widow and his orphan."

There was no Veterans' Administration and no GI bill after World War I. The veterans in the 1920's left the service with no more than their discharge papers and a small bonus payment. When a group of them came to Washington, they were run out of town and berated as troublemakers. Over fifty years later, they still have not received the kind of justice they deserve.

As many of you are aware, I sometimes get impatient with the way things move in Washington. It seemed to me that we had waited far too long for a decent pension system for our World War I veterans from the appropriate committee, so I introduced my own bill. Senate bill 3383 which I introduced over two months ago is a companion bill to Representative Frey's bill in the House, H.R. 13579. It will provide a guaranteed monthly pension to every World War I veteran and his family regardless of other pension plans. It stands right along side the GI bill reform on my list of priorities. Senator Hugh Scott, the Senate minority leader, has joined me as a cosponsor, and I look forward to gathering the same kind of widespread, bipartisan support for this bill that we put together for the Vietnam veterans GI bill. I know that the VFW is supporting this measure with the same enthusiasm you have always given to badly needed reform in our veterans' programs.

Finally, the Congress has a commitment to act before the end of this year on comprehensive pension reform. We have to straighten out the government system that puts money into one of your pockets through cost-of-living raises in social security, and then takes it out of the other pocket through reductions in the non-service-connected pension. I have spoken with members of the Senate Veterans' Affairs Committee about this problem, and we have their commitment that decisive action will be taken before the end of 1974, when the recent social security raises will again be computed as part of the veterans' outside allowable income. These are the three priorities on which I seek your support. Looking back over the last year and a half of the 93rd Congress, at passage of raises in disability compensation and non-service-connected pensions, expanded health care services, and a new national cemetery system for veterans, I think these goals are reasonable and attainable.

Now I want to spend just a moment discussing an issue that has been the subject of a great deal of debate and misunderstanding throughout the country, particularly in the context of my bid for the presidency in 1972.

I fully expect that it will come up again in 1974. And I know that it has bothered many of you.

As you all know, I have felt very strongly about the need to heal the wounds, both physical and spiritual, left behind as a result of our involvement in Vietnam. As a presidential candidate, I included in that context not only the kind of veterans programs I have been pressing in the United States Senate, but a discussion of amnesty for those who were called but did not go.

But veterans benefits are very much within the responsibilities of a United States Senator. Amnesty is not. And I think it is time to lay that issue to rest.

I regard it as the sole prerogative of the President to determine whether or not some kind of amnesty is in the best interests of the country. After nearly every war in our history, the President in power at the time has granted at least a limited amnesty to those who could not find it within themselves to participate in the fighting. They did that under the exclusive Presidential power, under article II, section 2, of the constitution, to ". . . grant reprieves and pardons for offenses against the United States."

But it is no secret that I am not the President. And neither is the President's position a secret. He is against amnesty.

I support his right to take that stand and to establish that policy. And in my view that settles the issue. No Senator is going to change it.

So my concern now is the same as my first concern has been throughout our national debate over this issue.

The grand strategies and objectives of the Vietnam war have been debated more thoroughly than ever before in our history. There has been no neglect on that score.

Further, in the postwar period we have still been attentive to the comfort and concerns of the people America spent life and treasure for while the war was going on. The Thieu government has received billions of dollars in American aid. And the administration even proposed a huge aid program for North Vietnam—a proposal I firmly opposed.

But for all of this attention to others, it has taken a major effort—an effort still not completed—to provide adequately for the young men who took the ultimate risk for their country. In that case the first response was neglect. And it was a shame.

So let us continue pushing for the millions of young men who did fight—for the 25,000 paraplegics and quadraplegics, the thousands more disabled in other ways, the thousands who make up a jobless rate for Vietnam veterans that is twice the national average, and the half a million who are experiencing serious and prolonged problems in readjusting to civilian life.

These men deserve the undivided attention of a nation known for its gratitude toward her fighting men.

If we put our minds and our hearts to the task, I know we can bring them justice.

As Americans and veterans, we should settle for nothing less.

FORT CAMPBELL, KY.

Mr. COOK. Mr. President, Kentucky is very proud that Fort Campbell was selected as the permanent home of the 101st Airborne Division—Airmobile. This decision and the resultant construction program designed to permanentize Fort

Campbell have been a tremendous boost to the morale and economy of the area. I take equal pride in the excellent community relationship which exists between the post and civilian groups. Fort Campbell soldiers take pride in their division's permanent home in Kentucky.

I have always supported the program at Fort Campbell and have urged my colleagues in the Congress to make the necessary funds available. I have been most encouraged by the appropriations which were approved as well as the construction timetable which has been maintained. The fiscal year 1972 and fiscal year 1973 budgets included a first stage for permanent construction and $30 million was appropriated. In the last fiscal year, 1974, $51,881,000 was appropriated for the second and third phase at the post. This year, fiscal year 1975, $11,690,000 has been requested to provide a much-needed dental clinic; to continue the barracks modernization; and to provide an addition to the sewage plant.

There still remains a requirement for a modern hospital to replace the World War II structure composed of over 7 miles of corridors connecting a multi-winged complex. During recent visits to Fort Campbell, I have been informed that maintenance costs are increasing and have reached almost prohibitive proportions.

Two years ago, on June 3, 1972 I wrote to the Secretary of the Army and urged that funds for the design of a hospital for Fort Campbell be included in future program requests. I was informed by the Secretary that new construction was being considered, and on August 30, 1972, I learned that a new 312-bed hospital was to be included in the fiscal year 1976 program. Plans are moving ahead on this project, and the architect firm of Perkins and Will have begun work on the design. Construction is to begin on the $47 million facility in fiscal year 1977. The completion of this facility will round out the more than $150 million construction program.

The entire program has had a most constructive effect on the communities which surround this 105,415 acre military installation. It has been most difficult to build a viable economy based on the tenuous status and fluctuating population which have been associated with this installation in the past. Since 1972, when the 101st returned from Vietnam to take up permanent residence and assure a relatively stable population at Fort Campbell, all systems have been "go."

I urge the Congress to look favorably on the construction programs at Fort Campbell for fiscal year 1975 and the years ahead. I know that the faith placed by the Nation in Kentucky and Fort Campbell will continue to be justified.

THE CRISIS IN THE CATTLE INDUSTRY

Mr. HASKELL. Mr. President, on Tuesday, June 18, a group of about 300 Colorado cattle feeders, ranchers, farmers, bankers, and businessmen met in Lamar, a southeastern Colorado community, to discuss the present crisis in the cattle industry, a crisis which we now realize, literally threatens cattle raisers throughout the Nation with ruin. They met to consider the impact of this situation on the entire rural economy of southeastern Colorado as well as the State at large, and to decide among themselves what steps might be taken to help the beef industry weather the storm and recover.

I had hoped to be able to attend this important meeting, which was called by a most able and distinguished member of the Colorado State Legislature, Representative Forrest Burns, but the heavy schedule of legislation now before the U.S. Senate prevented my being there. I did, however, send a letter to the participants telling them of my concern, outlining my views on the situation, and describing the action taken by myself and my Senate colleagues, to assist cattle producers.

A resolution was adopted at the Lamar meeting. I ask unanimous consent that the resolution and my letter to the participants in the meeting be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HASKELL. The resolution calls for immediate imposition of beef import quotas by the President, increased exports of American beef, and expanded domestic consumption of beef. The resolution also calls for short-term loan guarantees for local financing in cases where local loans would not otherwise be available. I understand the Senate will vote on a bill shortly to provide such federally guaranteed loans for livestock producers. I intend to support this much needed legislation.

Mr. President, I endorse the resolution adopted by the participants at the June 18 meeting in Lamar, Colo., and pledge my support of the measures recommended.

EXHIBIT 1

RESOLUTION

Whereas, the cattle industry is one of the keystones to the overall economy of this state and the entire nation, and

Whereas, it is present-day knowledge that the cattle industry is rapidly approaching disaster, and

Whereas, if something is not done immediately to improve the economy of the industry, the end result will be bankruptcy, foreclosure along with going out of business, and

Whereas, the depressed market for slaughter cattle will have the same depressing effect on the rest of the industry, now, therefore

Be it resolved by this group of 300 feeders, bankers, ranchers, farmers and business men from Southeast Colorado that immediate action be taken to implement beef import quotas and to take whatever steps necessary to increase exports of beef and beef products and to increase domestic consumption;

Also, that short-term loans be made available through guaranteed local financing where local loans otherwise would not be available.

Be it further resolved that copies of this resolution be sent to the President of the United States, the United States Secretary of Agriculture, and to all Colorado members of the United States Senate, House of Representatives and to the Chairman of the House and Senate Agricultural Committees.

JUNE 14, 1974.

State Representative FORREST G. BURNS,
Lamar, Colo.

DEAR FORREST: Thank you for the invitation to meet with representatives of the cattle industry on Tuesday, June 18th at the Lamar Community Building. While, I would like to be there, I am afraid that my schedule will not permit me to come in person to the meeting. I am aware of the critical situation faced by the cattle industry at this moment.

I would like to outline the action I have taken so far, and I would like to ask you to pass on my concern to the people who will be gathered with you in Lamar on Tuesday.

For sometime, and especially since meeting with many of you in Lamar last March, I have been concerned with the financial crisis our Colorado cattle feeders are experiencing. To put it in the simplest terms, there is no way a man can afford to lose $150.–$200. per head on his cattle. It doesn't make sense, and relief for this situation has to be found immediately. I know that the low cattle feeder price is not reflected at the supermarket today. I am concerned that a continuation of this will ultimately hurt the consumer. Cattlemen will not continue operating at a loss, and a severely restricted cattle feeding operation will show up in the supermarket with prices going even higher.

On June 6th I sent a letter, along with a number of other Senators, to the President requesting a meeting within the week with Secretary Butz. At this meeting, we had hoped to discuss the financial problems faced by cattle feeders and the impact the severe financial losses they were faced with would have on the beef market, and ultimately, the consumer. One of the matters we wanted to discuss with the secretary was the reimposition of beef import quotas.

We have not received a reply from the White House to date. However, subsequently, on Wednesday, June 12th, the White House called an emergency meeting, scheduled for Monday, June 17th with cattle industry leaders, grocery chain executives and agricultural leaders.

On last Thursday, June 13th, an emergency meeting was called by Senator Mansfield, and was attended by Senators from cattle producing States, including myself. At that meeting we determined a number of courses of action were imperative:

1. We asked the President to exercise the authority he now has under the existing meat import law (PL 88–482) to prevent the dumping of world surplus meat supplies on the American market. We noted to the President that Japan, Canada and the European Economic Community have imposed restriction of importation of meat into those areas in order to protect their industries.

2. We asked the President to insist meat retailers and wholesalers pass on to consumers the savings, we believe they could if they were willing. If they do not we will ask for a Federal Trade Commission investigation of the growing margin between the livestock market and supermarket prices.

3. We urged the President to make immediate, substantial purchases of both beef and poultry for the school lunch program. By doing so, we hoped to stimulate beef sales. I am aware how livestock is backed up in the feedlots, and realize this is not a long term panacea for the massive problem we have but it offers short term relief.

4. We also asked the House and Senate Agricultural Committees to hold hearings immediately on legislation to provide emergency assistance to the cattle industry under the USDA loan program. It is my understanding that Senator McGovern's Agriculture subcommittee will begin those hearings on Monday, June 17th. It is my hope that legislation will come in two weeks.

I have enclosed copies of my press releases (June 6th and 13th) outlining my thoughts in some detail. I would appreciate your reading the text of my letter to the members of

the cattle industry represented at your meeting and distributing my releases.

I will be very interested to hear the results of your meeting and would like to hear your recommendations regarding possible solutions to this problem. Your input at this time will be most helpful.

Best regards.

Sincerely,

FLOYD K. HASKELL,
U.S. Senator.

ANNOUNCEMENT OF POSITION ON VOTES

Mr. BIDEN. Mr. President, on Wednesday, June 19, 1974 by a unanimous vote of 90 to 0, the Senate passed H.R. 11105, to amend the Older Americans Act relating to nutrition programs for the elderly.

As a cosponsor of that legislation, I am gratified by its passage. Unfortunately, I was detained in Delaware at the time of the Senate's action, and, therefore, I would like to state that if present and voting, I would have voted "yea" on final passage of H.R. 11105.

In addition, also on June 19, had I been present for the rollcall on amendment No. 1440, offered by Senator BELLMON, to S. 2784, the G.I. bill amendments, I would have answered "nay."

DAY CARE CENTERS

Mr. CASE. Mr. President, as a longtime supporter of expanded day care programs, I was delighted by the remarks of the distinguished Senator from Massachusetts (Mr. BROOKE) on the occasion of the Greater New Brunswick Day Care Council graduation on May 17.

I ask unanimous consent, Mr. President, that these remarks be printed in the RECORD.

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

REMARKS OF SENATOR EDWARD W. BROOKE

"The worth of a nation may be measured by the concern of one generation for the next."

It is good to be here tonight with thise who also believe Urie Bronfenbrenner's words. You do care for our nation's children and your concern has resulted in a day care program sensitive to the needs of children and insistent upon a child's right to develop to his or her full potential.

Much of my time and efforts in the Senate have been in the support of legislation to protect and to further the interests of our children. My main priorities as a member of the Senate Appropriations Committee in 1973, were to insure increased appropriations for Project Headstart and programs for the education of our handicapped children.

Unfortunately, however, I have probably spent more time the past few years protecting existing programs than in working to expand them or in proposing new ones.

Last year much of my efforts went to preventing the emasculation of the Social Security Title IV programs, which support this New Brunswick day care program and others like it across the nation.

For a country which professes concern about its children our present response to the problems of our children is discouraging. And in many instances, either directly, or perhaps even more cruelly through neglect, the government itself is, as Dr. Edward Zigler, former head of the United States Office of Child Development, testified, "a co-conspirator in the abuse of children."

Our institutionalized children—our mentally retarded and emotionally disturbed children—are often confined to institutions which at best do not help the child and which at worst remind us of medieval horror chambers.

Child abuse is a nationwide occurrence of frightening proportions—a condition which incredibly the federal government ignored until this very last year.

Drug abuse is a widespread national problem, not only among our teenagers; but even more tragically among our younger children as well.

Alcoholism is joining drug abuse as a major cause for concern.

The ever increasing thousands of runaway children have received little national attention until the recent mass murder case in Texas.

Suicide among the nation's youth has grown so drastically in the past few years that it is now the second leading cause of death among young people between the ages of 15 and 24.

Juvenile delinquency since 1963 has grown at a faster rate than the juvenile population. It is now estimated that if the trend continues, one out of every 9 children will appear in juvenile court before she or he reaches the age of 18.

Our methods for reforming juvenile delinquents often insure the emergence of alienated adults, if not hardened criminals.

Poverty with its pervasive destructive elements helps retard the social, educational, phychological, physical and emotional health of millions of our children. In 1971, 3.2 million of our children under 6, and 10 million children in all lived in poverty, and a like number lived in near poverty.

Parents, child psychologists and others who work directly with children attribute much of the present behavioral, motivational, and educational problems of children to the fact that our children now socialize each other, spending increasingly less time with their families, free from family and adult supervision and guidance. In some cases this is the parent's free choice, but in too many instances it now occurs because both parents or the only parent must work.

These changes in the American family and the subsequent need for family support services is a powerful argument for the expansion of day care facilities.

In the United States, one-half of all mothers with pre-school children or school-age children now work. One-third of mothers with children under five are now working.

Although the day care needs of pre-school children attract more attention, two-thirds of our children requiring day care are school-age children left on their own after school and during vacations.

When parents must work, there are few child care options open to them. The ex tended family—a household with parents and children and grandparents or aunts and uncles—has almost faded from American life. Thus if parents work, they must look outside the family for someone to tend their children. And in our present complex and impersonal society with its rapidly deteriorating sense of community this is not always easy to do.

The parents of almost one million American children are unable to find, or unable to afford, any care for their children while they are away working. Among them are 18,000 pre-school children. These children are left to their own devices, left to wander the streets, feed themselves and face danger alone. The latchkeys often tied around their necks are the frail symbols of home and protection—symbols too of an affluent society's lack of concern for those children who most deserve its attention and care.

A second compelling argument for quality child care is the knowledge we now have of early childhood needs and development. Much of a child's intellectual, emotional and physical development occurs before the age of five.

If the child does not receive the aid to develop during those earliest years, he may well suffer the consequences—and society may well feel the effects—for the rest of that child's life.

It is not, however, only the children whose parents are absent working who need developmental care and aid during their early years. Some 10 million children in the United States live in poverty, their parents unable to afford the necessities, much less the "extras" which help a child develop intellectually and physically. Often the parents of these children are too poor to afford even the most basic health care. In a study in Mississippi, for example, doctors found 1,301 untreated medical abnormalities in 1,178 poor children examined. Unfortunately, this situation is not unique to Mississippi.

Thus we who advocate an expanded and adequate child care program are not just idealists. We are also the realists. It is we who are facing the present day facts of family life and of poverty and near poverty in the United States. It is we who face up to the tremendous and rapidly growing need for child care and family support services in America.

The number of children in day care centers doubled between 1965 and 1970. But we are still left with an overwhelming need for spaces in quality, licensed day care centers. The National Council of Jewish Women in their landmark report *Windows On Day Care* estimated that if during the next five years an additional 2 million children under the age of 6—the age group the study was mainly concerned with—were to be provided with quality care, the addition would not be sufficient to catch up with the worst of the *current* backlog.

It is incredible but true that there are fewer than 700,000 spaces in licensed day care centers to serve the 5 million preschool children whose mothers work.

But it is not simply day care center spaces—an expansion of facilities—which concern us. We are equally concerned about the quality of day care and the standards set for child care centers. Twice in the past two Congresses, I have worked with other Senators on the floor of the Senate to defeat attempts to seriously weaken federal day care standards.

No one can deny the deplorable, the shocking conditions found in too many day care centers across the country. The study *Windows On Day Care*, reports the horrors that are allowed to pass themselves off as child care centers. Here are only a few of their findings:

"The center is housed in a shack in poor repair. It was overcrowded, filthy and depressing. It was very small for the number of children. Two of us arrived at nap time and one tiny room was completely filled with cots which were right up against each other. There were 22 children in attendance that day . . . The bathroom had the tile off the wall and the black tar was exposed. t had only one sink, one toilet, and an old bath tub. Cockroaches and rat holes were omnipresent."

And at another center investiagtors found:

"In charge were several untrained high school girls. No adults present. No decent toys. Rat holes clearly visible. To keep discipline, the children were not allowed to talk. The mass custodial center couldn't have been much worse."

At still another center it was reported:

"All of the children were in one poor, dark basement room separated by tables according to age. There was limited, if any, incontrol and there was limited, if any, individual attention . . . sad cases of inhuman, dehumanizing of kids."

These unfortunately are descriptions not of a few days care centers but of too many. Such places endanger a child physically and

equally damaging, commit, in the words of Erik Erikson the most deadly of all sins . . . the mutilation of a child's spirit.

The job ahead is to educate the nation so that it ceases to see day care centers merely as custodial centers but begins to see the great value of comprehensive child care—such as the program here in New Brunswick which we celebrate tonight. We must assure that programs of child care serve the entire needs of a child, caring for his health and nutritional requirements and developing his intellect, motivation and emotional maturity. And we must further assure that these programs involve the parents of that child in his growth development.

Only major federal government involvement can insure an adequate number of day care facilities with quality standards. Only the federal government can help make day care available—not only to poverty level families, but equally important, to families with modest incomes just above the poverty level. There are, for example, one million American children with working mothers in families with incomes between $4,000 and $7,000. These low income families are often deprived of decent and safe day care because they have incomes slightly too high to qualify for most federally assisted day care programs but incomes too low to afford private quality day care.

This responsibility of the federal government was recognized by the 1970 White House Conference on Children, which made quality day care its number one priority recommendation for the 1970's.

In contrast to the 1960's, however, the recent record of the federal government has not been outstanding in fulfilling its obligations to the nation's children in many areas, not just day care.

The 1960's were a period for innovative and long-needed programs for our nation's children. Title I of the Elementary and Secondary Education Act provided compensatory education for children from educationally deprived backgrounds. Title IV of Social Security funded a wide variety of programs for children, including day care. Project Headstart was begun.

And then in the late 1960's and early 1970's the government seemed to lose interest in legislation and programs affecting our children. A new book bears the title *Child Care—Who Cares?* Many have come to believe in the last few years that the government itself has ceased to care.

Many federal programs for children, including Headstart, have been brought to a standstill because their funding no longer even covers the costs of inflation, much less providing for expansion. Other programs, including Headstart's companion program, Follow Through, have had their very existence threatened. Major efforts to reform our present welfare program with its devastating effects upon family stability have so far been rejected.

The Comprehensive Child Development Act of 1970, which I consponsored and which passed both the Senate and House of Representatives was so successfully vetoed by the President that a child care bill has borne little chance since.

In the past two or three years, congressional supporters of legislation for our children and youth have been relegated to a holding action—both in authorizing legislation and in appropriations bills.

But as dark as the prospects may be for legislation aiding our children, there is cause for hope. We have, for example, come to see how much the veto of the Child Development Bill has cost us in social and human terms. We are learning that the question is not only how much will a bill cost, but also how much do we care? We are asking what will happen to our children if we do not provide early childhood care and training for them.

Within the next few weeks, Senator Harrison Williams of New Jersey, Chairman of the Labor and Public Welfare Committee, will report to the floor of the Senate S. 6, a bill for the education of all handicapped children. This major bill would provide federal financial aid to the states to provide the extra funding needed to educate our handicapped children, millions of whom are now excluded from public schools, excluded from the training which they need in order to lead normal and productive lives, excluded from the training which they need to avoid unnecessary institutionalization.

Also within a few weeks, the previously vetoed Comprehensive Child Development Bill will be reintroduced. It contains even stronger provisions for family support services than did the original bill. This alone is testimony to our increasing awareness of how fragile family life in America has become and how tragic the consequences of this fragility will be.

Both of these bills enjoy wide bipartisan support. We are optimistic that both will be enacted and hopeful that both will be signed into law.

I have talked of the national need for child care and day care centers. I have cited many supporting statistics. But to me the most compelling need, the most compelling argument for adequate quality day care is the solitary child—a child alone facing a very large world which seems to offer him very little hope or held.

Stephen Spender wrote:

No cause is just unless it guards the innocent
As sacred trust: No truth but that
Which reckons this child's tears an argument.

For too long we have ignored the needs of children, particularly those children whose parents' presence is impossible or whose parents care is insufficient.

Let us resolve, you and I, that those days are past.

COST ACCOUNTING BOARD STANDARDS MUST BE UPHELD

Mr. PROXMIRE. Mr. President, unless the Cost Accounting Standards Board resists efforts by the aerospace industry to delay or water down a proposed standard on depreciation for defense contract costing purposes, taxpayers will lose hundreds of millions of dollars.

As vice chairman of the Congressional Joint Economic Committee and chairman of its Subcommittee on Priorities and Economy in Government and as the ranking Democratic Member of the Senate Banking Committee, I have had a long, long interest in the Board.

The Cost Accounting Standards Board, an arm of Congress, has proposed a standard on depreciation which if adopted will end a multimillion dollar giveaway to the aerospace and defense industry. It is a major decision and it is a right decision.

Millions of dollars in unearned, hidden, and unacknowledged profits are paid to defense contractors each year because the Pentagon allows them to load up their defense contracts with unrealistic and unwarranted depreciation charges.

Aerospace firms oppose the new standard because they know it will curb the depreciation giveaway.

BOARD MUST RESIST

I call on the Board to resist opposition to the new standard, and to see that it is rapidly adopted and enforced.

Under present rules aerospace firms can now invest in expensive new plant and equipment knowing they will be reimbursed by the Government through accelerated depreciation on defense contracts.

The plant and equipment, paid for mostly or entirely with taxpayers' money, is then used on commercial business for years after they have been fully depreciated.

The proposed standard, issued by the Cost Accounting Standards Board, provides that for defense contract costing purposes the service lives estimated by contractors for buildings and equipment and other tangible capital assets must be the expected actual service lives at the date of acquisition. A piece of equipment expected to last 10 years should be given an estimated 10 year service life for depreciation.

The new standard also requires that the method of depreciation selected by defense contractors must approximate the expected consumption of asset services in each fiscal year. If an item is expected to be used up at the rate of 10 percent per year, it should be depreciated on the same basis.

Because of the present lack of uniform accounting standards defense contractors can take advantage of the Government in two ways. They can estimate a shorter service life for an asset and they can accelerate depreciation.

As a result, defense contractors receive from the Government more money in a shorter time than they are entitled to. This gives defense contractors a tremendous cash flow advantage over other businessmen, reduces their need for borrowing and is a major source of hidden profits.

The Cost Accounting Standard Board's investigations show that defense contractors are selecting depreciation lives and methods which do not truly represent the consumption of the service potential of the assets. This, according to the Board, has the effect of unduly accelerating the allocation of depreciation cost to earlier years and to defense contracts performed in those years.

There is ample evidence that the assets typically are used on commercial business long after their costs have been recovered from the Pentagon.

Why should the taxpayer have to pay this subsidy?

The new standard does not prohibit accelerated depreciation in all cases. If it is justified, as where there are high maintenance costs in later years, it can still be used. But the method of depreciation should conform to the real life expectancy and consumption of the asset.

The Board has taken a step in the right direction. Now it needs to act promptly to adopt the proposed standard for mandatory application to negotiated defense contracts.

A RED INK BUDGET

Mr. CRANSTON. Mr. President, inflation is partly psychological—and we can all play a part in the fight to end it.

Business stockpiles goods, creating shortages. Labor seeks larger payments to compensate for future inflation. Prices are padded in anticipation of rising costs.

And the Federal Reserve Board squeezes the money supply, driving interest rates right off the chart.

Those of us who are privileged to serve in the Senate must go after President Nixon's red ink $350.4 billion proposed budget with a very sharp knife. Congress must take this decisive action to get Federal spending under control and to make clear to business, labor, and the public that it means business in fighting inflation.

Congress has recently moved on two fronts to cut substantially the President's budget and to place an automatic ceiling on Federal spending in future years. By voting a $295 billion limit on the fiscal 1975 budget, the Senate proposes cutting the Nixon budget more than $10 billion, is about the same amount that budget is in the red. I believe the House and Senate must agree to bring this spending program down by at least that much.

An even more significant move was agreed upon by both Houses of Congress just weeks ago. Both have now passed and sent to the President legislation setting up permanent budgetary machinery to place an annual ceiling on Federal spending. This is the kind of legislation I have been fighting for since 1971 when WILLIAM PROXMIRE of Wisconsin and I were the only northern Democrats in the Senate supporting a spending limit.

We should start by cutting into the $30 billion we normally spend to support about 2,000 military bases and installations in 30 foreign countries. We failed in our first effort in the Senate—by only two votes—to recall and deactivate a goodly number of overseas troops. But we will try again. The savings would run into billions, and the gains in the battle against inflation would be tremendous.

Vietnam should have taught us once and for all that we cannot fight a ground war in Asia. Yet the Pentagon maintains a great many of our overseas troops there poised exactly for the purpose—another conventional ground war.

And there are other places to cut the Nixon budget—like in the huge payment we are making to pay for the ongoing Vietnam war; and in military aid to dictators.

Without a $10.4 billion cut, the Nixon budget of $305.4 is terribly inflationary in its proposed spending in excess of revenues.

THE EXPORT-IMPORT BANK OF THE UNITED STATES—VEHICLE FOR AMERICAN EXPORT EXPANSION

Mr. PACKWOOD. Mr. President, as the ranking Republican member of the Senate Banking Committee's Subcommittee on International Finance for the last 4 years, I have had an opportunity to carefully study the contribution made by the Export-Import Bank in supporting and promoting American participation in world markets. I like what I have seen.

Under the stewardship of Henry Kearns until earlier this year when he was replaced by William Casey, the Bank has worked with a combination of vigor and vision seldom seen in a Federal agency. I am certain that Bill Casey will carry forth in his present responsibility as Chairman of the Bank and that the Bank will further expand its support of American exporters in an increasingly competitive world marketplace.

In the current issue of Finance magazine, there is an article discussing the vital role that Eximbank plays in world trade. I ask unanimous consent that the article be printed in the RECORD, so that each of my colleagues may benefit from a better understanding of what the Bank is all about.

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

EXIMBANK: DYNAMO FOR A NEW ERA IN U.S. OVERSEAS TRADE

(NOTE.—Finance magazine looks at the almost unique government agency—which operates at a profit and whose mushrooming growth spells higher earnings for American industry—our strongest offset to new balance-of-payments problems coming from higher-priced oil. With Casey at the helm Eximbank is becoming a major factor in international trade—on both sides of the Iron Curtain.)

Détente, like so many other happenings in these frenetic times will mean different things to different people on different days of the week. To American businessmen it conjures visions of a new frontier—first glimpsed as a mirage in the economic desert of the Great Depression forty long years ago, when the Export-Import Bank was started, on the initiative of President Roosevelt, with minimum funding and without Congressional approval to stimulate trade with the Soviet Union—just after the U.S. got around to recognizing that country's diplomatic existence. But in those days Joseph Stalin had no intention of opening up his private preserve to exploitation by "toadies and lickspittles of Wall Street imperialism"! Nothing was further from his subtle mind than to postpone the "inevitable collapse of capitalism" by offering us a new market.

The mirage vanished and Eximbank was filed and all but forgotten as one more of those useless bureaucratic abstractions that only appear in the fine print of each year's budget report. Its hopes were revived during World War II and even given subsequent substance and funded with $1 billion of capital with passage of the Export-Import Act of 1945, which contemplated the expansion of the bank's activities to include dealings with underdeveloped countries. As it turned out, this too was something of a mirage, because our relations with the USSR began to deteriorate promptly thereafter and our dealings with the poorer nations—which in those days included about every country in the world—were mostly in the form of direct aid. The least of our concerns at the time was with how to improve our trade balances.

Through the 1960s the bank held a low profile, making small loans principally to companies doing business with underdeveloped countries and/or offering guarantees and insurance to others, in private industry, who wished to make such loans. For fiscal-year 1969 the bank was involved in total annual commitments of around $2.5 billion, about half of it in direct loans. Its lending authority had been raised to $13.5 billion, but there appeared few takers.

Massive outflows of U.S. capital during 1969 and 1970 focused Administration and business attention on the bank as a means of stimulating exports. Commitments for fiscal 1970 increased to $4 billion and for fiscal 1971, to $5.4 billion. An amendment to the original incorporating act in that year raised the bank's lending authority to $20 billion. In fiscal 1972 the bank's commitments rose to $7.2 billion and the following year to $8.5 billion. Something over two-thirds of the total was divided in roughly equal chunks among South America, Europe, and Asia. The USSR mirage had become pretty pale, with only 1.7% of Eximbank's credits committed to trades with that country as of this April.

At the same time Washington's steady progress toward "normalization" of commercial relations with the Soviet Union and Communist China was reviving old hopes.

CLEARING THE HURDLES

The barriers to opening up meaningful trade with the USSR were formidable: there was the unpleasant question of when the Russians might get around to settling their World War II Lend-Lease obligations and the touchy political problem—not yet solved—of convincing Congress the Soviet Union merited having "most favored nation" status. The 1972 Wheat Deal, the unquestioned—if the invisible—influences exercised by the USSR in helping us extricate ourselves from Vietnam, and recognition by the Kremlin that the U.S. bread basket might be needed again to stave off possible famine in the Worker's Paradise—these were among the factors that brought the exotic word *détente* into the taxi driver's vocabulary and made the old mirage look like more than an optical illusion.

With all the mutual goodwill in the world, it is no easy matter to negotiate anything with Communist representatives. Molehills become mountains under the magnification of dialectic scrutiny. American businessmen, accustomed to quick, handshake decisions involving millions of dollars, must learn to cope with the Byzantine intricacies of a "stop and go" policy dictated by the often unfathomable logic of the Kremlin's current Party Line. At the U.S. end, the bank is asking for an additional $10 billion in lending authority and its charter is up for renewal—which creates a golden opportunity for Congressmen to exercise their hobby horses and raise all sorts of awkward questions as to whether the bank may in some way be aiding "the common enemy."

No one seriously doubts that the bank will survive and its requests be granted, even if this is achieved at the cost of severe restrictions on trading with Russia. The bank, however, sees an ultimate potential of over $120 billion in business with the USSR and is reluctant to sit back while other countries snatch the bacon.

THE MAN

It is probably for this reason that Bill Casey has given up his prestigious post as Undersecretary of State for Economic Affairs to become Eximbank's new head. His combination of talents useful in this job may be unique. As a onetime successful entrepreneur he understands and sympathizes with the thinking of businessmen who want to develop new export fields behind the Iron Curtain. As a brilliant ex-corporation lawyer whose razor-sharp perceptions of legalistic minutiae have been further honed during his stint as head of the SEC, he is well-equipped to shepherd the most intricate negotiations with both U.S. politicians and Soviet bargainers. From his experience in the State Department he has a working knowledge of dealing at both diplomatic and economic levels with foreigners, as well as the official prestige that is so often the decisive influence in tough "eyeball to eyeball" confrontations—of the sort that will occupy a goodly portion of the bank's time.

It devolves on Casey's experience and intelligence to convince hostile politicians in an election year that a piece of $120 billion worth of export potential for American business is more important than fruitless at-

tempts on our part to influence internal politics in the Soviet Union. When he has crossed that hurdle it will be his job to guide our businessmen through the ideological minefields and make sure they come back from the encounter without losing their shirts. He will also have to convince an endless procession of ill-informed and suspicious Soviet functionaries that we are not trying to fleece them.

No mean assignment, this—but Casey has been through the mills and his quiet confidence is infectious. His ability to explain some of the problems in simple, succinct terms suggests a similar ability to solve them.

PRESENT ROADBLOCKS

For example—Congress, pushing on all fronts to take power away from the Executive Branch, would like authority to review each loan made in a Soviet deal for a period of 30 days before giving it final approval. Such a delay, argues Casey, "would simply put us at a competitive disadvantage. Germany and Japan are capable of doing the same business without bureaucratic delays."

Some Congressmen are upset that the bank only charges 7% interest on its loans, at a time when the Treasury is paying 8¾% interest for its new money. Casey rejoins that the bank does not lose money on the deal because it borrowed funds long ago at lower rates—its current weighted-average cost for all the money it is using is 6.8%. Japan only charges its exporters 5½% and Britain 6%, and their prevailing interest rates are much higher than ours. There are international agreements that prevent us from directly or indirectly subsidizing our exports, but there is nothing to suggest that a bank that was set up in the first place to encourage our exports should not do so to the best of its legal ability, bearing in mind, as Casey emphasizes: "We are a bank and not an AID-type agency."

TIGHT SHIP

One of the bank's strongest defenses against charges of subsidizing is that it has always operated at a profit. Since 1945 it has paid $835 million in dividends to the Treasury—on an original investment of $1 billion—and built up an earned surplus of $1.5 billion. It is currently supporting about $10.5 billion in annual exports—which translates into 738,000 full-time jobs for our labor force.

Since it first began operations the bank has disbursed $23 billion in loans, against which it has written off only $3.7 million—or 2 cents for every $100 of loans disbursed. If loans that are "rescheduled" because of political problems (e.g. Cuba, Chile, and Communist China) are added in, the total writeoff would still be less than 5 cents on every $100 loaned—which compares with an average writeoff of 50 cents on every $100 of international loans made by large commercial banks.

Eximbank operations are excluded from the Federal budget, but curiously, this has encouraged an austerity in the organization almost unknown in government circles. It is no Mecca for chowhounds—its total annual entertainment allowance is $24,000. Its staff consists of 400 people, compared to 4,000–5,000 employed in comparable operations in competing countries; notwithstanding, the bank's services are instantly available to any American business selling abroad or any of their business's customers, in thousands of cities throughout the world. Eximbank makes mostly long-term loans, while its competitors lend mostly short-term, thereby using their available capital more efficiently. Incidentally, their business with the Soviet Union is currently sixteen times the size of ours.

The touchy area in Soviet deals relates to whether we are in some way hurting ourselves to advantage them. Casey states that the bank is not now approving investments in the USSR that are "energy related." The much-publicized plans for developing natural gas reserves in Siberia are only in the preliminary-equity discussion stages, and the bank is holding back on its approval. "Perhaps we can use the equity better here. We won't make billion dollar loans without having much more money available. We wouldn't dump all that money into any single deal without having a lot more money available."

The bank has $289 million in commitments to the USSR and approximately $600 million in total commitments to Communist countries—which compared with $9 billion in similar commitments by Europe and Japan.

HOW IT FUNCTIONS

So, assuming a U.S. company wants to trade with the USSR and has negotiated the diplomatic and political labyrinths, where and how does the Eximbank fit into the picture?

Typically, the seller of goods will have received a 10% down-payment from the buyer and will be seeking financing, after shipment, for the balance due. If the Eximbank approves the transaction (if it does not approve there will be no transaction) it will typically match private lenders dollar for dollar, providing up to 50% of the total loan. Aside from the convenience and prestige of having Eximbank there to provide needed funds and know-how, there is the very real advantage of savings in interest costs—Eximbank charges only 7%.

While loans receive the majority of publicity and account for roughly half the bank's commitments in terms of dollar volume, less than 300 of the nearly 8,000 transactions the bank handled last year required long-term loans out of the bank's capital. In a majority of instances the bank will insure or guarantee the private lender in the transaction. Most of such guarantees cover transactions of less than $250,000. In dollar amounts guarantees and insurance account for about half the bank's total commitments.

In fiscal 1973 *Financial Guarantees* of private bank credit in partnership with Eximbank direct loans—totaled about $1.5 billion, *Commercial Guarantees*—for medium-term credits issued directly by banks without Eximbank loan participation—came to $411 million. *Exporter Credit Insurance*—through FCIA—was $2,473 billion. The bank also had outstanding advance commitments to discount export paper written by commercial banks in the amount of $1.64 billion—of which $372 million was actually used during 1973. With the help of these programs, where needed, the bank in participation with private financing, has placed $11.8 billion worth of export loans in the private market since 1969.

OPEC POSSIBILITIES

One of the most enticing prospects for export business are the African nations, whose large populations and high potential demands are only offset by their virtually nonexistent credit ratings. Reflective of their much-advertised "Third World" consciousness, some of the oil exporting countries are in an excellent position to put their money where their mouth is by underwriting loans that would result in U.S. exports.

To put the same idea somewhat less abstractly, Saudi Arabia might guarantee credit that Egypt would use in making purchases in the U.S. The Eximbank could in turn guarantee, insure, or partly finance the U.S. seller. It is an idea with high potential that could open up rather quickly, now that the first checks for higher-priced oil are being deposited in Arabian bank accounts.

In terms of U.S. balance of payments, it is estimated that higher oil prices will increase our outflows by $15 billion in the current year. The pressure this places on increasing our exports will be obvious. Just as obvious is the pressure higher oil prices are placing on every other consuming nation to increase exports. Mr. Casey's opinion is succinct "Obviously, without Eximbank support, the U.S. seller cannot compete with foreign government-supported export sales in today's market."

American business is still tops in technology and the ability to produce whole complex "turnkey" operations that require relatively long-term financing. The demand for these goods and services in underdeveloped countries and behind the Iron Curtain is large and urgent, and—all things equal—they prefer to deal with the U.S. Eximbank's rapid growth during the past five years testifies to the demand for its services. From all appearances, this is only the beginning.

CASEY SPEAKS ON ISSUES OF FOREIGN TRADE

(Bill Casey is no stranger to these pages. Our own Willie prognosticated back in April, 1971 that Casey would come through the partisan political flak surrounding his nomination as SEC chief with flying colors—just as he had survived the more dangerous kind just 30 years ago, when as head of European O.S.S. operations he was working with European Resistance movements. In January 1973 our Cover Story dealt with Casey's move from the SEC to the State Department, where he served as Undersecretary for Economic Affairs.

(Soldier, lawyer, entrepreneur, diplomat, author, now banker—Casey has a rare talent for putting words together and then getting them translated into action. Below is some of the testimony he delivered before the House of Representatives Subcommittee on International Trade, Committee on Banking and Currency, April 30, 1974.)

Today's world is interdependent, and production techniques and methodology are too widely dispersed to permit us to build a wall around the U.S. economy which can halt the shift of production to those capable of doing the task at the lowest cost.

To maintain jobs and living standards in the United States we have to work to develop more advanced, competitive products and to create new jobs at higher pay for every job lost as workers abroad become capable of producing some products at lower costs. We have done fairly well so far, but in order to keep pace we must steadily increase the $28 billion worth of machinery and equipment and the $23 billion worth of other manufactured goods the United States exported in 1973. This is where Eximbank can make a contribution which overwhelmingly exceeds any marginal role it may play in the export of production equipment, virtually all of which the importers can also acquire from sources outside the United States.

The United States is pursuing what we hope to be an historic and successful initiative in seeking to move our relationship with the Soviet Union away from military competition and toward economic cooperation. This initiative is one in which we will not know the results for many years. The decision to make that effort, and the responsibility to gauge its prospects and results and to determine how far to pursue it belongs to the President and to the Congress. President Nixon and Secretary Kissinger have spoken eloquently on the importance of working towards a relationship with the Soviet Union which will reduce both the cost of armaments and the danger of a nuclear holocaust. They believe, together with many in the Congress and among the American public, that the development of mutual stakes in economic cooperation for the United States and the Soviet Union can contribute substantially to that objective. As long as the President and the Congress find it in the national interest to continue commercial relationships with the Soviet Union, Eximbank is an instrument to be used.

In some quarters, the notion exists that Eximbank is giving, or is prepared to give, the Soviet Union large sums of money. That, of course, is not true. Eximbank will only disburse funds to American companies in payment for American products to be used in the

Soviet Union. . . . Eximbank will only enter into the same kinds of transactions as it has entered into for 40 years in other countries around the world.

THE AMAZING ROSEMARY—HOW SHE TAKES CARE OF HER MULTIBILLION DOLLAR BABY

"Rosemary," wrote Shakespeare, "that's for remembrance." Eximbank's personable lady Senior Vice President of Public Affairs and Export Expansion, Rosemary A. Mazon, has been the bank's "remembrance" officer for five years. She did such a good job creating a public image for the bank that when the bank's marketing director resigned in 1972 the powers that be decided to add all his duties to those she already had and compensate her with the title of Senior Vice President.

Born and raised in Pittsburgh, and in the banking business since her 'teens, Miss Mazon served as Director of Marketing and Publications for Pittsburgh's Fidelity Trust and later held the same position with the Northwest National Bank in Chicago. A walking encyclopedia of Exim's complex operations who still bones up on her daily tasks by reading 17 newspapers every morning, Rosemary has kept the charm of the expolitical pro—she once seriously considered running for the U.S. Senate—and the drive that has won her a top position in a male-dominated business. Her advice to young women who want to get ahead in a competitive world: "If you want to go to the top, work at it. Don't be afraid to move on if you're not moving up."

As a distinguished European financier describes her: "Formidable—but adorable!"

Mr. PACKWOOD. As is commonly known, the Banking Committee is preparing to report to the full Senate Eximbank legislation that we have been studying since last October. Of course, I will be discussing this issue in more depth when the bill comes to the floor for consideration. However, I would like to take just a few moments to comment on the general thrust of the review that we have undertaken in the committee and the legislation that is being prepared at this very moment.

As I indicated earlier, I have been privileged to serve on the Subcommittee on International Finance for the last 4 years. During that time, I have witnessed what gives evidence of being a full-circle turnaround with respect to the desirability of East-West trade.

The vision of great promise that permeated our debate on Eximbank legislation in 1971 has, I fear, deteriorated to an alarming degree into a feeling of disillusionment that progress in our trading relations has been so slow in developing. This disillusionment is coupled for the most part with a disenchantment over the general prospects for détente as a means by which political as well as economic relations between America and the Communist countries can lead to a condition of relative calm and normalcy.

It is to this feeling of disenchantment that I must address myself, both today and later when the full Senate considers the Eximbank legislation. In part through the vehicle of Eximbank, this Nation has embarked upon a path leading to improved commercial relations between ourselves and Communist countries. The going is slow, agonizingly so at times, but I am convinced the rewards will in due course redound to the benefit of all people, at home and abroad.

While I am generally pleased with the position taken by the Banking Committee with respect to continued development of our trade with all Communist countries, and the Soviet Union in particular, I am concerned that there are those among us who would urge that we go much further in restricting the Bank as to its ability to assist American exporters in trade with Communist countries.

I am concerned that some Members—whose concerns I share in large part—will unwisely propose crippling limitations on the Bank's ability to transact its business—restrictions that will have the effect of retreating from the path of progress on East-West trade to the ultimate detriment of the developing of better relations between the United States and Communist countries.

To those Members, I urge a careful review of the record of the Bank as well as a better analysis of the limitations of the Bank as a vehicle for the transmission of America's foreign policy. We must be mindful of the good that has come from our support of the Bank. We must also be careful to recognize that the Bank is not to blame for such failures as we detect in our Nation's foreign policy. In brief, let us not lash out at the Bank in our frustration with the slowness of change in our relations with the Communist world. The Bank is certainly not responsible for the shortcomings. However, the Bank is to be commended for the positive role it has played in the development of the successes in that policy.

Very soon after we return from the 4th of July recess, the Banking Committee will report the Eximbank legislation to the floor. I look forward to the dialog that will ensue. The record will clearly indicate the commendable job being done by the Bank. I will enjoy my responsibility of discussing that record with my colleagues.

HEALTH MANPOWER

Mr. HASKELL. Mr. President, I recently received a resolution from the American Association of Colleges of Nursing which was prepared at their annual meeting in Washington in February. I believe the ideas incorporated in the resolution have much merit; and in the interest of my colleagues, I ask unanimous consent that this resolution be printed in the RECORD at the conclusion of my remarks.

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

AMERICAN ASSOCIATION OF COLLEGES OF NURSING RESOLUTION

Whereas, new legislation is being proposed for health manpower which will focus on problems of primary care and on distribution while seeking to maintain current levels of training capacity and output;

Whereas, the profession of nursing is the largest single provider of health care delivery services;

Whereas, the nursing profession takes full responsibility for the preparation and practices of its own practitioners;

Whereas, it has been demonstrated that nursing is essential for providing easy accessibility into the health care system;

Whereas, within a prepaid health care delivery system, the client population will be without limits;

Whereas, experimentation and research in health care delivery are necessary for improvement of nursing services to people;

Whereas, there is an under representation of minority groups in professional nursing, especially at the higher education levels;

Whereas, the profession of nursing is in dire need of leaders in education, administration, and research;

Therefore be it resolved that: The following changes be made in existing laws to strengthen and expand the Public Health Service programs of Federal assistance for nurse training:

(a) Institutional support for schools of nursing should be increased to more nearly reflect one-third of all educational costs, with a special increment per graduate student added to the basic formula.

(b) Traineeships should be continued for the graduate education of nurses as well as student loans and scholarships for undergraduate students.

(c) Continue the current authority for project grants to schools of nursing with emphasis on programs to expand the enrollment and retention of disadvantaged students, to increase training capacity for advanced training at the graduate level, for expanding training capacity in such specialty areas as nurse midwives, family health nurses, pediatric and adult nurse practitioners, to support nursing research and demonstration projects to improve the quality of patient care and to explore new methods of multi-disciplinary health care delivery, in addition to dealing with maldistribution of health personnel.

(d) Continue the authorization for construction with the establishment of priorities for facilities for the advanced training of nurses and renovation of existing facilities.

ENERGY AND INFLATION

Mr. STEVENSON. Mr. President, the Nixon administration's answer to the energy crisis has been ever higher prices and profits for the companies which control the price and supply of the Nation's most vital commodity—energy.

We are told to let the free market work. We are told that increased prices will give us increased supplies.

But no one in the administration tells us that there is no free energy market. No one tells us that the price increases already granted have generated far more cash than the Nation's major oil companies can reinvest in increased exploration and development for oil and gas. And no one in this administration has been willing to level with the country about the economic consequences of continued submission to the whims of a handful of large corporations.

Mr. Matthew Kerbec, president of Output Systems Corp., in Arlington, Va., has written President Nixon a letter trying to call his attention to these economic realities.

While some of the analytical techniques Mr. Kerbec uses may be subject to further refinement, his general conclusion is becoming increasingly apparent to millions of Americans every day at the gas pump as well as in the supermarket, and in every sector of our economy. The energy crisis has become an energy price crisis that promises to get worse, not better.

Energy is to an industrialized society like air and water are to the human body. Nothing is made or brought or sold without an energy component. And when

energy prices are allowed to skyrocket, the effect of those increases as they ripple throughout the economy is multiplied many times over. A recent study by the Senate Antitrust and Monopoly Subcommittee estimated that refined product price increases cost American consumers over $36 billion last year.

Mr. Kerbec's message to the President is underscored by the intolerable double-digit inflation that threatens our entire economic house.

The energy crisis is an energy price crisis. Mr. Kerbec is to be commended for trying to make that point to the President. If the message does not get through, and we have little reason to believe it will, it will be up to the Congress to take positive action on measures like the Consumer Energy Act to restore competition and reasonable prices in the Nation's energy industry.

Mr. President, I ask unanimous consent that Mr. Kerbec's letter be printed in the RECORD.

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

OUTPUT SYSTEMS CORP.,
Arlington, Va., May 3, 1974.

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

DEAR MR. PRESIDENT: This is the third report of the Office of the President giving a citizen's view of the state of the economy. The focus of this report is the Consumer Energy Act Hearings held by the Senate Commerce Committee on April 22 and 23. One of the important highlights of those Hearings, as far as I was concerned, was Senator Adlai E. Stevenson's persistent questions addressed to your new Federal Energy Office Chief, John C. Sawhill, concerning the actions FEO was taking relative to evaluating the economic impact the sudden massive energy price hikes are having on the private and industrial sectors of the economy. Mr. Sawhill replied that he was aware of the economic effects caused by inflated energy prices and he believed that this problem was being studied but he offered no details concerning objectives or schedules. The heartening thing about this is the realization that we are at last starting to concern ourselves with basic questions such as: "Will the high price medicine approach to curing energy shortages lead to price-inflation-wage-recession effects that will be worse than the shortages?

During these Hearings Mr. Sawhill and other witnesses continually referred to the benefits of a free enterprise competitive economic system. Their argument was that if the energy producers were left alone, free market forces would solve the energy problem. There is no doubt that free enterprise and competition has played a significant role in the growth of the economy. However, the belief that energy in short supply operates in a marketplace governed by any of the classical economic price-supply-demand relationships is completely unrealistic and is leading to decisions based on inappropriate theoretical concepts. Perhaps the following three points will help clarify this:

1. Corollary 3 of the "Kerbec Energy Theory" states: An energy cost is associated with obtaining, producing and/or transporting all raw materials and products and these costs are multiplied and accelerated as they ripple through a profit-oriented economic system.

Energy is required to move or physically change any matter and there are no exceptions. It is only when you try to substitute words such as meat, steel, wheat, automobiles, etc., for the word energy in the above Corollary, that the form, substance and uniqueness of the energy problem hits home. It is vital to realize that some form of energy is required for the survival of all biological and human activities and it is this truism that leads to price multiplier ripple effects that greatly exceed those of any other commodity. Energy is as necessary to the life of a highly industrialized economic system as air and water are to humans, animals and plants. This is not true of any other commodity.

2. Classical economic theory is based on definitions of free enterprise and competition. These definitions provide the basis for assuming that human spending behavior is related to prices which in turn mandate what goods and services will be produced. These basic ideas led to price-supply-demand-elasticity models which unfortunately many policy makers regard as unchangeable economic laws. In the case of energy in short supply these models and so-called economic laws are no longer operative and decisions and actions based on these classical concepts can and are leading to legislative, tax and technical responses that are aggravating rather than helping the energy and economic problems. For example, under conditions of energy shortages, supply becomes the relevant variable. Because energy is vital to the survival of all biological and human activities, survival behavior overrides price as the dominant consideration. Under these conditions the concept of competition becomes meaningless as price is determined by what the energy seller considers a fair price. Another aspect of energy economics that completely negates classical price-supply-demand concepts is the need for a national energy conservation program which is endorsed by all thinking people including Mr. Sawhill and particularly the oil companies.

Essentially this means that it is extremely beneficial for energy producers to maintain the present energy situation. Because of the vital necessity of energy (coal, oil and natural gas), threatened or real shortages (if there are no controls) literally can give the energy sellers the power of life and death over an individual or enterprise.

Energy producers and sellers are now faced with a real world decision that must weigh stockholder interests against those of the public. At the present time they can sell all the energy they can produce at prices they, to a great extent, determine. In addition to achieving satisfactory earnings this enhances the value of, and prolongs the life of their reserves and inventories. Alternatively, if they produce enough to erase the threat of shortages prices will come down and the value of their inventories and reserves will be reduced. Why should they change the status quo?

One thing that energy producers in the United States are doing that is both good for them and the country is putting massive amounts of money into promotions aimed at energy conservation which is another way of suppressing demand. While this is in a good cause the conservation policy erases any remaining resemblance to a classical competitive free enterprise system in which price governs supply and demand. Currently the energy producers have an ideal market situation and they would be doing their stockholders a great disservice if they did anything to change the characteristics of today's marketplace. This became dramatically apparent at the recent Senate Subcommittee on Multinational Corporations Hearings concerning the profits and monopoly practices of the Arabian American Oil Company (ARAMCO). According to a March 28, 1974 front page Washington Post article ARAMCO's Senior Vice President, Joseph J. Johnson, was repeatedly asked what incentive ARAMCO and its owners had to press for lower prices—he was unable to suggest one.

It is these real and fundamental facts that make it mandatory for the Federal Government to get into the energy business if fair prices, adequate supplies and new energy sources are to be developed in the near future.

3. Even more urgent is the necessity to reduce the massive unrelenting inflationary energy price pressures on our economy. Corollary 3 tells us that an energy cost is incurred in obtaining, processing and moving any raw material or product and there are no exceptions. In 1974 the estimated additional cost for crude oil will be about $17.56 billion. This is about 1.35% of the $1.3 trillion 1973 GNP and at first glance seems insignificant. However, this $17.56 billion on a crude oil level becomes $43.9 billion when expanded to the refined petroleum product levels which then enter our economic system. If on the average this $43.9 billion goes through three profit centers and is marked up 30% in each center the total price to the consumer will be $96.44 billion (see Tables 1 and 2). The scenario presented in Table 2 is highly simplified but does provide a working hypothesis that helps understand what is happening to the economy in terms of explaining the inflation-recession-high interest rate paradox we are now experiencing. Many government and private analysts relate our current inflation to that experienced after World War II and the Korean War. Credit for these inflationary periods was given to pent up consumer demand coupled with a backlog of consumer savings. This is not the situation now. The single greatest reason for today's combination inflation-recession-interest rate problem was the sudden massive energy price increases and their resultant multiplier price ripple effects.

Specifically, from Table 2 one possible scenario shows that the extra cost of refined petroleum products in 1974 will be $43.9 billion and inflated profits will be $52.54 billion. The total being siphoned from the pool of disposable income will amount to $96.44 billion which is more than the 1975 Department of Defense budget request. The total personal disposable income in 1972 was $795.1 billion. Part of this $96.55 billion will be offset by wage increases which will trigger other price increases. For example, an article on Page 2 of the April 15, 1974 edition of the Wall Street Journal projects a 25% to 28% increase in steel prices by July 1974 as a result of rising material and labor costs (see the attached article). Obviously the increase in steel prices will trigger larger price ripple effects that once started will be independent of changes in energy prices. The construction and automotive industries account for 45% of the steel products produced in the U.S. and will be forced to raise prices to pay for these costs. However, we cannot afford to lose sight of the fact that the sudden massive energy prices hikes was the primary cause for these effects.

It is emphasized that this report only covers the inflationary effects caused by energy prices. There are other commodity shortages that are also making significant contributions to the rate of inflation and are an integral part of the total economic problem.

One direct result of inflation is resulting in consumers losing approximately $8 billion worth of buying power each month (see Table 2) which helps to explain the recession characteristics of our economy.

Another insidious adverse feature of the sudden huge energy price hikes shows up as companies try to finance additional energy related costs of production. Table 2 shows that the total demand for operating capital for the three plants needed to pay for the inflated energy costs amounted to $175.16 billion which results in an upward pressure on interest rates and diverts capital away from housing construction and other investment areas. One significant danger in this situation is that many of these business loans must be paid from income and companies who are not able to sell their products at prices that will generate enough income to pay for soaring costs will go out of

business. During the first two months of this year, 1,746 Japanese companies filed for bankruptcy, leaving debts totaling the equivalent of about $656 million. In the first two months of 1973 by contrast, only 943 concerns went bankrupt leaving debts of about $244 million. Japan's estimated prime interest rate is about 12% and their current rate of inflation is reported as 26%. Based on the past three months the U.S. has a 14.5% annualized rate of inflation and a prime interest rate that has just hit 11%. Although Japan is 100% dependent on imported oil we are catching up fast by allowing cartel energy prices to leverage the entire U.S. economy via the energy price mechanism.

Table 2 has been based on assumptions that provide for an average multiplier price ripple effect of 30% for each profit center to represent the profit markup and an average of three profit centers to produce a final product. These assumptions are questionable but are sufficient to show order of magnitude trends. Actually there are over 11 million business enterprises in the U.S. From Corollary 3 we know that all these enterprises must use some form of energy and many of them produce and/or use products that contain multiple energy cost markups.

This report has only covered the first round price effects caused by the massive energy price increases. They have triggered a rise in the Consumer Index which in turn triggered some startling wage settlements, particularly in those industries that have reported unusually high profits. These settlements are and will continue to add their own independent inflationary ripple effects which will force prices still higher.

So far only petroleum product prices has been covered. Natural gas sold in the same state it was produced is not regulated and is selling for as high as three times the price compared to last year. Natural gas represents about 30% of the cost of producing nitrogenous fertilizer. As a result of natural gas prices fertilizer prices have jumped between 100% and 200% in the past twelve months and there is no doubt that these costs will force food prices higher than they are now. Much of the coal used for steel production and power generation has doubled in price in the past year leading to escalating steel prices and electric bills.

The December 19, 1973 increase of 24% ($4.25 to $5.25) in the price of a barrel of crude oil produced in the U.S. granted by the Cost of Living Council without any public hearings did much to provide the logical and psychological basis for argument justifying massive two-digit increases in other commodity prices and wages demands. Perhaps December 19, 1974 warrants the dubious distinction of being the day hyper-inflation in the United States was born.

In view of the above considerations the following suggestions are respectfully submitted:

1. Actively support the "Consumer Energy Act" and its price control provisions. As indicated earlier in this report the overriding concern is controlling the price-inflation-recession spiral. Each dollar increase in the price of energy at the crude oil, coal mine, or natural gas level has the potential for skimming $5 or more from the pool of disposable income or buying power. The end result may be the dissolution of our economic system in terms of astronomical prices, wages and unemployment. For your information our first scenario predicting an unprecedented inflationary spiral was developed as the result of a statement made by your Chief Economic Advisor Mr. Herbert Stein on November 15, 1973. He stated, "The direct result of doubling the price of crude oil would be equivalent to an increase of about 3% in the price of all goods and services." (See the Congressional Record, vol. 119, pt. 32, p. 42335.) On December 28, 1973 after the OPEC countries actually did double the prices of crude oil Mr. Stein was quoted in a WASHINGTON POST article to the effect that, "Largely because of recently doubled foreign crude oil prices the rate of inflation for the first part of 1974 could be very high." The point to be made is that these are generalized statements that have no basis in fact but are translated into energy policy actions and repeated by the news media and lay the groundwork for many inappropriate planning decisions in other governmental bodies.

2. Immediately authorize a comprehensive study and analysis of the economic damage resulting from the sudden massive energy price increases. Basically it should include the cost, profit, price, wage, inflation and recession aspects of our economic system as they relate to the effects caused by price increases in oil, coal and natural gas. Industries studied in terms of priorities should include those having large requirements for energy such as food (farming, processing, distribution and marketing), transportation (air, land and water), petrochemical including fertilizer, construction, power generation and automotive.

3. There is mounting sentiment for a $5.9 billion tax cut to stimulate the economy. I believe the administration is right in opposing this tax cut. The enclosed scenario (Table 2) represents a possible drop in buying power of $96.44 billion.

Obviously, if this amount is anywhere near valid a $5.9 billion credit will have little effect in counteracting a $96.44 billion deficit. Perhaps a more meaningful approach would be to use the $5.9 billion plus what ever else it takes to subsidize the difference in price between imported petroleum products and some fixed price for domestic oil. This in addition to being a positive step in dampening the price-inflation-wage-recession spiral will also help stabilize the economy. One critical economic danger signal not generally publicized is what is happening to industrial purchasing contracts which is where the real action is relative to raw material costs. This problem is highlighted by the following lead appearing on the Front Page of the April 15, 1974 issue of the Wall Street Journal, "More suppliers shun fixed price contracts to outwit inflation—Price at Time of Delivery Becomes Popular Tactics; Consumers Feel Impact." This is a foretaste of what happens when the value of paper money starts to skid.

4. Your executive team should be cautioned against using economic text book terms such as free enterprise and laws of supply and demand when trying to explain how energy prices and shortages will be corrected by free market forces. As mentioned above the relationship between the vital need for energy in short supply and survival overrides classical price-behavior concepts. In the real world the price of coal, oil, and natural gas have doubled and in some cases tripled with no lessening in demand. In addition, a realistic energy conservation program will completely distort any supply-demand-price model based on classical economic theory. It is embarrassing to read and hear these inappropriate economic statements from top Federal Government executives and is resulting in an even greater loss of public confidence in the government.

A final comment on Price and Wage Controls. If it were not for the deep tragic overtones it would be humorous to realize the inadequacies of governmental policies and actions taken to overcome the energy price crisis. At over 20% rates of inflation, Great Britain and Japan are invoking rigid economic controls—while the United States with a 14.5% annualized rate of inflation based on the past three months is decontrolling everything in sight. The crowning irony is that realistic and effective price-wage controls are an impossible goal when a highly industrialized economic system is inundated with sudden massive energy price increases which affect all other prices.

Sincerely,

MATTHEW J. KERBEC,
President.

TABLE 1.—CALCULATIONS FOR DETERMINING TOTAL DAILY TOTAL DOLLAR VALUE OF CRUDE OIL USED IN THE UNITED STATES

	1973					
	Jan. 10	May 15	Aug. 15	Oct. 15	Dec. 31	January 1974
Domestic crude prices:						
Old crude (per barrel)[1]	$3.40	$3.62	$3.86	$4.17	$4.25	$5.25
New crude percent stripper (per barrel)[1]	3.40	3.62	3.86	5.17	6.17	8.00
Imported crude prices: Average import delivered in the United States[1]	3.34		3.93	5.24	6.54	10.00
Barrels per day used (millions):						
Domestic:						
Old crude[2]	9.26	9.26	9.26	9.26	9.26	9.26
New crude[2]	3.093	3.093	3.093	3.093	3.093	3.093
Imported[2]	4.932	4.932	4.932	4.932	4.932	4.932
Daily total value (millions).						
Old crude	$31.48	$33.52	$35.74	$38.61	$39.35	$48.61
New crude	10.50	11.18	11.93	15.99	19.08	24.74
Imported	16.46	16.46	19.38	25.84	32.25	49.32
Total (per day)	58.44	61.16	67.05	80.44	90.68	22.67

[1] Source: Cost of Living Council, news release, Dec. 19, 1973, "Domestic Crude Oil Price Adjustments."

[2] Source: Federal Energy Office, petroleum situation report, week ending Dec. 14, 1973, table 1.

Note: Estimated U.S. crude oil bill for 1974 is 365 times $122.67 equals $44,774,000,000. Estimated U.S. crude oil bill for 1973 is 365 times $58.44 plus $90.68 over 2 equals $27,214,000,000. Increase in crude oil costs in 1974 $17,560,000,000. Assume the selling price of refined petroleum products is 2.5 times the cost of crude oil. This multiplier includes refinery costs and profits, in addition to shipping costs and marketing and distribution markups. Then the total added cost to customers will be 2.5 times $17.560 equals $43,900,000,000. Approximately 70 percent or $30,730,000,000 will be purchased by agriculture and industry. Approximately 30 percent or $13,170,000,000 will be purchased by consumers (gasoline, oil, heating oil, etc.)

TABLE 2.—SCENARIO SHOWING COST, PROFIT AND PRICE RELATIONSHIPS FOR $43,900,000,000 OF ADDITIONAL 1974 REFINED PETROLEUM PRODUCT COSTS WHEN THESE COSTS PASS THROUGH THREE PROFIT CENTERS

[Billions of dollars]

	Cost	Pretax profit (30 percent of cost)	Selling price
Plant 1	$43.9	$13.17	$57.07 to plant 2.
Plant 2	57.07	17.12	$74.19 to plant 3.
Plant 3	74.19	22.25	$96.44 to consumer.
Total	175.16	52.54	

FROM TABLE 1

NOTES: 1. The above scenario was developed to show orders of magnitude. Petroleum products sold by gasoline stations may not go through three profit centers while raw materials and subproducts for complex finished goods such as automobiles and airplanes go through many more than three profit centers.

This scenario is conservative to the extent that it does not include the multiple markup price ripple effects due to each transportation transaction. Transporation costs are also soaring due to the fact that energy is the basic raw material used by all forms of transportation.

2. Energy sellers receive $43.9 billion of the total $96.44 cost to consumers.

3. Plants 1, 2 and 3 will have to borrow a total of $175.16 billion for 1974 or $14.59 billion per month and this will put tremendous loan demand pressures on financial institutions which will help drive up interest rates. At a 10% interest rate this results in a monthly interest cost to production of $1.459 billion which was not included in the profit or selling price calculations. The current unprecedented interest rates present an urgent warning that the loss of value of paper money is accelerating and under present and planned Federal energy price actions, this pressure for loans will continue and even grow greater.

4. Plants 1, 2 and 3 will have the illusion of increasing total profits by $52.54 billion. This will please some manufacturers and justify larger wage demands by workers.

The public disposable income is a finite resource which inflation is burning up at an accelerating rate. A solid hard core recession-depression spiral becomes more of a reality each passing day due to the continuous unrelenting inflationary energy pricing pressures. Specifically, under this scenario the consuming public will lose $96.44 billion in disposable income which will lead to rising inventories, greater percentages of income being spent for necessities thereby distorting spending patterns, layoffs and reduced savings and capital investment.

5. The whole scenario is analogous to the events leading to the 1929 stock market crash to the extent that costs, profits and selling prices bear no relationship to the real value of either 1929 stocks or 1974 products. The U.S. economy is following Japan and Great Britain into a 20% rate of inflation. The single greatest commonality is that these countries and the U.S. allowed sudden massive energy price hikes to inundate their economic systems.

[From the Wall Street Journal, Apr. 15, 1974]

STEEL PRICE BOOSTS LIKELY TO BE BIG, SWIFT AFTER APRIL 30, TO COVER COST OF LABOR PACT

(By Byron E. Calame)

WASHINGTON.—Steel price increases may come faster and fatter than expected after controls are lifted April 30, as the industry seeks to cover the costs of its new labor contract.

Industry officials didn't waste any time in suggesting where the money would have to come from for the improved pay and benefits won by the United Steelworkers Union. "There's no place to go for increased costs except to the market," R. Heath Larry, the industry's top negotiator, declared at the Friday announcement of the pact.

One government analyst estimated price increases totaling 17% to 18% would be needed to cover the industry's higher employe outlays, if the three-year agreement actually raises the steelmakers' total labor costs about $3.25 an hour as projected by some union and company officials. Several industry officials confirmed the government analyst's projection.

Steel prices, of course, were already certain to rise when economic controls end April 30. But the labor agreement makes "a rather sizable surge" in prices "all the more likely," said an executive of one major steelmaker. At one large company, labor accounts for about 40% of total costs, an official said.

Moreover, the decision to give USW members a 28-cent-an-hour-pay boost May 1 instead of Aug. 1, when the pact actually takes effect, is likely to speed up some price increase plans, one industry source said. In addition to price increases tentatively set for shortly after controls end, some steelmakers apparently had contemplated further boosts Aug. 1.

"Now," said one company executive, "they may not wait." But an official of another company maintained that the first-year pay increase wasn't moved up to the day after controls are set to end "for pricing purposes." Rather, he said, it was to help I. W. Abel, USW president, "sell" the pact to his members.

Most companies won't divulge their post-April 30 price plans. But even before the labor pact was reached, for example, Allegheny Ludlum Industries Inc.'s steel-making unit had already disclosed that it expects cost increases totaling 18% in the six months ending July 31. Thus, company officials say it would take a 25% to 28% price increase to get the company's return on sales back to its goal of 6%.

Everyone agrees the current strong demand for steel gives the steelmakers plenty of room to raise prices. "The market appears to be able to take it," observed one company official.

With "demand looking strong through the rest of the decade," suggested one government analyst, "the companies probably feel a little cocky in today's market."

In addition, the weak sentiment in Congress for continuing controls and the White House's apparent preoccupation with Watergate add to the steelmakers' pricing policy freedom, one analyst said. These situations have "raised the threshold level for what they think they can get," he added.

Still, this same expert said that the steelmakers' pricing moves in the coming weeks will undoubtedly be "tempered" by concern about arousing public opinion. "In a couple of months (if prices soar too high), there could be midnight knocks on the door and congressional investigations," he added. (Back in the early 1960s, an irate President Kennedy set government officials investigating steel price boosts and pounding on the doors of newsmen and others at night.)

Historically, the steel industry hasn't always been bashful about moving to recoup higher labor costs. The day after the current three-year USW contract was signed in early August 1971, the industry boldly and unexpectedly announced price increases averaging 8% on nearly all products. Spurring the quick move then, of course, were rumors of the impending wage and price controls that were actually slapped on by President Nixon Aug. 15, 1971.

But steel industry officials aren't totally oblivious to possible public reaction to anticipated price increases. For example, both union and management sources estimated that the new USW contract will boost labor costs about $3.25 an hour over the life of the pact. Union officials typically seek to put a settlement in its fattest perspective, but management often stresses a leaner version to keep shareholders from thinking they have "sold out" to labor.

In the current situation, however, industry sources say the total cost could fall below the $3.25 figure being used "for public consumption." One conceded that it "doesn't hurt" the industry to "have a whopping increase come along" at this time. This is particularly true, one company man noted, if the steelmakers—as some expect to do—report significant first quarter earnings gains just before April 30.

COMMENT

(By Output Systems Corp.)

Since November 1, 1973 the Cost-of-Living Council allowed price increases and dollar-for-dollar ferrous scrap prices that resulted in hiking basic steel prices an average of 13.5%

On April 12, 1974 the United Steel Workers approved a new labor contract that will raise steel company labor costs about $3.25 per hour and this is expected to increase steel prices from 18% to 25% in the next six months. Over 25% of basic steel products are used in the construction industry and approximately 20% is used in the automotive industry so additional increases can be expected from these producers plus hefty wage demands from constructions workers.

Over 18% of the materials used to produce steel are fossil fuels. These costs have risen an estimated 75% in the past six months and are a primary cause for the inflated costs, inflated profits and inflated selling prices which are forcing the cost-of-living to skyrocket.

FINANCIAL ASPECTS OF THE ENERGY SITUATION

Mr. MATHIAS. Mr. President, there has been much concern, quite legitimate concern, about the international financial consequences of the huge price increases for oil that have occurred in recent months.

These fourfold increases will result in an international money flow from oil consuming countries to oil exporting countries of unprecedented and staggering proportions. Creating the diplomatic atmosphere and structural mechanisms for handling this flow of funds with as minor a disruption of world economic progress as possible, must be a very high priority for leaders in both our private and public life.

I was pleased, therefore, to see an article on this subject by David Rockefeller, the chairman of the Chase Manhattan Bank, in the international newsletter of the bank, entitled International Finance. Mr. Rockefeller calls for creating a means of recycling the funds flowing to oil exporting countries to insure their wise use in other parts of the world. He states—

> We have no choice but to face the recycling challenge and, in cooperation with the oil producers, to devise the institutional arrangements necessary to cope with it.

This is a useful contribution to the ongoing debate about how to cope with the financial aspects of the oil situation. In order that my colleagues might study

this article further, I ask unanimous consent that it be printed in the RECORD.

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

FINANCIAL ASPECTS OF THE ENERGY SITUATION

(By David Rockefeller)

In the final quarter of last year the Organization of Petroleum Exporting Countries (OPEC) increased the price of oil fourfold. Given these prices and present levels of production, they will receive more than $100 billion yearly for their oil exports. Of this $100 billion, the oil-producing nations will spend some $40 billion for goods and services, leaving $60 billion or so of surplus to be invested. Total reserves of the oil-producing nations are likely to exceed $70 billion by the end of 1974, $140 billion by 1975, and $200 billion by the end of 1976. These huge surpluses must of necessity be offset by corresponding deficits on the part of oil consumers.

This suggests a structural disequilibrium of major proportions in the balance of payments of countries around the world—one that could have serious implications for the world economy and the international financial mechanism. Somehow, the huge surpluses of the oil producers must be recycled back to the deficit oil consumers. If recycling does not occur, the oil consumers will be forced eventually to deflate their economies, with severe worldwide consequences.

In considering this recycling problem it is helpful to distinguish between the short run—say the next year to 18 months—and the longer period. We already have some experience of recycling in the short run. The first sizable payments were made by the oil companies to the producer nations in March, April, and May, and thus far they have been recycled successfully—principally through the international banking system. The oil-producing nations have been placing their money mainly in the Eurodollar market or in sterling. The banks have been the major recycling vehicles, taking this money on deposit, usually at call or on very short maturity, and relending it to oil-consuming nations for periods of five to seven years. This process obviously creates a very unbalanced and precarious maturity structure. So far this year, $12 billion or more has been committed to industrial nations to help cover their 1974 balance-of-payments deficits. While this process can be successful for a limited period of time, there are at least four very serious shortcomings to it, especially in view of the astronomical amounts that loom ahead.

First, the banks cannot continue indefinitely to take very short-term money and lend it out for long periods. Second, and even more serious, is the likelihood that banks eventually will reach the limits of prudent credit exposure, especially with regard to countries where it is not clear how balance-of-payments problems can be solved. Third, the oil-producing countries cannot be expected to build up their bank deposits indefinitely. They, too, will soon reach prudent limits for individual banks or even for individual nations. My own view is that the process of recycling through the banking system may already be close to the end for some countries, and in general it is doubtful that this technique can bridge the gap for more than a year, or at most 18 months. Finally, this form of recycling is not even a temporary solution for lesser-developed countries in a weak financial position—countries like India, Bangladesh, and Sri Lanka which are not in a position to borrow at all in commercial markets.

Compounding these pressing short-run problems are a host of far thornier questions and obstacles down the road. Structural adjustments, of course, will gradually get under way between the economies of the oil producers and the consuming nations. Prices may decline somewhat, and the oil producers will step up their imports and increase the speed of their own internal development. But in the interim, they will be large accumulators of reserves. Moreover, countries such as Saudi Arabia, Kuwait, and the United Arab Emirates clearly lack internal absorptive capacities commensurate with the incomes they will receive. On the contrary, one of their major aims is to accumulate a body of invested wealth outside their countries which will yield an income great enough to replace their oil revenue as it runs out. Naturally they are concerned about such matters as world inflation, exchange risks, and the possibility of expropriation of their assets.

Though not yet large, long-term investments by Middle Eastern countries in the industrial nations are beginning to build up in real estate, selected securities, and some direct investments in industry. Yet the sums requiring investment are so enormous, and the institutional facilities necessary to carry this out so limited, that I question whether such investments will have much impact on the gap for some time to come. All of this clearly suggests that both the World Bank and the IMF will increasingly be called upon to play key roles in the recycling process.

Iran, for instance, has already offered to lend funds to the World Bank and IMF, and also to make some direct loans to India and others at concessionary rates to finance oil imports. Similarly, the recently announced willingness of the oil producers to establish a $2.75 billion "oil facility" to help countries with balance-of-payments problems is a positive move, at least in the shorter term. I fear, however, that this can only be seen as a modest first step when one considers the magnitude of the funds that must be redistributed. If we arrive at constructive long-range solutions, new techniques, strategies, and mechanisms will have to be devised—and devised quickly. Most importantly, a premium will have to be placed on international cooperation.

For some time, for example, the Committee of 20 in the IMF has been considering a new central reserve asset—a revised SDR, which would represent a basket of currencies and hence neutralize the exchange risk between major currencies. Perhaps this asset could play a role in future investment plans of the oil-producing nations, and, indeed, it is assumed that it will be part of the new IMF "oil facility." It may also be possible to work out international guarantee arrangements with regard to expropriation. In this respect, we should remember that the oil producers have one important alternative to accumulating reserves and making investments abroad—they could leave the oil in the ground.

It is highly desirable that ways be found to channel surplus oil revenues into projects designed to create alternative sources of energy. This would not only help the world at large, but would also provide a source of continuing revenues for the oil-producing nations after their oil reserves are exhausted. Finally, it is imperative that the developed countries join with the oil producers to assist the less-developed countries. Unless there is a far more concerted effort in this direction. I fear that the result can only be economic and political chaos.

Underlying all of these requirements is the fact that we must come up with a means of recycling funds on a far more massive scale than now possible. Some argue that we should simply wait for the forces of supply and demand to bring prices down and thereby create a new structural equilibrium. Others feel that inflation in the oil-consuming nations will help alleviate the problem. While there is some validity to both of these positions, I believe we must also be aware of their limitations. First of all, inflation has little hope of answering the problem since the purchases of even the largest oil producers are so relatively small. Second, I fear that relying solely on supply and demand can have disastrous results for many nations—leading to disruptive unemployment and depression.

Creating a mechanism to handle recycling of this scale and to determine acceptable concessions and risks is exceedingly difficult. Perhaps the mission of the IMF could be expanded in this direction, or perhaps it would be best to create a separate vehicle so as to avoid burdening the IMF with the dual responsibility of policing monetary affairs and curbing unemployment. Whatever the means, I believe it is imperative that we develop swiftly a new way of looking at world financial needs—a perspective that emphasizes global stability as well as national creditworthiness.

There are some signs that the present high price is restricting demand for petroleum products in the consuming nations. Also, it appears that production is now running somewhat ahead of consumption. If this is the case, pressure on prices could very well develop. While oil prices may eventually come down somewhat, my own judgment is that plans and policies throughout the world should not be based on the assumption that the decline will be large enough to solve the recycling problem. Indeed, I would guess that we would need a price reduction of some 40% or 50% to produce anything close to a new structural equilibrium. Thus we have no choice but to face the recycling challenge and, in cooperation with the oil producers, to devise the institutional arrangements necessary to cope with it.

The successful creation of such mechanisms will be highly dependent on the political climate. The Middle East countries, by reason of a shift of wealth and resources, are entering a new period in which their political influence, as well as their economic weight, will loom larger on the world scene. At the same time, the new wealth of the Middle East is likely to strengthen the hands of moderate governments in that area and orient them more firmly toward the West. If sustained, this trend toward moderation may well be a highly desirable and significant political dividend. It will also be essential in assuring the stability that must underlie an orderly approach to the redistribution of international capital.

Given a clear realization of the interdependence of all the nations involved, I believe we can find ways to transform the problem of surplus capital in the hands of some nations into many positive opportunities for progress and development worldwide. But this will not happen by itself. It will demand the involvement and dedication of both the public and private sectors on a scale far exceeding that which exists now. Above all, it must involve a degree of global teamwork which we have not seen up to this point. If the nations of the world approach the energy situation sincerely and resolutely, there is reason to hope that it can be used as a catalyst and a rallying point for a new era of international cooperation.

WORLD FOOD PROSPECTS

Mr. HUMPHREY. Mr. President, the New York Times on June 21 included an article by Kathleen Teltsch entitled "'74 World Food Prospect Shaky Despite U.S. Hopes."

The article points out that, in spite of the expectations of a good harvest, the world food outlook is precarious. A report by the Food and Agriculture Organization concludes that the world food

situation is more difficult than at any time since the years following the Second World War.

Clearly, we are near the danger point, and a disaster could bring famine to millions. Various reports, including one by UNICEF, predict severe malnutrition for the world's children.

In the view of the Overseas Development Council, scarcities are developing because the global system is overloaded. This is why, in my view, we need to develop new agricultural policies, and we especially need to develop a sound reserve program.

Mr. President, I recommend this incisive article, and I ask unanimous consent that it be printed in the RECORD.

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

'74 WORLD FOOD PROSPECT SHAKY DESPITE U.S. HOPES

(By Kathleen Teltsch)

UNITED NATIONS, N.Y., June 20—The new report to a Senate committee that the needy in the United States are hungrier and poorer than they were four years ago has raised doubts that a bountiful American harvest may forestall the threatened world food shortage.

In effect the report by a group of experts to the Senate Select Committee on Nutrition and Human Needs, published yesterday, makes it clear that neither increased spending nor rising agricultural output is sufficient answer, domestically or internationally, to an increasingly critical food problem.

Agriculture Department policy-making had estimated a harvest of 2.1 billion bushels of wheat, which they insisted should be ample for domestic needs, put at 750 million bushels, and for a billion-bushel provision for profitable sales abroad—leaving a carryover of 350 million bushels for emergency foreign assistance.

However, economic analysts outside government and some members of Congress object that such calculations are perilously dependent not only on American harvests as good as forecast but on the absence of major crop failures in other grain-producing regions. World food stocks have fallen to their lowest levels in 20 years, it is emphasized.

And with population growing at 2 per cent a year and with rising pressure for richer diets, demand is increasingly outrunning productive capacity.

The immediate outlook abroad is not reassuring: Poorer countries such as India have had to cut back on fertilizer imports because of quadrupled prices and scarcities. The same is true for diesel fuel for tractors and for irrigation pumps. Capricious weather has damaged Soviet winter wheat, hit Ukrainian fields with dust storms and slowed spring sowing in Canada.

"The world situation in 1974 remains more difficult and uncertain than at any time since the years following the devastation of the Second World War," the Food and Agriculture Organization concludes in a report for the World Food Conference to be held in Rome in November.

The difficulties and uncertainties cited by the United Nations specialized agency are reflected in a survey by The New York Times which also suggests that sketchy and frequently contradictory information is being provided by many governments because of pride or politics or simply inadequate data.

REPORT BY NEW YORKER

According to New Delhi officials, India will be able to meet food requirements without much difficulty, they assert that there is no dearth of fertilizer and no danger of famine. At the same time an Indian supply mission has been sent to Washington to buy as much wheat as possible to offset deficits expected to reach 10 million tons.

"The food agency warns that the drought-ravaged countries extending in a wide belt across Africa south of the Sahara are experiencing acute shortages and that drought is spreading east and south and can be expected to reduce harvests in Dahomey, Egypt, Guinea, Kenya, Nigeria, Somalia, Tanzania and Zaire. However, some qualified authorities returning from the area south of the Sahara say original estimates that 10 million were threatened by famine were grossly inflated.

"Photographs of bleaching animal carcasses in the desert, which are offered around as current evidence are no longer valid and the situation has improved radically," according to D. Pascal J. Imperato, First Deputy Commissioner of the New York City Health Department, who recently revisited the area, where he had spent five years.

He and others acknowledge that foreign assistance will be needed for years. A new United States report said it would take decades after the emergency relief phase to carry out rehabilitation and irrigation projects to halt the desert's advance.

Some relief experts here note that the full dimensions of the famine last year in Ethiopia were suppressed by the Cabinet in Addis Ababa—since ousted—and maintain that United States officials were lax in reporting the disaster because they were unwilling to antagonize the Ethiopian Government.

FIRST SIGNAL IN 1972

Concern for the Indian subcontinent and the sub-Sahara area in Africa prompted recent warnings by the director of the United Nations Children's Fund. Henry R. Labouisse that 400 million to 500 million children were threatened by severe malnutrition. For the first time in many years there are reports of severe malnutrition in Central America.

Theoretically, according to the experts, global grain production of 1.2 billion tons should be enough to meet minimum needs if supplies were spread evenly, which of course, they are not. To attain bare minimums for the 30 to 40 poorest countries would require radical cuts in consumption—in affluent countries, which consume a ton of grain per capita a year, mainly as feed grain to build costly protein in meat, milk and eggs. The prospect of such redistribution is slim.

The first signal that the world was once again veering toward a food crisis came in 1972, when disastrous weather cut production in the Soviet Union, China, India, Australia, Southeast Asia and the sub-Sahara region.

The Soviet Union, which in previous shortages had tightened its belt, chose to go to the world market, largely for feed grains for expanded livestock production. It was principally its purchase of 20 million tons from the United States that pulled down American reserves and pushed prices up.

SYSTEM HELD OVERLOADED

Any assessment of this year's food outlook is complicated by the Soviet practice of withholding forecasts and China's refusal to disclose output. Recent reports have said winter wheat was hard hit by bad weather in the Soviet Union and spring planting delayed. So far there has been no indication, according to American agricultural experts, that Moscow will again be buying on the world market.

Although 1973 was a good year and the United States put idle cropland back under the plow, reserves have not been rebuilt. The experts, maintaining that the shortages are not the result of temporary conditions such as the poor 1972 weather, point to long-term trends that are not yet fully understood. They suggest that the world food economy, after decades of abundance—albeit maldistributed, so that many were hungry while some had surpluses—is moving into an era of chronically tight supplies.

Scarcities are developing because the global system is overloaded. according to Overseas Development Council, a private group. As growing populations and improved diets raise demand, it notes, prices soar and competition for scarce energy and fertilizer intensifies.

The United States has had an agreement with the fertilizer industry since October barring new export sales, which is having damaging effects, particularly on developing countries.

While Agriculture Department spokesmen tend to belittle gloomy forecasts on world output, the F.A.O. report supports the gloom to the extent of estimating that by 1985 the poorer countries will face grain shortages they will be unable to meet with imports. Assuming that increases in population and demand will continue, the agency estimates that by then the majority of developing countries will be left with a big cereals gap.

Senator Hubert H. Humphrey recently proposed a food action program that has bipartisan support. Formulated after consultation with Secretary of State Kissinger, it could be a basis for American policy at the Rome conference.

BIG RISE IN AID URGED

The program, elements of which will stir domestic opposition, urges a substantial increase in assistance to needy countries, which has been scaled down as American sur-

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helping the poorer countries increase production and provides for participation in a global system of food reserves.

Many proposals are being offered to ease the food shortage, ranging from the advice of the economist Barbara Ward that the more affluent forgo a hamburger a week, to the urgings of Dr. Jean Mayer, the nutritionist, that a world-wide campaign restore breast-feeding. Another proposal is that the family pet be fed with scraps from the table instead of commercial food, $1.5-billion item in the American budget. Senator Humphrey is appealing to Americans to change their rich diet and affluent life-style to save grain and asking that the three million tons of fertilizer spread on lawns and golf courses be sent abroad.

Some of the suggestions evoke from specialists the reaction that they would be merely symbolic. Among farm interests there is fear that the principal effect of big crops and domestic consumption would be a sag in prices. "It's tough to make the bread and gravy come out even," a farm spokesman remarked.

BUSINESS WEEK EDITORIAL SAYS ECONOMIC COUNSELLOR RUSH'S REFUSAL TO TESTIFY IS WRONG

Mr. PROXMIRE. Mr. President, I have been highly critical of the refusal of Mr. Kenneth Rush to testify before the congressional Joint Economic Committee. He calls himself the chief adviser on economic policy to the President. He is superior to the Chairman of the Council of Economic Advisers and the Secretary of the Treasury, both of whom are confirmed by Congress and routinely testify before our committees.

But the man designated as their superior and who also wears the hats of Chairman of the Cost of Living Council, the Council on International Economic Policy, and the East-West Trade Council refuses to testify in open hearings before Congress.

That position is both unacceptable and ridiculous. It is based on the same arrogance of power and immaturity of thought that led to Watergate.

BUSINESS WEEK AGREES

Business Week in an editorial on June 22 took much the same view. They say that:

Rush's claim to executive privilege simply won't wash. It reflects the same secretiveness, the same morbid mistrust of public reaction, that already has given the nation Watergate and the plumbers.

That is not the Senator from Wisconsin talking. That is the highly respected, middle of the road to conservative business publication Business Week.

As Business Week concludes:

What sort of spokesman is a man who is allowed to speak only when the doors are shut and the listeners sworn to secrecy.

Mr. President, I ask unanimous consent that the full text of the editorial entitled "The Silent Spokesman" from the June 22, 1974, edition of Business Week be printed in the RECORD.

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

THE SILENT SPOKESMAN

Sometimes the Nixon Administration's obsessive defense of "executive privilege" reaches a point where it is downright funny. Now the White House is refusing to let the President's new counsellor for economic policy, Kenneth Rush, testify before Congressional committees. The state of the U.S. economy joins national defense and delicate diplomatic negotiations on the list of subjects too sensitive to discuss in public.

Rush argues in a letter to Senator William Proxmire (D-Wis.) that: "A long established principle and precedent . . . precludes testimony of members of the President's immediate staff." He offers instead the sort of comfortable, closed-door arrangement with Congress that Henry Kissinger enjoyed when he was the White House adviser on national security affairs.

Rush's claim to executive privilege simply won't wash. It reflects the same secretiveness, the same morbid mistrust of public reaction, that already has given the nation Watergate and the plumbers.

A little give and take on Capitol Hill will not threaten the confidential relation of the President to his advisers. George Shultz and John Connally testified frequently without impairing their usefulness as counsellors. For that matter, Kissinger has spent substantial time in the witness chair since he became Secretary of State, and it does not seem to have cramped his style.

The economic situation is confused; the outlook is uncertain; the economists disagree. The public, which will pay for the Administration's mistakes, is entitled to the fullest, frankest, most open discussion of its forecasts and policy recommendations. Secrecy will breed nothing but distrust, and the nation has enough of that already.

By the President's choice, Rush is the man to do the public explaining. He is, in his own words, the "chief adviser on economic policy" and the "first economic spokesman." What sort of spokesman is a man who is allowed to speak only when the doors are shut and the listeners sworn to secrecy?

UPPER ALLEGHENY SCENIC RIVER

Mr. SCHWEIKER. Mr. President, I am introducing a bill to amend the Wild and Scenic Rivers Act of 1968 by proposing that the upper Allegheny River be studied by the Department of Interior and the Department of Agriculture for possible inclusion in the National Wild and Scenic Rivers System. The upper Allegheny River represents that portion between the Kinzua Dam and East Brady, Pennsylvania. This 128-mile stretch of river is one of the most beautiful and unspoiled in the East. The Interagency Field Task Force in studying the lower portion of the Allegheny recommended that consideration be given to include the upper segment in the system.

The upper Allegheny River has unique scenic and recreational qualities, abundant fish and wildlife, and many historic and geologic values. There is much support in the area for the preservation of this important river to prevent its future deterioration and the possible degradation of these valuable qualities.

Fishing on the upper Allegheny River is considered very good by both the Federal Bureau of Sport Fisheries and the Pennsylvania Fish Commission. Bass, trout, pike, and many other varieties of fish are caught on this portion of the river. Fishing represents an important multi-million-dollar industry in the area.

The Seneca Indians once lived along this river and it was the site of the Indian villages Buckaloon, Goshgoshink and Venango. Also near the river stands the Indian God Rock. Fort Venango from the Indian Wars and Fort Franklin from the Revolutionary War were located near this portion of the river.

The upper Allegheny is within easy access of several major population areas including Pittsburgh, Erie, and Cleveland. Its valuable recreation qualities should be preserved now and in the future.

Certainly the upper Allegheny River should be studied to determine its qualification for being preserved and protected under the Wild and Scenic Rivers System. We cannot afford to subject this portion of the river with its valuable and beautiful qualities to the uncertainties of uncontrolled growth and exploitation, and I am hopeful that its merits for inclusion in the system will be carefully considered.

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

Mr. PELL. Mr. President, I am pleased to urge that the Senate give its full approval to the conference report on H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974.

This is indeed landmark legislation.

It is of deep consequence to our legislative process, but it also bears most importantly on the future well-being of our country; for it gives to the Congress, to the elected representatives of our people, a basic control over the setting of priorities.

Too often we have been subject to the whims of a capricious executive branch. This legislation allows the Senate and House of Representatives to determine, in a far better manner than previously, our true needs and how they can best be met. It returns to the Congress its rightful authority and responsibility.

There is flexibility in this legislation so that the various detailed procedures can be developed with the wisdom of experience. We must all work to assist in the attainment of that wisdom.

Mr. President, this legislation will help enable us to achieve these two principal goals: First, the establishment of a ceiling on Federal expenditures, one which is realistic and based on ample new sources of information; and second, the establishment of fiscal policies to meet the particular needs, requirements, and conditions of each year ahead of us. Again, we will have sources of information we have lacked in the past, and we can respond more rapidly, more wisely, more responsibly to forestall emergencies and eliminate wasteful spending. In the previous Congress I voted for a ceiling on Federal expenditures, but I said that the Congress should determine where the cuts should be made—not the President, or any President, or any executive branch of Government. This legislation fulfills that concept.

I am especially pleased that the anti-impoundment provisions are emphatic. In fact, in skillfully combining the Senate and House versions of the bill, we emerge with strengthened language.

Under this legislation, the President is required to request the rescission of all or part of an appropriation which he determines unnecessary. And both Houses of Congress must pass a rescission bill in order for the President to terminate or cancel a program, or to delay the obligation of 1-year appropriations.

Moreover, the President must notify Congress that he proposes to defer budget authority, and the deferral would be subject to the disapproval of either the Senate or House.

I have consistently believed that every possible step should be taken to avoid impoundment by the executive branch. By this legislation we take constructive action.

Mr. President, I am indeed pleased to have had a share in the development of this historic legislation, as a member of the Committee on Rules and Administration which considered it carefully and with great thoroughness, and as a member of the conferees. I am delighted to commend it to my colleagues and to strongly endorse its passage.

FOREST MANAGEMENT MUST BE IMPROVED

Mr. BAYH. Mr. President, in an era when man is guilty of rapidly diminishing his nonrenewable resources, raising the need to seek new replacements for traditional minerals and fuels, it is indeed unfortunate that we have been neglectful of our most important renewable resource. I speak of timber, a resource of obvious importance, varied uses, and as renewable as the seasons themselves.

Adequate timber supplies to meet the growing needs of our growing country are within our grasp, but poor management of our national forests threatens to create serious supply imbalances.

Shortages already exist. While, with good reason, we decry the slow pace of housing construction in this country, if our economy were moving at a better pace the housing industry would be feeling the pinch of the lumber shortage.

But this is one area in which there is just no need to put up with supply shortages. With the foresight to deal constructively with the problem, we can adopt those forest management policies which will enable us to meet current and future timber needs.

There is no need for million of acres of national forests to remain barren when reforestation should have been a national goal of the highest priority.

There is no reason for the Forest Service to be laboring under annual policy revisions, in an area of public policy that would respond best to 5- and 10-year management programs.

There is no reason for the Forest Service to be the stepchild of the Agriculture Department, underfunded in a way which demonstrates that bureaucratic budget-cutters do not understand the dividends to be returned to future generations by investing in our forests today.

There is no reason for the businesses and industries in the American economy for which timber is the raw material to have so little information about Government plans for timber harvests and future plantings.

There is no reason for those who are sincerely concerned about combining the best ingredients of effective forest management—an adequate timber supply and lasting conservation—to find that the Forest Service simply does not have the personnel to carry out its assigned task.

Mr. President, some weeks ago I had the opportunity to discuss this problem with a delegation from the Indiana Lumber and Builders' Supply Association. These are the businessmen who comprise the crucial link between the timber harvest and the consumer. These businessmen are in the best position to see the dangers posed by short-sighted underfunding of the Forest Service. With good reason these men asked me to look into the problem and to see if something could not be done.

Following up on that meeting I have explored the problem of forest management and find that there is a sophisticated state of the science; the knowledge exists to do the job properly. What has too often been lacking, however, has been the willingness of the Office of Management and Budget to give the Forest Service the money necessary to hire the personnel to turn forest know-how into forest management.

I might say, Mr. President, the Senator from Minnesota (Mr. HUMPHREY) has provided valuable leadership in this entire area. Earlier this year we passed a bill he introduced, S. 2296, to lay the groundwork for establishing the kind of long-range forest management policy that will permit the Forest Service to improve on past performance. I supported this measure and am pleased companion legislation is moving forward in the House.

The Senator from Minnesota also addressed himself to this problem in committee testimony reprinted in the May 2 issue of the CONGRESSIONAL RECORD. The Senator recommended an addition of $193 million to the fiscal 1975 budget request for the Forest Service.

While I think the Interior Subcommittee of the Appropriations Committee, which handles the Forest Service budget, should make the determination as to precise dollar figures, I, too, believe that the Forest Service must receive additional funding in fiscal 1975. I have summarized my view of this situation in a letter to the subcommittee chairman, the distinguished Senator from Nevada (Mr. BIBLE), and I ask unanimous consent to print that letter in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. BAYH. Mr. President, increased support for the Forest Service will be an important initial step to meet the needs of the lumber and building supply industry in this country. But much more is needed.

We need enough rolling stock on our railroads to move timber and other building supplies.

We need consistent long-range national policies on forest management, timber harvesting, and related matters so that long-term environmental impact statements may be filed and ad hoc impact statements will not be necessary every time the Forest Service makes a decision.

We need a Government attitude which seeks to foster rather than inhibit the timber industry.

And we need strong leadership in our economy, to reverse the unhappy combination of inflation and recession that is buffeting the American people from two directions. The downturn in new housing starts is a glaring cause and effect of our economic ills and must not be sharp differences within the administration, we need a realistic look at economic policies and the action necessary to set us back on the right track.

EXHIBIT 1

U.S. SENATE,
Washington, D.C., June 24, 1974.

Senator ALAN BIBLE,
Chairman, Subcommittee on Interior, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: After careful consideration of the important requirements of an adequate timber supply and forest conservation, I would like to recommend that the Subcommittee provide an addition to the unsatisfactory fiscal 75 budget request for the Forest Service.

Additions to the budget request are essential if the Forest Service is to improve woefully inadequate forest management. Personnel shortages in the Forest Service, brought about by ill-considered budget-cutting by the Office of Management and Budget, have affected adversely virtually every area of our forest program from reforestation to insect and disease prevention.

As you well realize, effective forest management is essential to guaranteeing adequate timber supplies in the short-term, as well as into the future. Since timber is a renewable resource we have every opportunity, if only we provide the Forest Service with the necessary funds and manpower, to meet our timber needs for the indefinite future while practicing responsible conservation in our forests.

However, because of the under-funding of the Forest Service by the Administration, we have yet to develop the kind of forward-looking forest management policy that is essential to successful long-range planning in this area. An example of this can be found in the failure to reforest millions of acres of land in our National Forests; land which could be producing timber for future needs and which lies idle subject to the ravages of weather, something that is counter to wise conservation.

Of course the General Accounting Office has pointed to this very problem in its report issued earlier this year. That report confirmed what many of us anticipated, that meeting future timber demand requires a stepped-up reforestation program.

Senate passage in February of S. 2296 demonstrates our concern about effective, efficient long-term forest management. We can reaffirm that concern and demonstrate our commitment to this need by adequately funding the Forest Service in the coming fiscal year. While I shall leave it to the wisdom of the Subcommittee to arrive at a precise dollar figure for the increased funding, I urge you to recognize that funds spent for this renewable resource will pay enormous dividends by the satisfying current and future timber needs of a growing country.

Thank you for considering this urgent matter.

Kind regards,
Sincerely,

BIRCH BAYH,
U.S. Senator.

THE INJUSTICE OF ARREST RECORDS

Mr. MATHIAS. Mr. President, I have long been concerned with the challenge to our commitment to the protection of individual privacy presented by an increasingly sophisticated technology which allows for the computerization of vast quantities of personal data. In the area of computerized arrest records, one must challenge the equity of a system which records criminal arrests, but carries no record of disposition. The obvious problems resulting from such careless recordkeeping raise serious questions as to the desirability of maintaining records of arrests which do not result in conviction. Four years ago, I sponsored an amendment which required the Department of Justice to report on the procedures employed by the National Crime Information Center in collecting and processing such records.

Since that time, there has been a growing awareness of the potential for both good and ill of such vast data banks. Certainly, the benefits of the computer in aiding law enforcement cannot be denied. Equally compelling, however, is the need for strict statutory guidelines to insure that the human consequences represented by such systems are not forgotten. Earlier this year, I was pleased to join in cosponsoring S. 2963 and S. 2964, legislation designed to deal with many of these problems. With widespread support in Congress and the backing of the administration, I am confident that this will be the first of a number of initiatives taken in this session of Congress to insure that ours shall remain an individual-oriented society.

In today's Washington Post, William Raspberry discusses the problems associated with the massive collection of information on criminal defendants and its effect on the future welfare of these individuals. I ask unanimous consent that Mr. Raspberry's column be printed in the RECORD at the close of my remarks.

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

THE INJUSTICE OF ARREST RECORDS

(By William Raspberry)

"In the absence of conviction, the arrest record can serve only harmful purposes. It should be thrown away, torn up, burned."

No matter that Bryan Cordray didn't commit the crime that he was charged with; no matter that the authorities describe his unfortunate arrest as "an obvious case of mistaken identity."

Cordray has an arrest record, and for the eyebrow-raising crime of indecent exposure at that. And there it is, waiting like a land mine, to explode in his face.

The record will also show that the charge against the Alexandrian was dismissed shortly before he came to trial. But if you don't know that the charge of indecent exposure—no matter what its disposition—can make it very rough to get and keep jobs, you haven't been living in the real world.

I don't know what troubles Cordray has been having in this regard, but I do know that I wish him luck in his court suits (Alexandria Circuit and federal district courts) to have his record expunged.

As a matter of fact, the suits ought to be unnecessary: records of arrests not followed by conviction serve no useful purpose whatever, and they ought to be expunged automatically. A lot of people in a lot of places have been calling for that for years.

Connecticut now has a law providing for the expunction of all police and court records of arrests that result in acquittals, pardons, dismissals or decisions not to prosecute. But it didn't come easy. It was necessary for the state legislature to override Gov. Thomas Meskill's veto in order to get the law on the books.

Given the obvious injustice of keeping these useless and damaging records around, what possibly could have motivated the governor to veto the bill? According to The New York Times, his rejection of the measure was based on "expense and administrative inconvenience."

Which is a hell of a note. The state, in exercising its arrest powers, sometimes makes a mistake. But innocent victims of the state's errors must suffer in perpetuity because of expense and administrative inconvenience of being fair.

Fortunately the Connecticut General Assembly overrode Gov. Meskill's veto by healthy margins—35 to 1 in the Senate and 134 to 8 in the House. Now any person in Connecticut who is arrested but not convicted—even if he spends months in jail waiting to prove his innocence—can petition to have all his arrest records given to him. After that, he can legally swear under oath that he has never been arrested.

That is an excellent beginning toward correcting a long-neglected injustice. It would be a perfect solution for Bryan Cordray.

But it isn't the Bryan Cordrays of this world who are the principal victims of our fetish for keeping useless records. A more typical instance of the injustice would be a suspect charged with housebreaking. As often happens, a person charged with one such offense may also be charged with a number of others that fit the general m.o.

And while prosecutors generally go to court on only the offense on which they have the strongest case, the police routinely "close" all the cases involved with the single arrest.

That's fine as long as the state wins a conviction. But as sometimes happens the suspect is not convicted. He may win acquittal in court, or the charges may be dropped. Officially, the suspect is innocent. But his record will show arrests for a string of housebreaking offenses. It may also show acquittal on all the offenses, but what potential employer could fail to be disturbed by the fact of all the charges?

Doesn't it make sense to do what Connecticut has done? In the absence of a conviction, the arrest record can serve only harmful purposes. It should be thrown away, torn up, burned. Or given to the person whose name has been cleared.

And it ought to be done automatically, without waiting for a petition from the accused.

If it serves no purpose to keep records of convictionless arrests, it is simply useless to keep forever the records of persons convicted of and sentenced for criminal offenses.

It may be important to know whether a person convicted of a particular crime is a career criminal or not; such information could help to rationalize sentencing policy. But at some point—say after five or ten crime-free years—the record of earlier offenses becomes excess baggage and, in many cases, an impediment to rehabilitation.

We are forever talking about offenders "paying their debt to society," but we refuse to mark the debt paid. Instead, we continue to punish ex-offenders even after they have served prison terms. And one of the ways we perpetuate the punishment is by hanging onto useless records.

Records of convictionless arrests ought to be destroyed automatically. And people who have been convicted of crime ought to be able to earn the right to clear records. It just might provide a useful incentive.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the Genocide Convention which awaits Senate ratification is really a very simple document. Nevertheless, some have tried to make it complex.

All that the Convention states is the principles of law that genocide is a crime under international law which the signatories undertake to prevent and punish. It goes on to define genocide as an effort, through either death or other coercive means—subordination of the mind, or group restriction on birth, or the restraint of or the forcible transfer of children, all of which were practiced so barbarically in World War II and before—with the intent to destroy in whole or in part a national, ethnic, racial, or religious group.

This treaty is primarily a moral statement, an expression of the world's abhorrence for certain well-defined acts. The treaty must be understood as the embodiment of a world spirit of peace and order. As such, no well-meaning people can ignore it.

Mr. President, I emphatically urge my colleagues to express their approval of this spirit by ratifying the Genocide Convention.

"LEAKS" FLOWING FROM THE HOUSE JUDICIARY COMMITTEE

Mr. BIDEN. Mr. President, there has been considerable discussion in recent days about the flow of "leaks" flowing from the House Judiciary Committee in connection with its proceedings on impeachment.

I ask unanimous consent that there be printed in the RECORD at this point in my remarks a letter I wrote and had hand-delivered on June 14, 1974, to Representative RODINO, Judiciary Committee Chairman.

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

JUNE 14, 1974.

Representative PETER RODINO,
Rayburn Building,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE RODINO: I have been most hesitant to write you, in view of your enormous responsibilities. However, I finally have decided to convey to you my deep apprehensiveness at the steady flow of information in the form of "leaks" apparently being given to the press by members of your committee, by members of both political parties, although, from my readings, your own words have been temperate and judicious.

Regardless, I believe that these continuous "leaks" from within your own Committee in respect to the impeachment inquiry should end. It contains the makings of a "backlash" from Americans regardless of their opinions on the matter of the culpability of the President. I, for example, write this, although last year, in my own state of Delaware, I publicly said impeachment proceedings should be undertaken—without committing myself to a judgment as to the "guilt" or "innocence" of the President.

It is my opinion that members of the Judiciary Committee and its staff should not appear on the Sunday televised panel shows and should stop giving unattributed "backgrounders", etc., to the press. In my judgment, other of my colleagues in the Senate feel as I do. Because the Senate shares a Constitutionally assigned responsibility in respect to impeachment, I thought my opinion may be of interest to you and your committee colleagues and to Mr. Doar, counsel.

Again, my best wishes to you in your difficult and complex undertaking.

Sincerely,

JOSEPH R. BIDEN, Jr.,
U.S. Senator.

THE VETERANS BILL

Mr. SCHWEIKER. Mr. President, I regret that I was unable to be present during the consideration of S. 2784, the Vietnam Era Veterans Readjustment Assistance Act of 1974 because my flight was late. However, I would like to take this opportunity to convey my strong support for this measure. As a cosponsor of S. 2789, the Comprehensive Vietnam Era Education Benefits Act, which included many of the provisions of S. 2784, I was especially pleased that this bill was adopted by the Senate. The importance of the GI bill in our society has been inestimable, and it is essential this program, which gave invaluable assistance to those veterans of previous eras, be provided to those veterans of the Vietnam era. In addition to the problems faced by World War II veterans, the Vietnam era veterans must face a limited job market and rapidly increase tuition costs, further complicating their readjustment in society. I feel strongly that the provisions of S. 2784 will assist our veterans and offer them the much needed opportunity for education and training.

Among the key provisions in the bill are an 18.2-percent increase in the monthly subsistence payments and a 2-year extension of eligibility for benefits. Also included is an additional 9 months of entitlement to allow veterans 5 academic years of education instead of the present 4-year imit. Finally, I was especially pleased with the provision giving our young disabled veteran the consideration he needs and deserves to return to society as a productive member.

I feel that this bill will be of great benefit to our veterans and hope that the conferees will act quickly on this long overdue legislation.

SOVIET JEWRY

Mr. STEVENSON. Mr. President, I have read with grave concern recent news reports from the Soviet Union that security police have arrested at least 50 Soviet Jews in preparation for President Nixon's visit.

The Soviet leaders apparently believe that by making these arrests and increasing their harassment of individuals they will be able to prevent demonstrations and appeals to the President by their Jewish citizens who want to emigrate. In addition, security police have arrested and harassed several Jewish scientists, who have been planning a "scientific seminar" scheduled to be held in Moscow with foreign scientists, including several Nobel Prize winners, beginning July 1. The purpose of the "seminar" is to help Soviet scientists, who have been fired from their jobs because they applied to emigrate, remain current with scientific knowledge.

The Soviet leaders have made a serious miscalculation. They may succeed in preventing President Nixon and members of his party from seeing any demonstrations, but, in doing so, they have drawn world attention to the desperate plight of Soviet Jews. They have also cast a shadow over the President's visit.

The recent arrests and harassment of Soviet Jews have only intensified the commitment of the American people to help those tens of thousands of human beings who ask only the right to emigrate to the country of their choice—a fundamental human right affirmed more than 25 years ago by the United Nations in the Universal Declaration of Human Rights. President Nixon in regrettable remarks at Annapolis may have encouraged Soviet leaders to conclude that the plight of Soviet Jewry is not a concern of the United States. If so, they are wrong. The Soviet leaders should not forget that the Congress has before it both the Stevenson-Jackson amendment to the Export-Import Bank Act and the Jackson-Vanik amendment to the Trade Reform Act, and that events in the Soviet Union will have a significant impact on how the Congress deals with both of these provisions.

On the eve of his trip to the Soviet Union, I urge the President to intercede on behalf of those Soviet Jews who have been arrested and harassed in anticipation of his visit, and to protest these activities to Soviet leaders.

Mr. President, I ask unanimous consent that the article in today's Washington Post by Robert Kaiser, which describes in detail the recent arrests and harassment of Soviet Jews, 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 24, 1974]

SOVIET JEWS HARASSED BEFORE VISIT

(By Robert G. Kaiser)

Moscow, June 23.—Most Soviet citizens will not be personally affected by this week's Soviet-American summit talks here, but for one small group the visit has already prompted a widespread harassment campaign. They are the Jewish dissidents who want to emigrate to Israel.

According to Jewish sources here, the Jewish Section of the KGB, or security police, has already arrested at least 50 Jews in various parts of the Soviet Union, all in connection with President Nixon's visit.

In some cases the security police have made their arrests quietly. In others they have tracked down Jews in country retreats where they had gone in hopes of avoiding arrest.

Some arrests—such as that of engineer Vladimir Slepak—have been violent. The police broke down two doors in Slepak's apartment before taking him away Thursday morning, according to his son. Slepak had spent 15 days in jail at the time of President Nixon's last visit here in 1972.

In Moscow, some prominent "refusedniks" (the name those who have been refused permission to emigrate call themselves) are being trailed around town, some by as many as four KGB men.

The police apparently want to head off any demonstrations by Jewish activists during the Nixon visit, or any other unseemingly event. They appear especially concerned about a scientific "seminar" that several Jewish scientists wanted to hold here with distinguished foreign scholars beginning July 1.

There have been instances in the past when Jewish activists staged demonstrations to attract the interest of famous visitors which may help explain the police attitude now. The KGB also seems to be upholding an old Russian tradition—far older than the Communist government—by taking preventive action to avoid disruptions of important events.

"When my father was a young student in Petersburg before the revolution," one of today's Jewish activists recalled recently, "the Czarist police used to pick them up, with the other Jewish boys, right before Easter. 'We don't want you ruining our Easter,' the police warned them."

Warnings play a big part in the current crackdown. Several activists—Alexander Voronel, for instance—have been arrested in the morning, lectured all day and released in the evening.

Voronel is one of the scientists who was trying to organize the scientific seminar with foreign scholars, including several Nobel Prize winners. The Soviets are hoping to prevent the meeting from taking place by not issuing visas to the foreigners who have expressed interest in the idea, and by arresting or otherwise dissuading the Soviet Jews who planned to take part.

The original idea of the seminar was to help scientists who have been fired from their jobs because they applied to emigrate. It would give them an opportunity to present serious papers and meet with competent colleagues.

The police have threatened some jews with prosecution for treason if they take part in the seminar, according to Jewish sources. When making these threats, the police reportedly said that treason was possible since the seminar was conceived by enemies of the country.

The scientists involved in the seminar, like virtually all the Jews being harassed at the moment, have been waiting for months or years for permission to emigrate to Israel. They are among the small but substantial group that the Soviet authorities refuse to let go.

One of them is Vitali Rubin, a scholar whose specialty is Chinese philosophy of the fifth to third centuries B.C. though Soviet officials have repeatedly told American politicians and diplomats that only those Jews who had access to state secrets are refused permission to emigrate, Rubin has been waiting more than two years for an exit visa.

Gen. Shukayev, a top-ranking official of the Ministry of Internal Affairs, told Rubin's wife, Ina, last week that Rubin's colleagues said his knowledge was unique and could be valuable to the state. His knowledge of Confucius, the general said might be used for hostile purposes if he left the country.

"It's ridiculous," Rubin said in an interview. "In America there are 20 scholars who know as much as I do about Confucius."

Rubin and his wife are being followed by four plain-clothesmen. "Saturday they came to the synagogue with us," he said.

But other Jews waiting for exit vias, including some prominent ones, are being left alone by the police. It appears that the KGB is mainly concerned with organizers of the seminar and Jews who had earlier staged public protest demonstrations (although Rubin is in neither category).

The refusedniks who have not been apprehended appear to be maintaining their normal channels of communication—although the authorities have cut off the telephones of almost every one of them, apparently to prevent conversations with Jewish groups abroad.

These Jews listen avidly to foreign radio broadcasts, hoping to hear that news of their arrests and protests is reaching the West, and their own countrymen through Russian-language radios from abroad.

Several Moscow Jews complained bitterly that the Voice of America pays the least attention to their problems of all the Western radio stations broadcasting to the Soviet Union. "They are helping their government, and therefore helping our government, too," one Jew said of VOA.

This activist was partciularly angry about what he felt was a VOA distortion of a letter released last week by 80 Jews, asking President Nixon not to "help your partners in the Moscow talks to make our difficult situation here an unbearable one," and criticizing the President for failing to help them in the past. This Jew thought the VOA make the letter sound like a request to Nixon not to discuss the Soviet Jews' plight at all.

Although most of the refusedniks seem to maintain good spirits, they sometimes waver. Some are afraid of the police.

One told the story of Sanya Lipavsky, a Jewish doctor, who parked his car in front of a Jew's apartment house that was being carefully watched by plainclothesmen.

When Lipavsky left he drove onto a main Moscow thoroughfare, where his brakes suddenly failed. According to his friends he narrowly averted a serious accident. Later, he discovered that his brake fluid lines had been deliberately cut with pliers.

THIRD U.N. CONFERENCE ON THE LAW OF THE SEAS

Mr. PELL. Mr. President, the lead editorial of the New York Times on June 17 included a statement that in the coming

summer months, the lives and fortunes of a large number of human beings will hang upon the decision of a small number of national leaders.

Caracas, Venezuela, from June 20 to the end of August will be the situs and time for crucial decisions to determine the future of some two-thirds of the Earth's surface—the oceans. At the Third U.N. Conference on the Law of the Seas, delegations from almost every nation in the world will meet in an attempt to establish an orderly regime for the seas.

To the average person, this event may appear as exciting as a musty lawbook gathering dust in the family attic. Yet there is not a single American or, indeed, any human being, born or unborn, who will not be affected in one way or the other by the outcome of this Conference.

The issues at stake are themselves of broad effect and vital consequence. They will touch upon the security of the farmer in the heartland of America, the future well-being of a baby in landlocked Ruanda, the livelihood of the American sailor and fisherman, the pleasure of the vacationer seeking recreation on the beaches and coastal waters around the globe, the success of the scientist probing the mysteries of the sea for the benefit of mankind.

Nor is it only man who will be affected. All the living things of the waters and the strands with whom we share our planet, from the whales to the plankton, from the osprey to the octopus, will have a stake at the Conference. Their voice can only be heard through men of insight who are increasingly aware of the link between the well-being of ecology's vast majority and the well-being, or even the survival, of the Earth's self-declared steward—mankind.

The issues are indeed, themselves consequential. They involve—whether jurisdictional metes and bounds will be multilaterally established so that the seas will unite mankind in peace and not divide men in conflict. Yesterday's headlines featured a cold war. Today's report war clouds gathering over Aegean waters as Greece and Turkey glower at one another.

Whether our sea and air forces can navigate freely on and over the high seas and through international straits and narrows in helping to assure our national security.

Whether the merchant marine fleets of the world can facilitate the flow of world commerce with minimum restraints.

Whether the oceans' fish and mineral resources will be exploited rationally and conservingly to avoid unnecessary depletion or waste.

Whether the deepsea beds and ocean space will be treated as the heritage of mankind to benefit the landlocked state and the coastal state, the developing country and the developed country.

Whether good housekeeping practices will be followed to prevent the pollution of man's and the organic world's largest environmental space.

Whether political restrictions and suspicion will hamper benevolent scientific research into the marine world.

As crucial as all of these issues are, at Caracas another issue will tower above them all: Will the assembled nations decide to follow the route of international coordination or the route of narrow nationalism in coping with the global challenges that will confront them there.

The pattern set at Caracas can well determine how the nations will decide to approach other fateful problems—limits of quantitative growth and population, the expansion of food production, energy and resource shortages, trade and monetary adjustments to meet rapidly changing conditions, environmental preservation, social and political ills of drug and alcohol addiction, crime and terrorism, the erosion of human freedoms.

A successful resolution of these problems will enhance the quality of life for people of all nations.

Failure will reduce human life to the nonquality of polluted, asphalt jungles and the life style of the city rat.

The efforts of no one nation trying to go it alone can assure success or prevent failure.

Caracas can show the way—can demonstrate that what is the common interest, the community interest, is also the national interest. If the delegations act on this basic premise of our interdependent world, they will succeed in establishing an orderly, equitable regime for the seas. Even more important, they will be pointing the way toward the integration rather than the disintegration of human life on our tiny space ship Earth.

SAFE AND HEALTHFUL WORKING CONDITIONS IN NEBRASKA

Mr. CURTIS. Mr. President, with millions of Americans in today's workforce, the safety of all workers should be of primary concern to those of us sometimes engaged in promulgating regulations in the form of legislation to safeguard a healthful working environment.

While I have had occasion to criticize the stringency of the Occupational Safety and Health Act of 1970, I applaud its objective—to provide safe and healthful working conditions for all, and to make those conditions a right, not an occasional byproduct of managerial whim.

And while I shall persist in efforts to amend the OSHA law, I believe the legislation has made both labor and management more conscious of safety as a right, as an entity that can be enhanced by protective measures and can be cherished as a working value.

It is with great pride that I note the achievement of a manufacturing plant in Broken Bow, Nebr. The Becton, Dickinson & Co. plant in Broken Bow has set a safety record of working more than 3 million man-hours without a disability injury on the job.

Such records cannot be achieved without vigilance on the part of legislators who face the task of promoting and maintaining safety on the job for all Americans. I congratulate all the men and women involved for this outstanding achievement.

Mr. President, I ask permission at this time to print in the RECORD a letter I received from Mr. James R. Tobin, director of Public Affairs for Becton, Dickinson & Co., in Rutherford, N.J., noting the achievement of the Nebraska plant.

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

BECTON, DICKINSON AND COMPANY,
Rutherford, N.J., June 17, 1974.

Hon. CARL T. CURTIS,
U.S. Senator,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR CURTIS: It is a great pleasure to be able to relay to you the information you requested concerning a most significant safety achievement by your fellow Nebraskans.

After a span of just under four years' duration, the unique safety record of working more than 3,000,000 man-hours without sustaining an industrial disability injury was achieved. The workers who made this possible were the 350 men and women of the Becton, Dickinson and Company plant at Broken Bow, Nebraska.

Their achievement dates from May 26, 1970 and runs through May 17, 1974 when the 3,000,000 hours was tallied. They continue to add to their fine record daily. This is one of the longest sustained accident-free records in the National Safety Council's Glass Product Classification.

This same plant at Broken Bow won both the National Safety Council 1972 and 1973 contests in competing with over one hundred other similar glass plant manufacturers.

We are proud of the Broken Bow employees who have achieved this most extraordinary record and wished you to have these facts. It is quite obvious that the citizens of Nebraska bring a dedication to their work that reflects highly an individual's self-respect and personal value in the excellence in performance.

Sincerely,

JAMES R. TOBIN,
Director, Public Affairs.

CROSSTOWN EXPRESSWAY

Mr. STEVENSON. Mr. President, last August when the Senate passed the Federal Aid Highway Act of 1973, much concern was expressed in Illinois over the impact of that act on the future of Chicago's proposed Crosstown Expressway. In helping establish the bill's legislative history, I stated on the floor of the Senate that it was not the intent of Congress to intervene or dictate a settlement of local highway disputes.

Regulations recently published by the Department of Transportation confirm that legislative intent. The city of Chicago is clearly in a position to decide whether or not it wants to build a Crosstown. But once that decision is made, it is the State of Illinois which must bear the responsibility for construction. Without cooperation between the State and the city, it will be most difficult to build anything.

Thus, the issue is essentially the same today as it was last August. Nine hundred million dollars has been set aside in the highway trust fund for a transportation project in Chicago—but the State of Illinois and the city of Chicago do not agree on what that project ought to be. Without such agreement, a metropolitan area sorely in need of transportation improvements may eventually lose a $900 million opportunity to improve its transportation system.

I do not possess the staff resources or

expertise to suggest what project might constitute the best possible use of this $900 million.

I do know that it would be a tragedy for the Chicago metropolitan area if a stalemate results in continued delay and eventual loss of $900 million in transportation funds.

Therefore, last August when the Federal Aid Highway Act was passed, I asked Dr. John Bailey, Director of the Transportation Center at Northwestern University and president of the Metropolitan Housing and Planning Council of Chicago, to head a committee of independent experts to recommend the best possible use of this $900 million. Dr. Bailey assembled an outstanding panel of experts which has been meeting over the last 9 months, reviewing the available data and listening to spokesmen on all sides of this issue.

The committee's report is now ready, and I ask unanimous consent that, at the end of my remarks, the committee's report be printed in the RECORD.

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

(See exhibit 1.)

Mr. STEVENSON. Mr. President, I want to personally thank the committee members for their efforts in compiling this report. With no compensation, they have made a significant contribution to a public reassessment of the underlying concepts behind a major urban expressway.

I am encouraged by the report because it suggests that it is possible to design a project that helps correct the transportation deficiencies in the Crosstown corridor while protecting the integrity of Chicago's West Side neighborhoods. The project recommended by the committee could reduce the taking of residential and business property by approximately 60 percent, provide the needed transportation for people and freight, improve industrial access and thereby also increase the jobs and development opportunities in the Crosstown corridor.

The Congress and the Department of Transportation have spoken—and now it is up to the State and the city to act. The committee offers this proposal to all the concerned parties, including especially the residents of the corridor, in the hope that it will help reconcile the differences and move us forward.

EXHIBIT 1

REPORT OF THE SPECIAL CROSSTOWN STUDY COMMITTEE

(By John A. Bailey)

BACKGROUND

It is central to this report that the underlying concepts of the Crosstown project be fully understood. For in the end, the major conclusions arrived at by this committee have much more to do with these underlying concepts than objections to any of the design details of the Crosstown plan itself.

The Crosstown project design represents the attempt to rationalize three concepts. One is a circumferential expressway adequate in capacity and sufficiently close to divert through traffic around the central part of the City of Chicago and to provide for major truck movements within the corridor. This is the classical transport concept which justifies the facility being a part of the Interstate System.

The second concept is that of a major traffic facility to serve intracorridor movements by automobile originally and later by public transit as well. For many years the residents of the West Side of Chicago have been more constrained in their freedom of movement than most of the other parts of the city and county. The Crosstown, if built as currently conceived, would provide substantial access for west side residents for travel within the corridor. In fact, approximately 80% of the projected traffic has one or both ends of the trip in the corridor.

The third concept is that of joint development. The Crosstown is, in essence, a device for providing major urban renewal to a declining area. It will include not only new housing and industrial development, but also open space and a host of social amenities that would renew a wide band of land around the freeway itself. In addition, such a massive project, requiring at least a billion dollars of capital investment, would have a significant positive impact on the whole economy of the city for upwards of a decade.

It is well to point out that the present design of the Crosstown expressway is the evolutionary product of urban freeway design philosophy. The whole concept of joint development emerged in the early sixties as a means to rationalize the urban extensions of the Interstate System. As a concept it was fitted for the conditions existing a decade ago. In that context, the Crosstown is a good example of joint development design. However, some critical changes, such as energy constraints, active citizen participation, and a deepening concern for both the human and physical environment, have occurred in the intervening decade. This committee believes that these changes are significant and require basic review of the concepts underlying the present Crosstown design. Our concerns may be posed as a series of questions.

1. Should any urban space be used to build links in the Federal Interstate Highway System?

2. Should the freeway, as a component of the Interstate System, be restricted to the meeting of requirements for longer distance travel? Doing so would reduce the lane requirements and the numbers and size of the interchanges.

3. Should the freeway be the basic means of meeting person movement demands within the corridor? Should this be done through arterial and traffic control improvements or should more emphasis be placed on public transit?

4. Should massive urban renewal be undertaken around a freeway project where alignment determines the boundaries of the renewal, especially when it is estimated traffic demand that is the ultimate determinant of that alignment?

5. Should the freeway and the traffic needs it serves be given priority over the social and community structure that would be displaced by its construction?

The basic conclusions to which this committee has come derive from its consideration of these questions and not from any inherent criticism of the basic design of the Crosstown or the Crosstown plan. Although the committee does have reservations about technical aspects of the design involving interchange capacities, this alternative proposal goes to the basic philosophy of the project. It is our view that the debate on the Crosstown and any final decisions relative to design and development should be based upon the functions that need or should be served by such a freeway project.

It is a major conclusion of the committee that a circumferential expressway including a major public transit component is *essential and should be located in the Crosstown corridor*. Such a facility should give emphasis to serving two basic functions, both of long term importance to the city and the region. One is to provide for the longer distance travel for automobiles and trucks which now use congested surface streets in the Cicero Avenue corridor or have been diverted to the Kennedy Expressway for the north-south travel. The other is the provision for industrial goods movement terminating in a corridor containing over 400 truck terminals and numerous industrial plants. These essential facilities have inadequate and costly transport barriers which a circumferential freeway would alleviate. This in itself would stimulate industrial development and renewal in the West Side. Such a highway would alleviate congestion on the major arterial streets in the area as well as that on the Ryan and Kennedy in the portions close to the center of the City. It is the view of the committee that provision of this goods movement accessibility is of the highest significance to the long-term economic development of the city. It is a primary justification for construction of an expressway component of a crosstown project which meets the objectives of the Federal Interstate System.

A second conclusion is that the design of the Crosstown to serve the short intra-corridor movements by automobile is now inappropriate. The price, social as well as economic, to serve this purpose is too high. This becomes especially important in the face of serious petroleum energy shortages that are certain to force major changes in travel patterns for the foreseeable future making necessary the expansion of public transit to meet intra-corridor travel requirements. It is essential to give emphasis to goods movement rather than shorter distance person movement on the expressway. Thus the committee concludes that intensive efforts should be aimed at reducing the total amount of automobile usage through the development of expanded public transportation facilities as an alternative means of providing needed mobility. The committee also concludes that the number of access and exit points on the expressway should be the minimum needed to efficiently serve truck movements and longer distance auto travel. For shorter automobile trips, improvement of arterial streets, traffic control and advanced traffic engineering methods should be instituted. Within the corridor, funding for these improvements should be included as part of the total project. The major transit investment will clearly provide a competitive alternative to the automobile. A circumferential transit system developed as an integral part of the corridor will link the commuter railroad stations and CTA rail transit within the structure of the RTA. This combination of actions will come closer to serving present and future needs for mobility within the corridor than the present plan based solely on the automobile as the dominant mode of urban person movement.

A third conclusion of the committee is that the renewal aspects of the original Crosstown plan should now be minimized. Although the current design is highly creative, it is basically too broad. It ends up sacrificing too many homes and, more importantly, communities that are stable, flourishing and cohesive. Over 5000 homes and businesses is too high a price to pay for a transport facility.

Furthermore, as has happened repeatedly with freeway construction, redevelopment occurs rapidly in the areas through which it passes without it being a funded, integral part of the project itself. Such redevelopment occurs through the private sector and most often in ways that are economically and socially beneficial to the area. With careful local government and community control, redevelopment will occur that will effectively harmonize public as well as private interests. The committee seriously doubts the wisdom of directly linking area redevelopment with freeway construction, especially when the transport goal is given

first priority and area redevelopment is patently given second priority. The response of a significant segment of the population in the region is testimony to the unacceptability of the present ordering of priorities.

In summary, from the analysis done by the Committee, it is concluded that a circumferential expressway through the Crosstown corridor and a public transit facility within and beyond the corridor are essential and needed. The question remaining is to identify how those facilities can be located and designed to attain the basic transport goals while minimizing the negative impacts on the other functions whose stability should be maintained. The following represent the proposal that, in the best judgment of the committee, can accomplish these ends.

RECOMMENDATIONS

An analysis of the available data appears to confirm claims raised by opponents of the project that an eight-lane highway through the Crosstown corridor might contain far more capacity than can possibly be absorbed by the current expressway system—particularly at the Kennedy-Edens-Crosstown Interchange. Without substantial expansion of the Kennedy and Edens Expressways at the north end and the Dan Ryan Expressway at the south, construction of an eight-lane Crosstown might produce an uneven match. Existing expressways running at full capacity would be unable to fill the Crosstown, and a full Crosstown, if that were possible, could not provide freely flowing traffic because of the small outlet capacity of the existing expressway system.

Since the committee does not consider it to be financially or socially feasible to expand the rest of Chicago's expressway system to accommodate the proposed Crosstown, it is the committee's conclusion that plans to construct the Crosstown Expressway as an eight-lane facility, with or without dual alignment, must be reassessed.

On the other hand, based on its review of the available data, the committee agrees with the City of Chicago that there is no higher transportation priority than the improvement of the intolerable traffic congestion *throughout the entire Crosstown corridor*. It is significant that there are over 400 truck terminals located within the Crosstown corridor, and, in part due to the access problem, industries already have been moving out of this area. It is clear that the economic vitality and very future of the West Side of the City will depend on improved transportation; a major project, including highway and transit, addressed to the transportation needs of this *entire corridor* must be built.

It is thus the conclusion of the committee that a transportation system more compatible with the existing network of expressways, designed to place a premium on the movement of people by public transportation and goods through improved industrial access, and directed at a substantial reduction or elimination of the need for taking of private residential and business land, be constructed.

In order to accomplish these objectives, the committee recommends:

1. A single alignment, four-lane controlled access highway be built in the Crosstown corridor.

2. This expressway be a complete circumferential route connecting the Dan Ryan in the South and the Edens on the North where it joins the Kennedy.

3. A major investment in public transportation must be an integral part of the design to serve intra-corridor and longer person movements.

4. This facility should be constructed with a minimum number of exits and entrances so that the major use of the facility be for longer trips.

5. In order to minimize the taking of residential and business property, where available public or vacant land is lacking, tunnelling should be used where feasible. This appears especially likely in the section between the Eisenhower and the Kennedy-Edens junction.

6. A major investment in traffic operations of arterial streets within the Crosstown corridor must be an integral part of the project to provide efficient movement by private and public transport to satisfy intracorridor travel.

This proposed transportation system for the Crosstown corridor would meet the criteria of a buildable, relatively unobtrusive and sorely needed transportation system for the Western part of the City of Chicago. A single alignment, four lane facility—unlike the eight lane dual alignment currently proposed—can significantly reduce the amount of land needed. It would significantly reduce the number of residential and business properties that need be taken. The committee's estimate is that takings may be reduced by as much as 60%. Clearly this suggested alternative has as its criterion the basic transportation objective of the Crosstown. It is an attempt to meet this need at the expense of the more ambitious renewal aspects of the original project.

With the increased flexibility brought about by the narrower expressway and the single alignment, unused railroad rights-of-way, and vacant industrial land could provide much of the needed route, greatly reducing the number of residential and business properties to be taken.

Using the funds saved from acquiring land on the surface and construction of the dual alignment, tunnelling could further reduce the need for taking residential and business properties.

A minimal number of exits to arterial streets will place a priority on industrial truck traffic and other longer trips that would otherwise contribute to congestion on the Dan Ryan-Kennedy route. Purely local trips of a relatively short distance in private automobiles would be discouraged, and use of public transportation for individual movement would be encouraged. Congested neighborhood arteries would be relieved of both the truck and through-traffic which now plagues these areas.

The essential needs for people movement within the corridor must be met. We propose that an upgraded and extended transit component be constructed to meet some of those needs; other needs will require substantial improvements to present arterials in the corridor. Cost of such arterial improvements, many of which have been deferred because of the imminence of the Crosstown, should be funded as part of the project.

There is little doubt that a four-lane expressway will be congested during rush hours. Original traffic projections showed that by 1995 the original design of eight lanes was also inadequate in terms of accommodating rush hour traffic. As a matter of policy in the light of the energy situation, government should expand its resources toward reducing our dependency on the automobile.

The City, County, State and Nation are in a position to build a highway and public transportation network that more nearly fits the current transportation grid; that recognizes the need for improved industrial and through-traffic access; that expands public transportation in the city's western corridor; and that preserves the communities along its route, and is sensitive to changing policy requirements for urban transportation.

If built along the committee's recommendations, this substitute transportation system would be just as crowded with automobiles and trucks during rush hours as is any of Chicago's expressways. But the need for improved public transportation, the need for improved industrial access, and the need for jobs and industrial revitalization go on 24 hours a day.

The energy limitations alone will ultimately require a substantial increase in public transportation. This aspect of corridor travel will be far more important than it appeared in the preliminary design or even than it appears today. Thus the transit component is an essential element in the committee's concept for the corridor. It must be extended and upgraded and would greatly improve intersuburban as well as city to suburb accessibility.

The committee realizes this proposal is far from perfect. It does not achieve all of the goals of the original Crosstown, although the committee suggests that perhaps some of those goals were not practically achievable. It does, however, represent an approach to meeting the priority and essential transport needs of the area.

The federal government has said the resources are available if the region can agree on a project. The committee believes that this alternative can accomplish the great majority of essential transportation goals originally set forth by Crosstown Associates for the Crosstown corridor while minimizing the many serious objections raised by those who in good faith have fought that original proposal so long and so hard. The committee believes it is possible to build a transportation system that saves the City's jobs as well as its neighborhoods while encouraging the use of mass transit.

Certainly, we can begin from the common premise that the Crosstown corridor—and Chicago—need a major transportation relief, and every day we wait, we further endanger the future of the West Side and thereby the future of the whole City.

SPECIFIC FINDINGS—HIGHWAYS

1. An eight-lane freeway, as called for in the current Crosstown design, cannot be loaded to capacity in its northern link up with the Kennedy-Edens Expressways, and to a lesser degree, in its southern link up with the Dan Ryan Expressway, primarily because of capacity limitations of the interchanges. A substantial widening of the Kennedy and Edens Expressways would be required north of the Edens junction in order to accommodate the additional traffic entering the interchange from the Crosstown. Since the region does not want to widen these expressways sufficiently and does not have the funds to do so, we suggest that the width of any transportation project in the Crosstown corridor be reduced to four lanes for vehicular traffic, with sufficient space set aside for an extensive public transportation component. Such a facility can be utilized to capacity to divert substantial through-traffic (auto and truck) from both the Dan Ryan and the Kennedy Expressways.

2. If the north end of the Crosstown is built with four lanes for autos and trucks, some modest widening should be provided eventually for short sectors of Edens and Kennedy Expressways north of the junction, to provide better lane balance. For example, adding an extra lane to northbound Edens as far as Touhy or Dempster Streets would serve to improve the operation of the Kennedy-Edens-Crosstown interchange. Such widening can be done within existing rights-of-way.

3. The narrower expressway should be easier to fit into the fabric of the community it traverses. While several members of the committee favor the dual alignment because of its developmental possibilities leading to increased employment, our consensus was that the transportation aspects must take precedence over the developmental aspects. Fewer houses would be taken by the kind of single alignment proposed, thus preserving existing neighborhoods. In selected stretches of heavy residential and commercial concentration and no alternative rights-of-

way—particularly in the north and southeast ends—we believe tunnelling should be considered to further reduce the taking of houses and businesses. The cost of tunnelling appears low enough to make this solution preferable to doing without a continuous Crosstown ($35 million per mile for surface construction vs. $50 million per mile for tunnelling). When all the other external effects are considered, this difference is likely to be even less.

4. To make the highway serve predominantly longer trips, not as many interchanges should be constructed as would normally be built. This will further reduce the impact on neighborhoods, reduce taking of houses and save money. Where possible, parallel arterials should be improved to facilitate the traffic that has to remain on them.

5. Construction of the proposed alternative transportation system to the Crosstown will remove substantial traffic from the arterial system paralleling it to the benefit of users of the arterial system and for people and activities located along or near those arterial streets. This secondary benefit will permit neighborhoods near the expressway to improve their surroundings both in esthetic, economic and environmental terms.

6. Trucks will continue to be of major importance in movement of goods in and through Chicago over the next several decades, and substantial economic benefits will accrue to the citizens of the community by making this truck traffic move more expeditiously. Environmental benefits will also accrue to residential areas by removing as much of the truck traffic as possible from arterial streets.

7. Since we can expect that freeways will continue to be loaded after construction of either the Crosstown or this suggested alternative it is important that freeway surveillance and control systems be included in the design. This will permit operational strategies for optimal performance.

8. A major value to the region from the construction of this transportation system will be a substantial improvement in safety to our citizens, pedestrians, drivers and passengers.

9. The investment of several hundred millions of dollars in the near west side will have positive benefits on that community. Likewise, there will be indirect benefits from this employment on the economy of the Chicago region.

SPECIFIC FINDINGS—TRANSIT PROJECT

The committee believes that the reduction of lane capacity for automobiles and trucks should be accompanied by an acceleration of the parallel transit project and an extension of the project from I. C. Gulf Railroad on the south end completely around and to the Skokie Swift on the north end or perhaps even to the Howard-Linden rapid transit line. While present tentative estimates of ridership on this transit project are low, no organization has made a careful assessment of choices of mode under long term gasoline shortages. A 20% reduction in gasoline consumption will not obviate the need for the alternative highway project suggested by the committee, but it can substantially increase the use of public transportation, especially if a circumferential transit line is linked with the current radial transit system.

With elimination of the split alignment several options are available with regard to the location and type of the public transportation component of the project. A two-lane busway convertible to rail mass transit at a later date as proposed in the original Crosstown, could accompany the Expressway section of this alternative proposal where the project runs along the Belt-Line right-of-way. Where a single four-lane alignment down Cicero is deemed most appropriate, the public transportation component might be split from the actual highway and still traverse the Belt-Line right-of-way without the need for taking any additional residential or business property. The feasibility of going directly to a rail mass transit system that could fit within a single alignment without necessitating taking of any extra business or residential property should also be considered.

A careful cost-benefit analysis should be made of the contribution of the transit aspect of the revised project in linking suburban houses to suburban job locations. Funds for construction of a public transportation component more extensive than the convertible busway called for in the original Crosstown proposal will be available from the saving brought about by the committee's alternative proposal.

HOUSING AVAILABILITY AND IMPACT

The committee believes a chief obstacle to the construction of any project stems from the fears of local residents that they will lose their homes, jobs, or both, without fair compensation or a guarantee of equal replacement housing or employment opportunities. Adoption of this suggested alternative plan would greatly reduce the number of houses taken, as well as the impact of the project on any given neighborhood. For those who would still be affected, there is no reason why these fears should be realized, either in terms of the law or the resources available.

The original estimates showed that the Expressway would displace 3,600 dwelling units inhabited by approximately 10,400 persons and about 1,400 commercial uses. An estimated 120 industrial firms employing up to 11,500 employees would be displaced. Both housing and commercial takings would be reduced substantially by the proposed alternative transportation system so that we believe the revised project could be far more acceptable to the community. With takings reduced by approximately 60%, those few who would be displaced would be guaranteed relocation within the same neighborhood.

Compensation for those affected would come mainly through the substantial provisions of the 1970 Uniform Relocation Assistance Act and the economic benefits of the estimated 17,600 jobs per year created by the Crosstown project itself over the ten year period of construction.

In order to assure that sufficient housing of equal quality and cost is made available to meet any needs generated by the alternative project, there should be established a non-profit housing corporation with a majority of the board of directors appointed by the Governor, the remainder appointed by the Mayor of Chicago. This corporation would have the sole purpose of employing available governmental and private resources to construct or otherwise obtain necessary replacement housing and to facilitate the relocation of persons displaced by construction. Construction or other housing activities undertaken by this corporation would take place after consultation with families to be displaced and *in advance* of the loss of existing units.

In its approval of the project, the U.S. Department of Transportation should declare publicly that the maximum provisions of the Uniform Relocation Assistance Act will ensure that no resident will be disadvantaged. The commitment by the Illinois Department of Transportation should include making available any excess lands acquired in the case of right-of-way takings for the purpose of replacement housing, if appropriate, or for use of parks or open space to make the project most amenable to nearby property owners or renters.

One of the major advantages of a four-lane single alignment is that it can be designed to minimize neighborhood impact in an aesthetic and environmental sense as well as reduce the number of property takings. By choosing between a Cicero Avenue alignment and the Belt-Line Railroad alignment, designers will have the option of choosing an overall route which least interferes with surrounding neighborhoods.

ADDITIONAL STUDIES

Once the plan called for in these conclusions has been forwarded to the Federal Highway Administration the committee believes that further studies should be made immediately so as to be available during redesign of the project. These studies should include:

1. Estimates of 1995 travel demands (projections) under energy constraints and based upon the assumption that there will be smaller cars, smaller engines, and an integrated regional transit system.

2. New estimates for 1995 of the ownership of automobiles should new transit facilities and upgraded present facilities be available and be coordinated through the proposed RTA.

3. Recognition of lower population growth than that upon which earlier estimates have been based.

4. A careful assessment of the feasibility of tunnelling for a substantial length of the Crosstown in an effort to minimize the residential impact on the north and southeast ends of the project.

5. Cost-benefit analysis of the transit line, and evaluation of its location in relation to the expressway right-of-way and how it can be extended and financed beyond the portion clearly lying within the corridor and fundable by any savings in implementation of this recommended alternative. These assessments could be started as soon as the State and City agree on a plan.

6. Evaluation of alternative designs for the facility (interchange design, four vs. six lanes, and route location in relation to railroad and transit rights-of-way).

SEPARATE STATEMENT OF JORDAN JAY HILLMAN

As a lawyer, I lack the competence in urban and transportation planning to evaluate meaningfully the technical recommendations and conclusions in this report. I do concur in its publication, however, as the work product of our committee. I believe that it provides a realistic alternative proposal for the Crosstown corridor problem and a basis for constructive public discussion.

APPENDIX A

Crosstown Committee members and their major professional field:

John A. Bailey,* Director, The Transportation Center, Northwestern University, 2001 Sheridan Road—Evanston, Illinois 60201; Committee Chairman and administrator.

Warren H. Bacon,* Vice President-Manpower Administration, Inland Steel Company, 30 West Monroe Street—Chicago, Illinois 60603; Corporate staff.

Donald S. Berry, Murphy Professor, Civil Engineering, Northwestern University, Technological Institute—Evanston, Illinois 60201; Transportation educator.

Robert G. Biesel,* Vice President, General American Transportation Corp., 120 South Riverside Plaza—Chicago, Illinois 60606; Corporate executive.

David Callies, Ross, Hardies, O'Keefe, Babcock & Parsons, One IBM Plaza—Chicago, Illinois 60611; Attorney.

Jordan Jay Hillman, Northwestern University, Levy Mayer Hall—Chicago, Illinois, Professor of Law.

G. Donald Kennedy,* 1630 Sheridan Road, Wilmette, Illinois 60091; Civil Engineer.

Paul D. McCurry,* Partner, Schmidt, Gar-

* Board member or former Board member or Officer of Metropolitan Housing and Planning Council of Chicago.

den & Erikson, 104 South Michigan Avenue, Chicago, Illinois 60603; Architect.

Richard M. Michaels, Director, Urban Systems Laboratory, College of Engineering, University of Illinois-Chicago Circle, Chicago, Illinois 60680; Transportation & Urban researcher.

Jerrold E. Salzman, Freeman, Freeman & Salzman, One IBM Plaza, Chicago, Illinois 60611; Attorney.

APPENDIX B

METHODOLOGY

1. The Committee met and organized itself into three subcommittees:

a) Law;

b) Traffic flow and assignment; and

c) Housing and planning.

2. The Committee met with representatives of interested citizens' groups to obtain their recommendations and to evaluate their concerns.

3. Subcommittees met with State, City, Federal, and transportation planning officials, including the staff of CATS.

4. Subcommittees evaluated data made available by both civic groups and governmental officials and presented their recommendations to the full Committee.

5. The Committee discussed the major components and drew its conclusions on the basis of its best judgment as a group.

ACKNOWLEDGEMENTS

This committee realized it was undertaking a major activity in attempting to reassess a billion dollar transportation and development project. Each member contributed countless hours to the task and the City of Chicago, State of Illinois and Federal transportation officials made their views and data freely available.

Special notice must be made of the staff assistance of:

The Metropolitan Housing and Planning Council of Chicago;

The Transportation Center at Northwestern University; and

The Urban Systems Laboratory, the University of Illinois at Chicago Circle.

FOR THE RECORD—THE SECURITIES AND EXCHANGE COMMISSION AGAINST THE NATIONAL FARMERS' ORGANIZATION

Mr. PROXMIRE. Mr. President, today I wrote a letter to the head of the Securities and Exchange Commission in connection with an action that the Commission is pressing against the National Farmers' Organization. The SEC strongly objects to certain loans that NFO members have been making to the parent organization. The SEC's position is that inadequate information was provided in conjunction with the solicitation. In fact fraud has been alleged.

In my letter to SEC Chairman Garrett I urged the SEC to carefully consider the hard facts upon which an allegation of fraud might be based before making an irrevocable decision. I pointed out that the NFO's past record was not consonant with that of a fraudulent organization. I ask unanimous consent that my letter be printed in the RECORD at the conclusion of these remarks so that it can be made crystal clear that I am in no way attempting to improperly influence SEC deliberations.

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

Hon. RAY GARRETT, Jr.,
Chairman, Securities and Exchange Commission, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that the Commission is in the process of negotiating a consent decree with the National Farmers' Organization Inc., arising from alleged misrepresentations NFO made in obtaining loans from its members.

Apparently the NFO is willing to meet all the terms of such a consent decree with the exception of admitting fraud. First let me say that I am not in sufficient possession of the facts to make a judgment on this point. Furthermore I believe it would be highly improper of me to apply pressure of any sort on any Federal agency in a proceeding of this kind. I've never done so in the past, and don't intend to start now.

However I would like to make a few points since fraud, as I understand it, involves willful deception. I have known and worked with the leadership of this organization almost from the time I came to the Congress in 1957. They represent a great many hard-working farmers in my state. They are a non-profit organization. No one to the best of my knowledge has gotten rich working for the NFO.

The group stresses collective action to improve farm prices. If the government is ever to get out of the business of subsidizing farmers it will be through self-help organizations like the NFO. Because of this approach the members know much more about the goals, activities, and financing of the NFO than a normal stockholder would know about a company in which he held stock.

An admission of fraud, of course, would cut against the member confidence that is vital to a self-help organization of this sort.

If your agency has hard evidence of fraud you must press for an admission of fraud. I urge you to consider the evidence you do have in the light of the history, goals and non-profit structure of this farm group before committing yourself irrevocably to such a course.

You should know that I will place this letter in the Congressional Record so that it can be a matter of public record. It is not my purpose to privately seek special consideration for the NFO in this case.

Sincerely,

WILLIAM PROXMIRE,
U.S. Senate.

THE DARDEN SCHOOL

Mr. HUGH SCOTT. Mr. President, it is most fitting that the School of Business Administration at the University of Virginia should be named for former Gov. Colgate Darden. I am especially proud because of my ties with Governor Darden as a former congressional colleague and a schoolmate at the university.

Mr. President, I ask unanimous consent that editorials from the Virginian-Pilot, the Newport News Times Herald, the Richmond Times-Dispatch and the Daily Advance be printed at this point in the RECORD.

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

[From the Norfolk (Va.) Virginian-Pilot, Mar. 31, 1974]

THE DARDEN SCHOOL

The University of Virginia is giving one of its newer agencies a name equal to its high quality and renown—the Colgate Darden Graduate School of Business Administration.

Graduate business schools are almost standard in American universities today. Virginia's was the first in the South; Mr. Darden as president of the University, headed the movement of more than 25 years ago that led to its creation. It was modeled after Harvard's school, which it has come to rival in excellence and prestige.

Mr. Darden was Governor of Virginia before he began his 12-year administration at Charlottesville. "It is very fitting," said his successor at the University, Edgar F. Shannon Jr., "that the graduate business school bear the name of the man who had the greatest influence on improving the quality of education in the Commonwealth during this century."

It is fortunate for the school as well as fitting for its namesake. Mr. Darden's influence on education in this State, in many official capacities and through personal interest and generosity, has been such that his name appropriately would honor any Virginia education institution of any level.

[From the Newport News (Va.) Times-Herald, May 30, 1974]

A MOST APPROPRIATE ACTION

The Board of Visitors of the University of Virginia acted with singularly good grace Wednesday in changing the name of its Graduate School of Business Administration to the Colgate Darden School, thus honoring its third president and former governor.

It was Darden, a fact emphasized by President Edgar F. Shannon Jr., who had "the greatest influence on improving the quality of education in the Commonwealth during this century. Mr. Darden's special interest in the university and its graduate business school has contributed significantly to the excellence of the institution."

The University previously had honored one of Darden's legislative colleagues, W. Tayloe Murphy, in naming the Murphy Institute, and offers related graduate work to the degree of Doctor of Philosophy through the Institute of Chartered Financial Analysts and the Center for the Study of Applied Ethics.

Virginia's business community has a significant hand in the prosperity of the University's several schools of business through the Business School Sponsors Organization.

It is a gracious gesture, and totally in accord with the concepts emphasized by Darden during his years as President of Mr. Jefferson's University.

[From the Richmond (Va.) Times-Dispatch, June 1, 1974]

THE DARDEN SCHOOL

No more appropriate or gratifying action could have been taken by the University of Virginia's board of visitors than the recent renaming of its graduate business school as The Colgate Darden Graduate School of Business Administration, effective July 1.

In making the announcement last week, University President Edgar F. Shannon Jr. said the school will "bear the name of the man who has had the greatest influence on improving the quality of education in the Commonwealth during this century."

Those who think Dr. Shannon got carried away by Cavalier pride in the accomplishments of his predecessor in the university's presidency ought to be challenged to name another Virginian whose contributions to education have surpassed Mr. Darden's. The constructive influence of Colgate Whitehead Darden Jr. has been felt everywhere from the tiniest rural grade-school to the most advanced collegiate scholarship in Virginia.

The most immediate reason this particular school should proudly carry the Darden name is, of course, that former Governor Darden was instrumental in funding the school during his 12-year presidency of the University. When classes began in 1955, this became the first graduate school of business administra-

tion in the South. The Virginia business community was active in organization and remains active in support today. Through master's and doctoral degrees, continuing education programs for business executives, and such associated activities as the Center for the Study of Applied Ethics, the school has been a force for wise and principled leadership in private enterprise.

Volumes could be written about Colgate Darden's other good works for education that make the board's action so very fitting. Suffice it to say that one of his abiding interests has been that any young Virginian be able to receive a sound education in his public schools, regardless of where he lived or of who he was. As president of the University of Virginia, that concern was evident in his drive to encourage the enrollment of Virginians from the public school system at the University. Later, as a member of the State Board of Education, he and Lewis F. Powell Jr. of Richmond were the movers and shakers in demanding that all public schools in the state be brought up to an acceptable level, without further needless dilly-dallying.

It is good to see part of the Commonwealth's enormous debt of gratitude to the man from Norfolk being paid off now, while he can personally collect the satisfaction, although one realizes fully that all this state owes to Colgate W. Darden can never really be repaid.

[From the Lynchburg (Va.) Daily Advance, June 3, 1974]

A MERITED HONOR

The Graduate School of Business Administration at the University of Virginia has a new name. It is now the Colgate Darden Graduate School of Business Administration, by action of the Board of Visitors. Officially the name becomes effective July 1.

His reputation as Governor of Virginia and as third President of the University of Virginia was appropriately recognized by retiring President Edgar F. Shannon, Jr., when he said: "It is very fitting that the graduate business school bear the name of the man who has had the greatest influence on improving the quality of education in the Commonwealth during this century. Mr. Darden's special interest in the University and its graduate business school has contributed significantly to the excellence of the institution."

Lynchburg has had an especially strong interest in the business school. When it was being organized Henry E. McWane, retired President of the Lynchburg Foundry Co., was head of the statewide drive to raise funds to establish it, and many leaders, local businessmen have been among its regular supporters and have participated in its special seminars.

Establishment of the school was of major importance not only to Virginia, for it attracts students from nearly all the states and has become recognized as one of the leading institutions of its kind under former Dean Charles C. Abbott and his successor, C. Stewart Sheppard.

In recognizing Darden in its name, it enhances the prestige enjoyed virtually from its founding. The Graduate Business School Sponsors organization continues its support and makes possible a steady elaboration of services and quality to be assured.

WALTER HELLER DISCUSSES THE PROS AND CONS OF INDEXING

Mr. PROXMIRE. Mr. President, on June 20 Dr. Walter Heller wrote a detailed analysis of the subject of "Indexing" for the Wall Street Journal. He gave the pros and cons in a most detailed and lucid way. My own views that indexing has a great many problems and has not been as successful in Brazil as some have said, were reinforced by Dr. Heller's article.

Nonetheless this is a very important and topical subject. It should not be dismissed out of hand. We should look at it very closely. For those reasons I think this article should have the broadest public attention and I ask unanimous consent that it be printed in full in the RECORD.

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

HAS THE TIME COME FOR INDEXING?

(By Walter W. Heller)

In a world caught in the toils of unrelenting inflation, it is small wonder that "indexing" or "indexation" is gaining attention and adherents.

The idea of using a general price index to translate fluctuating money values of payments like wages and interest and of assets like bonds and savings into stable real value is not new, of course. A century ago, the English economist Jevons was searching for just such a stable standard of values. And in recent years, Belgium, Israel and Finland have indexed wages, pensions, rents and a wide range of financial transactions.

Even in the United States, we practice indexing in a limited way. Cost-of-living adjustments provide some insurance against inflation for 32 million Social Security and civil service beneficiaries and 13 million recipients of food stamps. And the wages of about 10% of the labor force are at least partly hedged against inflation by cost-of-living escalators.

What is new is not indexing as such, but the proposal that it be applied across the board. Struck by Brazil's heady economic experience, Milton Friedman urges us to "express all transactions that have a time duration in terms that eliminate the effect of inflation." This, it is claimed, would automatically take both the sting and the honey out of inflation and clear the path for monetary and fiscal measures to bring it under control.

Brazil's widespread use of indexing, or what it calls "monetary correction" has coincided with a marked slowdown in inflation and a strong speed-up in growth. The annual rate of inflation was brought down from about 90% in 1964 to 15% in 1973 (though worldwide inflationary pressures have again pushed it up to over 35% in the early months of 1974). Meanwhile, real growth has averaged better than 10% a year since 1968.

THE BRAZILIAN EXPERIENCE

But has indexing really been the hero of the piece? Does the Brazilian experience apply to conditions in the U.S.? For much of the following analysis I am indebted to Professor Albert Fishlow at the University of California.

After the military takeover in 1964, Brazil applied indexing with a vengeance in an effort to cope with rampant inflation and to get financial markets back on their feet.

Indexes measuring inflation rates of the recent past are used to translate money values into real values for payments of rent, interest and taxes as well as for assets like bonds, savings accounts and both the fixed and working capital of business.

Wage increases are determined by applying an index of expected future price and productivity increases to a base consisting of the average real wages paid in the preceding 24 months.

Profits are determined on the basis of real gains after monetary correction, while the level of exemptions and the range of tax brackets under the personal income tax are redefined each year in accordance with price level changes.

The foreign exchange rate was put on a crawling peg, a system of regular minidevaluations geared to the differential rate of Brazilian inflation.

The measure of inflation generally used for the correction process is the wholesale commodity price index (except in the case of rentals, where the minimum wage is used as the indexing standard). Apart from wages, where the index is applied in an arbitrary way, the system is far from automatic. To implement changes in economic policy, the authorities have adjusted tax privileges, loan repayment terms and real estate rate levels from time to time.

Wage indexing, as used in Brazil, was not a device to help labor keep pace with inflation. In fact, the wage formula, especially during the early years, had a built-in bias toward a reduction of real wages, partly because the correction for future inflation (and productivity advances) substantially undershot the mark and partly because rampant inflation eroded the calculated wage base. As a result, real minimum wages declined some 16% in the first phase of the program up to 1967. In the following five years, average wage gains covered only half to two-thirds of productivity advances. Only in 1972 and 1973 did rough parity prevail.

No one disputes that the Brazilian economy has made impressive strides in the decade since indexation was introduced. But the closer one looks, the clearer it becomes that indexing—in the usually accepted sense of impartial and automatic adjustments to general price movements—made only a marginal contribution to that success. Several facts lead inescapably to this conclusion.

First, the decisive role in reducing Brazil's inflation was played not by indexing but by (a) fiscal discipline that reduced the cash deficit from more than 4% of total output in 1963 to a small surplus in 1973; (b) price and wage controls; (c) the large productivity dividends produced by high rates of growth, and (d) greater international openness and the resulting competitive pressures on the domestic economy.

Second, Brazil's in-name-only indexation for wages was actually a formula for unwinding inflation at the expense of labor. The substantial decline in real wages, especially in the lower income groups, bears witness to this.

Third, from the foregoing it is clear that the important parts of the program bearing the label "monetary correction" did not serve the cause of equity under conditions of rapid price rise—which presumably is the name of the game in indexing—but precisely the opposite.

Fourth, far from being an automatic correction based on overall price movements and thereby serving as a neutral "rule" to supplant governmental authority in allocating resources and distributing income, Brazilian indexing has been highly discretionary. To think otherwise does not do credit to the ingenuity and innovativeness of Brazilian policymakers. It fails to convey the degree to which rapid growth and disinflation were a product of conscious intervention in the economy.

Fifth, as recognized by such respected Brazilian authorities as Minister of Finance Mario Enrique Simonson, indexing eliminates the usual frictions in the inflationary process and thus may become a "feedback factor" in the rate of price increases. The 1974 jump in Brazil's inflation rate stemming from the global rise in food and energy prices seems to illustrate this point. The country's nimble policymakers already are investigating new ways of blocking this transmission effect.

Although indexing played a minor direct role in Brazil's successes on the growth and inflation fronts, it did help set the stage. By restoring and guaranteeing positive real rates of interest to savers, it helped revive capital markets and created the conditions in which

new financial institutions could work, thus enabling the market to allocate resources more efficiently. Also, with the help of a broad range of export subsidies and incentives, the crawling-peg exchange rate facilitated a truly impressive growth in Brazil's exports. These consequences were important for Brazil's economic advance. But they are largely irrelevant to the U.S. economy blessed with strong financial institutions and foreign trade.

Indeed, the adjustment of interest rates to inflation via the marketplace, as in the U.S., affords an interesting contrast with adjustments by indexing. What is the greater wisdom? To escalate long-term interest rates via indexing in response to the 1973–74 food and fuel price explosion? Or temporarily to offer a negative return on long-term money as our sophisticated capital markets are doing? These markets seem to be telling us that we should not build today's inflation into tomorrow's expectations on an exactly proportionate basis (nor, for that matter, should we ignore projected earnings in the productive sector).

COST-PUSH PRESSURE

An automatic across-the-board indexing system would have promptly translated skyrocketing commodity prices not only into higher interest rates but into higher wages. Thus, it would have put relentless cost-push pressure on the general price level. Under the present system, one has at least a fighting chance to avoid converting the 1973–74 "soft-core" inflation—food, fuel, industrial materials and post-Phase 4 pop-up inflation—into a "hard core" price-wage spiral reaching well into the future.

Because of its uneven impacts, then, our existing system throws sand into the gears of inflation. Indexing would oil the gears and speed the process of inflation.

Under present circumstances, a good case can be made for using cost-of-living escalators in wage bargains instead of building the present rate of inflation into those contracts. Labor is thus protected against high rates of inflation, while the public is assured that wages won't be pegged at levels that ignore declining rates of inflation.

But it should be recognized that if across-the-board indexing of wages were required, vexing questions would arise. Would the base, or take-off point, simply be the existing wage level, or would adjustments have to be made for previous wage erosion and wage inequities? Would some nationwide adjustment for productivity also have to be prescribed? And would that not call for price-monitoring?

Beyond this, could a cost-of-living index be tuned finely enough to maintain the even-handedness that is a major objective of indexing? It is probably beyond the capacity of an indexing system, for example, to adjust for the fact that inroads of zooming food and fuel prices have been more serious for modest and low incomes than for high incomes.

Or consider the difficulties in trying to index income tax liabilities as Brazil has done:

Suppose we adjusted personal exemptions and the width of the tax brackets by the cost-of-living index today. It would give too much relief to those for whom food and fuel absorb only a small percentage of income and vice versa.

A tax fix via indexing cuts tax liabilities for those hurt by inflation but imposes no penalties on those, like debtors, who are helped by it.

Indexing reduces the automatic stabilizing force that a progressive income tax exerts by taking more money out of an inflationary economy. In this sense it demands more of discretionary fiscal policy.

Indexing would also throw a heavier burden on conventional fiscal, monetary and wage-price policies because it is such an efficient conductor of the inflationary impact of outside shocks like the quadrupling of Arab oil prices. Such policies are having a hard enough time trying to curb existing inflation without making them compensate for indexation as well.

SOME ATTRACTIONS

This is not to say that indexation has no role to play in the U.S. economy. As the Social Security and food stamp examples illustrate, it has definite attractions as a means of buffering the incomes of groups who have no built-in protection against inflation. Cost-of-living escalators for wages can also play a useful role in an economy where inflationary forces are ebbing. And the federal government might want to issue an indexed security itself and remove legal barriers to private indexing arrangements in financial transactions. Having "purchasing power bonds" as an option would enable the system to respond more efficiently to differential expectations of future inflation among investors and thereby reduce nominal interest rates.

But even with the best of intentions and the most perfect of applications, indexing cannot fairly lay claim to being neutral, automatic or highly equitable. It does not do away with either market power or political power. But it does do away with some of the inhibitions against inflation and some of the frictions that serve as circuit-breakers to slow it down.

In short, carefully targeted indexing in small doses can promote equity without worsening inflation. But in large doses, it is more likely to be an opiate than a cure for inflation.

LEON H. WASHINGTON, JR.

Mr. CRANSTON. Last week, the Nation, the profession of journalism, and the black people of this country lost a leader, and I lost a personal friend. Leon H. Washington, Jr., founder and publisher of the Los Angeles Sentinel, died at the age of 67.

The Sentinel, the largest black-owned newspaper west of the Mississippi, was founded by Mr. Washington in 1934. In those bleak depression days, Los Angeles was a rigidly segregated city. Jobs were almost impossible to find, especially for blacks.

Mr. Washington launched an attack on this problem with a "Don't Buy Where You Can't Work" campaign. His picketing got him arrested. But the wall of job discrimination started to crack.

For four decades Leon Washington never lost touch with the community his newspaper served. He was a catalyst in the struggle of black Americans toward the dream of freedom and equality.

S. 1566, THE HAWAII AND U.S. PACIFIC ISLAND COMMERCE ACT OF 1974

Mr. FONG. Mr. President, a recent editorial in the Honolulu Star-Bulletin underscores the critical need for Hawaii of enacting S. 1566, "The Hawaii and U.S. Pacific Island Commerce Act of 1974," now on the Senate calendar.

The bill is cosponsored by my Senate colleague from Hawaii and myself while a similar bill has been introduced in the House by the two Representatives there from the Aloha State.

I ask unanimous consent that the editorial be printed in the RECORD so that others may appreciate why the Hawaii congressional delegation urgently seeks passage of the proposal.

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

THE SHIPPING ACT

To the American labor movement, nothing is more sacred than the right to strike—and for good reason.

The strike is labor's heavy artillery, its cutting edge.

Without it, the American working man would not enjoy the high wages and working conditions that prevail today.

Without it, Hawaii would be a quite different—and less democratic—place than it is today. Titanic labor struggles in Hawaii after World War II destroyed a semi-feudal economic structure, won labor a place as an equal of management, and paved the way for genuine political and racial democracy in these islands.

Hawaii today is one of the most unionized communities in America, one of the more liberal states politically, and a place where no politician gets far by making an enemy of organized labor.

This makes it particularly significant that all four members of Hawaii's congressional delegation, three Democrats and a Republican, are united in supporting a bill that will go to the floor of the U.S. Senate next week to limit the right to strike.

Sens. Hiram L. Fong (R) and Daniel K. Inouye (D) are cosponsors of S. 1566, entitled "The Hawaii and U.S. Pacific Island Commerce Act of 1974". Reps. Spark M. Matsunaga (D) and Patsy T. Mink (D) are supporting similar legislation in the House.

They are not enemies of labor, and they would not do anything to hurt the labor movement, yet they find common cause in promoting a bill that Labor Secretary Peter Brennan went out of his way to oppose earlier this month.

What S. 1566 would do is give Hawaii, Samoa, Guam and Micronesia, which are all the U.S.-controlled islands of the Pacific, a 160-day "cushion" whenever there is a West Coast maritime strike or lockout.

It would provide for shipping service to continue uninterrupted to these islands for 160 days after a West Coast maritime strike or lockout begins, and for workers retroactively to get the benefits of any settlements once terms are agreed on.

S. 1566 is needed because of the overwhelming dependence of the Pacific islands on surface shipping to maintain their economies—and the frequency of interruptions in the past, an average of nearly two shutdowns a year since World War II.

To cut off shipping to Hawaii is as damaging as cutting off trucking and railroad service to New York City or Washington, D.C. The economy slowly strangles.

Yet while truck and rail strikes in the East usually bring rapid federal intervention, the 1971 maritime strike dragged on for 100 days before President Nixon declared an emergency and invoked a Taft-Hartley cooling off period. By that time Hawaii had suffered shortages, higher prices, job layoffs, shortened work hours, a virtual shutdown of its construction industry, and an inability to get its sugar and pineapple to Mainland markets. A year later the economic effects were still being felt.

To settle their labor disagreements, some 18,000 labor and management people brought severe economic hardship to nearly 1,000,000 innocent bystanders, including union members, in the Pacific islands.

To the nation as a whole a West Coast maritime strike is not an emergency. To us it is. Yet the Hawaii trade constitutes somewhat less than 3 per cent of the dockside labor at West Coast ports. Adding in the

other Pacific islands brings it to 3½ per cent. Of shipboard labor, 7 per cent is involved.

The carriers operating in the Hawaii trade constitute less than 13 per cent of the voting power in the Pacific Maritime Association, the bargaining agent for management.

These statistics show why Hawaii's members of Congress, despite their strong ties to labor, can conscientiously support S. 1566.

By giving a "cushion" to the Pacific islands, S. 1566 does not substantially diminish the capability of labor and management to apply pressure on each other.

In fact, the reverse may be true since the existence of S. 1566 would make federal intervention under the Taft-Hartley Act less likely to occur in a future West Coast maritime strike.

We are particularly pained at the Nixon Administration's position on S. 1566. Until the summer of 1972, Mr. Nixon was actively supporting strong general legislation to allow the government to impose settlements if necessary in transportation disputes nationwide.

After a meeting with Teamster leaders in which they threw their support to Mr. Nixon for re-election, Mr. Nixon withdrew support for the transportation strike bill. His assistant John Ehrlichman personally told the Honolulu Star-Bulletin that if the Teamsters cared to believe there was a connection between these actions, the administration would not deny it.

Mr. Nixon promised at the same time to create a Commission on Industrial Peace that would develop alternate legislative proposals, but this commission was late in being appointed and has not been significant.

Labor Secretary Brennan's position on S. 1566 seems an extension of the 1972 "deal" which is a very raw one so far as Hawaii is concerned.

S. 1566 will not significantly impair the right to strike. It will be tremendously important, however, to the economic stability of the U.S. Pacific Islands. It faces a tough floor fight. It deserves to pass.

PROPOSED AGREEMENT FOR COOPERATION WITH THE REPUBLIC OF AUSTRIA

Mr. MONTOYA. Mr. President, on June 14, 1974, the Atomic Energy Commission forwarded to the Joint Committee on Atomic Energy, pursuant to section 123c of the Atomic Energy Act of 1954, as amended, a proposed amendment to the agreement for cooperation with the Republic of Austria. The agreement will become effective only when it has lain before the Joint Committee for 30 days, not including periods during which the Congress is in recess for more than 3 days. The 30-day period for the proposed agreement with Austria will expire on July 26.

The new agreement provides for the following changes, among others:

First, the section dealing with provision of uranium enrichment services no longer constitutes an assurance that such services will be provided. The agreement instead represents an enabling document to allow contracting for such services up to a maximum amount, subject to capacity.

Second, the agreement now allows transfer to Austria of special nuclear material other than U–235, such as U–233 or plutonium, for fueling purposes.

Third, the ceiling on distribution is now expressed in terms of the amount necessary to fuel power reactors with a total electric capacity of up to 4,000 megawatts. This is equivalent to about 80,000 kilograms of U–235. The previous ceiling was 12,000 kilograms.

Fourth, the term of the agreement is extended to the year 2014. The present agreement would expire in the year 2000.

The agreement is now, and will continue to be, subject to the safeguards of the International Atomic Energy Agency, pursuant to the Treaty on the Nonproliferation of Nuclear Weapons (NPT).

Without objection, I ask unanimous consent to have printed in the RECORD the AEC letter transmitting the agreement. The letter describes the changes in more detail. Copies of the proposed agreement for cooperation are available in the offices of the Joint Committee.

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

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., June 14, 1974.

Hon. MELVIN PRICE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

DEAR MR. PRICE: Pursuant to Section 123c of the Atomic Energy Act of 1954, as amended, copies of the following are submitted with this letter:

a. a proposed amendment to the "Agreement for Cooperation Between the United States of America and the Republic of Austria Concerning Civil Uses of Atomic Energy";

b. a letter from the Commission to the President recommending approval of the amendment; and

c. a memorandum from the President containing his determination that its performance will promote and will not constitute an unreasonable risk to the common defense and security and authorizing its execution.

The amendment modifies the comprehensive thirty-year research and power agreement, which came into force in 1970 and expires in 2000. The purpose of the amendment is to revise the provisions of the present agreement governing supply of special nuclear material, principally enriched uranium for fueling nuclear power reactors in Austria. In connection with such revision of the agreement, its term would be extended into the year 2014.

The amendment reflects the Commission's revised policy governing the long-term provision of uranium enrichment services, which was adopted in 1971 and which has been reflected in bilateral amendments and agreements negotiated since that time, for example, the Spanish agreement and the amendment to the Agreement for Cooperation with the Republic of China. Pursuant to this policy, the revised agreement with Austria would be essentially an enabling document and would no longer represent any kind of supply assurance prior to execution of specific toll enrichment contracts. The amendment also is consistent with the modified Uranium Enrichment Services Criteria published by the Commission on May 9, 1973.

Article I of the amendment sets forth the basic, enabling framework for long-term supply of enriched uranium fuel. The Commission would be authorized to enter into toll enrichment contracts for supplying power reactor fuel, subject to the availability of capacity in Commission facilities and within the ceiling quantity established in Article III of the amendment. Once customers in Austria are ready to contract for a particular quantity, they would compete for access to available Commission enrichment capacity on an equitable basis with the Commission's other customers. Such competition for access to available capacity will, in general, be on a "first come, first served" basis.

Article I continues provision for supply of U–235 to fuel research and experimental reactors. As in the Spanish agreement and Chinese amendment, for example, and in view of the expected commercial use of plutonium as reactor fuel, a new provision has been incorporated (paragraph D) to permit transfer of special nuclear material other than U–235 (i.e., plutonium and U–233) for fueling purposes. The Commission does not plan to be a world supplier of such latter types of material, particularly plutonium; rather, Austrian reactor operators would be expected to look to the commercial market to meet needs which arise.

Article II sets forth conditions governing material supply from the U.S. and its use within Austria. These are similar to conditions in the current agreement and are common to other Agreements for Cooperation. For example, an economic or technical justification is required before the Commission will give consideration to the transfer of uranium enriched to more than 20% in U–235. Further, the Commission would participate in any decision as to where fuel reprocessing shall be performed.

Regarding special nuclear material produced through the use of U.S. material acquired under the bilateral, such produced material may be transferred to third countries provided that such countries have an appropriate agreement for cooperation with the United States or guarantee the peaceful uses of such produced material under safeguards acceptable to the U.S. and Austria.

Article III amends the current U–235 ceiling article of the agreement. Under the revised supply policy mentioned earlier, the U–235 ceiling becomes merely an upper limit on the amount which may be transferred for power applications and does not represent an advance allocation of United States diffusion plant capacity. Following the approach adopted in other recent amendments and agreements, the ceiling is based on the total megawatts of nuclear power anticipated to be supported, and it covers a program composed of an existing reactor project and those for which supply contracts are expected to be executed within the next five years. Since the Commission's policy pursuant to the Uranium Enrichment Services Criteria normally requires that initial deliveries of enriched uranium for first core loadings be contracted for at least eight years in advance of such need, the quantity limitation in the Austrian amendment contemplates the execution of contracts calling for initial first core deliveries up to thirteen years in the future. The Austrian power program which would be supported by the amendment totals 4,000 megawatts (electric).

With respect to safeguards, the current Austrian agreement calls for application of safeguards of the International Atomic Energy Agency (IAEA) to transfers under the bilateral. Austria has concluded a standard trilateral safeguards agreement with the U.S. and the Agency respecting such transfers. Further, and as Article IV of the proposed amendment recognizes, Austria has concluded a safeguards agreement with the Agency pursuant to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Accordingly, and with U.S. agreement, the standard trilateral safeguards arrangement has been suspended, and the U.S. has agreed to suspend its bilateral safeguards rights under the Agreement for Cooperation during the time and to the extent it agrees that the need to exercise such rights is satisfied by the IAEA safeguards arrangements indicated in Article IV.

Article V revises the term of the agreement to establish an effective period of forty years. The forty-year period is considered appropriate in view of the advance contracting requirement noted earlier and the practice of establishing a term for power-type Agreements for Cooperation which encompasses the approximate economic lifetime of nuclear power reactors. For planning purposes, this lifetime is considered to be about thirty years.

The amendment will enter into force on the date on which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for entry into force.

Sincerely,

WILLIAM A. ANDERS,
for Chairman.

ON VOTING DEMOCRATIC

Mr. KENNEDY. Mr. President, every so often, an inspiring article comes across my desk that offers an unusually interesting perspective on one or another of our Nation's two great political parties.

Recently, I had the pleasure to read such an article in a current issue of the New Republic. The article, entitled "On Voting Democratic," was written by the distinguished senior news reporter and author, Gerald W. Johnson, and it offers a personal and fascinating perspective on the Democratic Party in this century, by a perceptive observer who cast his first Presidential vote for Woodrow Wilson.

Toward the conclusion of his article, Mr. Johnson draws some lessons from the era of President Franklin Roosevelt, lessons that seem especially apt to the circumstances in which the Nation finds itself today.

Speaking of President Roosevelt, he notes:

He inherited a nation with its economic system in ruins and with the people's confidence in themselves and in their government buried under the ruins. His first task was to dig it out, which he did with great political skill. . . .

But his administrative ability fell far short of his perception of the truth that you cannot establish respect for law until the law has been made respectable, and he was only halfway through that task when the second hurricane struck him, and eventually killed him, but not until victory was in sight. He died firm in the faith that the only national security is in the people's faith that the nation is worth securing.

Mr. President, the search for leadership goes on today, and Mr. Johnson has given us a timely reminder of the greatness of our recent past. I ask unanimous consent that his article may be printed in the RECORD.

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

[From the New Republic, June 22, 1974]

ON VOTING DEMOCRATIC

(By Gerald W. Johnson)

My first vote in a presidential election I cast for Woodrow Wilson, of which I am very proud. Subsequently I have supported every Democratic presidential candidate, of which I am not very proud, as it implies an affiliation, of which I am not proud at all, with an organization that in the past has included, and at present, I doubt not, still includes some of the damnedest rascals unhung. In confession and avoidance, as the lawyers say, I plead that the alternative was adhesion to the Republican party which includes, I believe, even more of the same. Furthermore, in congressional, state and local elections I have occasionally voted Republican, albeit only when the Democratic candidate stank so abominably as to be beyond endurance.

I am, in fact, a man imbued with the black pessimism of Thomas Jefferson. Of course I know that Jefferson is popularly regarded as an optimistic idealist, but that is simply a legend of our American mythology. The man was profoundly realistic, and no realist is unremittingly cheerful. Consider two of his characteristic utterances. One is from his first inaugural, a guarantee that it was carefully considered and exactly phrased. It reads, "Though the will of the majority is in all cases to prevail, that will, to be rightful, must be reasonable." If it is not, it becomes oppression. The other was in a private letter and in such writing Jefferson, like the rest of us, tended to become more vehement but not necessarily less truthful. He said, "Whenever a man has cast a longing eye on offices, a rottenness begins in his conduct."

The first is a plain implication that democracy is capable of abandoning reason, and when it does so, is transmuted into tyranny. The second is an equally plain implication that under any form of government, including the democratic form, there will always be some rotten eggs. Together they amount to corroboration, almost two centuries in advance, of Winston Churchill's judgment that no form of government is good, but that all the others are worse than democracy.

Churchill spoke generally, but I submit that specifically his reasoning applies well enough to the American two-party system. Allowing for temporary deviations from the norm, my reason for fairly consistent adhesion to one of the two major parties is not that the Democratic is a good party, but that the Republican is, as a rule, appreciably worse. "To prove this"—again I quote Jefferson, capital letters and all—"let Facts be submitted to a candid World."

Then—not as conceding a point, but as due courtesy to holders of the adverse opinion—let the first two facts submitted be the incontestable truth that the Republican party did elect Abraham Lincoln and Theodore Roosevelt. Both, to be sure, encountered venomous opposition within their own party, but that is the usual reward for getting something done. Every Democrat, also, who has had a lasting effect on our political history has endured the like.

Delving into ancient history is, however, rather beside the point. Washington, the pre-party President who had both Jefferson and Hamilton in his cabinet and was tough enough to fire both, is beyond debate. But Jefferson, Madison, Jackson and Lincoln were unquestionably shakers and movers, and most scholars agree that the Adams pair, John and John Q., were masters of statecraft, the science of government, and so command respect despite their woeful incompetence in politics, the art of getting elected. Yet the skills that bolstered, though they did not establish the reputations of the first five, and to some extent that of Lincoln, were markedly different from those most useful to 20th-century Presidents. (Note well, if you please, the word "skills"; probity, courage and energy are not skillls, they are elements of character.) So the fact that John Quincy Adams was a superb Secretary of State is no proof that he could have handled the kinds of problems with which Kissinger has had to deal. And while the integrity of Washington had an intrinsic value that has never altered, Lincoln was too wise to try to use his iron hand, Theodore Roosevelt fumbled it, and Wilson's attempt to use it, after he was physically disabled, was a disaster.

My steadfast adherence to the Democratic party did not enable me to vote for the Virginia Dynasty, but it has influenced me to vote for two Presidents of the first rank—indeed, to vote for them six times—for another who, in the estimation of historians is not only in the second, but edging close to the top of that rank, and for another whose personal charm exceeded that of any occupant of the White House since Martin van Buren, most graceful of all Presidents. True, it also influenced me to vote for James M. Cox, John W. Davis, Alfred E. Smith and Lyndon B. Johnson, although in the last case the stronger influence was my impression that Johnson's opponent, Mr. Goldwater, was an evocation from the political Stone Age—an impression since shaken but not yet eradicated. I concede that, had I been old enough, partisanship might have betrayed me into voting against Theodore Roosevelt in 1908, but I balance that potential error by pointing out that party loyalty did cause me to vote for Cox against Harding. In 1924 the murderous combat between the Ku Klux and the Knights of Columbus gave the voters in November a choice between a zero and a cipher, so I voted for Davis, and why not? In 1928 I was for Al Smith with real enthusiasm. Not until some years later did I realize that he and Hoover were opposite sides of the same coin, and it a plugged nickel.

In the next seven elections, 1932–1956, I had not the shadow of a doubt that my party alignment was the right one. In five of them the majority of the voters agreed with me, and in the other two the party's error was a tactical one. In the aftermath of a great war, to run the best man you have against a successful general may be honorable conduct, but it is a long way from realistic politics, for in such circumstances the best man who walks in shoe-leather cannot beat five stars.

In fine, for the 16 elections for President in which I have participated, I remember my adherence to the party line with pride in seven cases, the two for Wilson, the four for F. D. Roosevelt and the one for Truman. Two for Adlai Stevenson I regard with personal satisfaction, although they were hopeless. In three, Harding-Cox, Nixon-Humphrey and Nixon-McGovern, sticking to the party saved me from being in the winning majority, which I remember with increasing satisfaction. In one, 1960, party loyalty had nothing to do with it. Kennedy was glamorous, to be sure, but had he been uglier than Caliban, he would have had my vote, for his opponent was Richard M. Nixon. In 16 tries the Democratic party, I believe, has nominated the better candidate 11 times, elected him eight times, and won again with Johnson, although that victory was a donation by the Republicans.

As a gambling system, then, I submit that nine out of a possible 16 wins, plus two that it deserved to win, make party regularity a pretty good bet.

But as a political philosophy I believe that dyed-in-the-wool democracy rates much better. When the donkey is high he usually takes off in the direction of the New Jerusalem, the elephant, in like condition, toward Nineveh and Tyre. Obviously neither can arrive, because the New Jerusalem never was and the glories of Phoenicia never will be again. The practical problem is to determine which crash landing will afford the better chance of some survivors. There is no definitive answer, but the historical facts are that the donkey's trip ended in Johnson's Great Society and McGovern, the Elephant's in Watergate and Nixon. Which was the more terrific smash only time can tell, but my prediction is that the donkey will recover consciousness somewhat sooner than his rival will. I am well

aware that this prediction may be attributable to a shot in wishful thinking, but I maintain that it has a factual basis that many Democrats frequently overlook.

I think that these facts are incontestable: (1) that the fight that historians call "our brush with Spain" demonstrated that the newly rebuilt United States Navy could move fast and shoot straight; (2) that in the days when the Wright Brothers and Marconi were still obscure, any nation with such a navy was either a great power or on the verge of becoming one; and (3) that the emergence of a new great power would compel readjustments of policy by all nations, including the new great power.

Add to these a fact still unsuspected when Wilson was first elected in 1912, but that is frightfully apparent now: that from a world viewpoint the 20th is the most terrible century since the time of the Hundred (really 116) Years' War, beginning in the 14th and running half through the 15th century.

Finally, consider a fact that half the Democrats and three-fourths of the Republicans in the country will deride as pure hallucination: that the three incontestably great leaders of public opinion in this century, Wilson and the two Roosevelts, were only incidentally reformers, being in the main hard-headed realists who not only observed the first three facts but perceived some part of what they implied.

When the first Roosevelt was President the century's nightmares had not begun, but he saw clearly that his first duty as President was to prepare the country for the inevitable change. The first step toward that end was to get rid of innumerable obsolete ideas and practices that would prevent us from profiting by our new opportunities. He went about it with a boldness and energy that continually startled and often scandalized the beholders.

Wilson followed the same line, but with a more realistic perception of the whole situation. He too was intent on preparing the nation for a new role in the world, but the first of the successive hurricanes struck the world as he was halfway through his first term, and thereafter he was preoccupied more by preparing the nation to shoulder its new responsibilities than to profit by its new opportunities.

The second Roosevelt, not in Wilson's class as a political philosopher but greatly his superior as a practical politician, spent his entire first term and part of his second clearing away some of the wreckage that the ineffable Harding, Silent Cal and bewildered Hoover had hardly touched. But the job was less than half done when the first blast of the second hurricane struck, and thereafter his time was all taken up by efforts to persuade the nation to face the storm rather than try to outrun it. He might have failed at that, had it not been for the thoughtfulness of the Japanese in giving us a terrific kick in the rear as we were in the act of cowering before the blast.

Certainly the three leaders all urged upon Congress and the country many and varied reforms, most of them long overdue and some, especially in the case of the second Roosevelt, frankly tentative, but the idea that they were soul-savers is one of the most fantastic of our political myths. It was our hides, not our souls, that they were out to save, and did save but by a frighteningly narrow margin.

Of the three Wilson was by long odds the hardest-headed realist. I make this flat assertion on the basis of an insight into his character that I gained before I ever heard of him, in fact before I was 10 years old. It derived from attendance at Sunday school in two Presbyterian churches whose congregations were almost exclusively Scottish-Americans and rigidly Calvinistic. There I became acquainted with the Session, a committee that was the ruling authority in matters of faith and dogma, and composed of the elders and the minister. In childish eyes these figures were majestic, holy and hateful, all in the superlative degree.

Therefore in later years I received placidly utterances of President Wilson that drove into frenzy friends and neighbors imbued with Arminian, Socinian, Papist or Judaic errors. My own reaction was, well, the man was a Scotch Covenanter, so what else could you expect? Case-hardened he certainly was, ruthless he certainly was, arrogant he frequently was, but a hypocrite he was not. A very cursory examination of his chief propositions will reveal that they were designed to adjust the republic to its new position as a great power so that it might function smoothly and with the greatest attainable measure of security.

When he declared that the highest function of government is "to release the generous energies of our people," he spoke with machine-tooled precision. The ungenerous energies require no release because they rampage throughout the world, as witness the national cemeteries and the national debts.

It is the glory of the second Roosevelt that he understood the core of Wilson's political philosophy and approved it. But he inherited a nation with its economic system in ruins and with the people's confidence in themselves and in their government buried under the ruins. His first task was to dig it out, which he did with a political skill of which Wilson had not an iota. But his administrative ability fell far short of his perception of the truth that you cannot establish respect for law until the law has been made respectable, and he was only halfway through that task when the second hurricane struck him, and eventually killed him, but not until victory was in sight. He died firm in the faith that the only national security is in the people's faith that the nation is worth securing.

But his post-mortem good fortune was to have as his successor Mr. Truman, a man thitherto regard as rather less considerable than Chester A. Arthur, but who had the courage to erase from the Democratic banner Marcy's swinish slogn, "To the victor belong the spoils" and substitute, "On the victor devolves the duty to give first-aid to the injured," and with that the world prestige of the United States touched the highest pinnacle it has ever reached.

Because I was a party-liner I had voted for him. So, my lords and gentlemen, despite Boss Tweed, the Tonkin Gulf Resolution, local stinkers and all, I remain a Democrat unabashed.

THE RIGHT TO PRIVACY

Mr. BIDEN. Mr. President, Senator ERVIN has come to be known as one of the most colorful and well-known figures of the U.S. Senate. But much more than that, he has been one of the strongest and most determined protectors of the individual's right to privacy.

Data banks and computer files of personal information are becoming more and more common today, one of the most recent manifestations of which is a giant proposed Government computer system called FEDNET. It is in regard to this proposal that Senator SAM once again appears as the staunch and formidable opponent of Government intervention in our citizens lives.

The Washington Star-News responded to the Senator's opposition in an editorial which I would like to share with my colleagues and fellow citizens. Mr. President, I ask unanimous consent that the editorial entitled "The Right to Privacy" be printed in the RECORD.

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

THE RIGHT TO PRIVACY

Sam Ervin will have a place reserved in American history as the senator who presided over the Watergate hearings, but he probably would just as soon be remembered as the man who did something to protect the individual's right to privacy.

Defending the right of citizens to be free from the inquisitive eyes of government and private business has been a passion of the North Carolina senator during his 20 years on Capitol Hill. His Senate subcommittee on constitutional rights opened hearings the other day with the idea of getting protective legislation on the books now.

The concern is far from unfounded. A staff report presented to the Ervin subcommittee as the hearings opened called attention to the growing establishment of government data banks that already contain more than a billion pieces of information on individuals. Many of the banks were set up without clear legal authority and in many cases the information contained in them is passed around indiscriminately among government agencies.

Unless something is done to halt it, all the data collected by government agencies will be centralized into a massive computer system (called FEDNET). This would mean that personal information about millions upon millions of Americans would be within push-button range of officials and bureaucrats whose interest in the data could be legitimate or illegitimate.

Similarly, there is a growing use of computer banks in private industry to compile information—good and bad, accurate and inaccurate—about individuals. And this, too, often is passed around from one company to another, so that the individual never knows in how many places his name is listed or what is said about him.

The focus in this era of modern electronics is on sophisticated computer operations that make it easy to obtain, store and use vast amounts of information about people, but it should not be forgotten that a mass of hand-collected data on individuals also lies in filing cabinets in government agencies and business offices across the land, and it equally is subjected to abuse.

While the information in these computer banks and files usually is available to many people, it is closed in most cases to inspection by the individuals on whom the information is collected. They have no opportunity to contest the accuracy, relevancy or timeliness of the data.

Ervin and several of his colleagues are seeking legislation that would prohibit the indiscriminate collecting and passing around of information on individuals by either government agencies or private organizations. It also would allow individuals to review and correct the records.

Senator Ervin could perform no greater service in the final few months before his voluntary retirement from the Senate than to steer legislation through the Congress to protect American citizens from the prying eyes of a "Big Brother" society.

GLOBAL NUCLEAR TESTING

Mr. HARTKE. Mr. President, the number of countries with nuclear capability has increased during the past several years, and the testing of nuclear devices by these countries has increased to reflect the general attitude of regional nuclear superiority.

During the past month, three countries have exploded nuclear devices, contributing further nuclear radioactive fall-

out to various parts of the world and endangering all living organisms now and in the future. The immediate effects on life may not be readily apparent even to the scientific community, but future generations may witness the defects and deformities caused by the increased radioactive material in the air and water.

A resolution of mine, Senate Resolution 155, calling upon the President to strongly condemn the Government of France for their continued explosion of nuclear devices in the South Pacific regardless and irrespective of the rights of the people in that area of the world and the International Court of Justice at the Hague, has gone unnoticed by our silent administration.

France conducted another nuclear test at Mururoa Atoll on the 17th of June and the radioactive fallout was noted throughout the South Pacific. The governments of New Zealand and Australia have strongly condemned the actions of the French Government. I ask unanimous consent that articles by the New Zealand Embassy entitled "French Nuclear Testing: Background to New Zealand's Objections" and "French Nuclear Test" be printed in the RECORD following my remarks.

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

(See exhibit 1.)

Mr. HARTKE. Mr. President, on the same day that France was polluting the waters and air in the Pacific, the People's Republic of China exploded a nuclear device which greatly increased radioactivity in the air over Japan. In an unofficial statement, the Director General of the Japanese Public Information Bureau of the Foreign Ministry stated:

> Japan in the past protested against nuclear tests by all countries, including the Peoples Republic of China, and Japan has expressed its desire that nuclear tests not be continued. We have received information that China has again conducted a nuclear test. Japan, being a country which hopes for peace without armed conflict, considers this nuclear test regrettable, and hereby makes public this statement of protest.
>
> In view of the known pollution of the atmosphere and sea as a world wide problem, it is very regrettable that the destruction of the environment by nuclear test is continuing. Japan strongly desires that the Peoples' Republic of China immediately terminate further nuclear tests.
>
> In addition, the Japanese Government intends to retain its right to pursue compensation through international tribunals if the result of the test should directly or indirectly damage the Japanese people or their property.

The South Pacific is not alone in suffering from increased radioactivity. The Asian subcontinent has experienced its first nuclear explosion by the Government of India. While Prime Minister Gandhi has indicated her Government's intention to use the information obtained therefrom for peaceful purposes, it has provoked increased activity by other regional governments. The clearest indication is that it is unclear what future nuclear developments may unfold for the subcontinent.

The foreign policy posture of the United States should not be one of silence in view of the impending diplomatic climate regarding the growing community of nuclear countries. I again urge my colleagues on the Committee for Foreign Relations to conduct immediate hearings into global nuclear diplomacy and the increasing nuclear club.

EXHIBIT 1

FRENCH NUCLEAR TESTING: BACKGROUND TO NEW ZEALAND'S OBJECTIONS

The deep-seated objection of the great majority of New Zealanders to nuclear testing in the South Pacific is of long-standing but has become more intense in recent years with the increasing awareness of the dangers of unnecessary exposure to nuclear radiation. This public mood is based on three main factors: anxiety about the possible physiological effects of radioactive fallout, concern at a demonstrable evidence of proliferating nuclear weapons, and a resentment that a European power should carry out such experiments not on its own metropolitan territory but on an overseas territory, on what may seem from Paris a remote region, but which is nevertheless the region in which New Zealanders and Pacific people live.

The New Zealand Government has sought to remain objective in its public presentation of the facts about fallout. The reports of the New Zealand National Radiation Laboratory have shown that the levels of fallout during nuclear test series in the Pacific do not constitute an immediate health hazard, but when every effort is made to avoid unnecessary radiation from other sources it seems illogical to contend that there are legitimate grounds for the uncontrolled deposition of fallout from nuclear test explosions for weapons purposes, from which the populations exposed derive no benefit whatsoever. This view has received very general support from the United Nations Conference on the Human Environment.

The growth of public and governmental concern about both the effects of nuclear testing and its relationship to progress in the field of disarmament has been a process extending over a number of years. By the time the moratorium was broken by the Soviet Union in 1961 the New Zealand position had evolved significantly and when the United States Government decided to follow suit the New Zealand Government at once expressed its concern, as it had done in the case of the Soviet Union. In the following year New Zealand sought in the United Nations to condemn all nuclear tests, a position which it has since maintained. Against this historical background, as well as against the background of the Partial Test Ban Treaty, the Non-Proliferation Treaty, the SALT talks and the general movement towards detent, evident amongst the major powers, it is difficult for the New Zealand Government to accept that further nuclear testing, particularly in the atmosphere, can be justified on the grounds of the need to acquire an independent nuclear capacity.

Finally, strong feeling has developed throughout the South Pacific and beyond, as has been shown during recent debates in the General Assembly. It is significant, for example, that the resolution co-sponsored by New Zealand and adopted by the General Assembly in 1972 had a wide range of Pacific co-sponsors, and that this was the first occasion on which countries from various parts of the region had taken joint action on a political question. The views of the South Pacific have been further reinforced by the recent resolution which received the unanimous support of all members of the South Pacific Forum in March 1974.

The issue is now before the International Court of Justice which last year issued an interim injunction to stop the tests in the Pacific pending a determination by the Court of the legality of the testing. However, France's rejection of the Court's decision and its declared intention to hold further tests in the South Pacific continue to give New Zealand and its neighbours much cause for concern.

FRENCH NUCLEAR TEST

The Prime Minister, Rt. Hon. Norman Kirk, announced on 17 June that he had reason to believe that France had conducted an atmospheric nuclear test explosion at Mururoa.

"Following the announcement from the office of the President of France on 8 June that a further series of atmospheric tests was contemplated, I made plain to the French President, in a letter conveyed through the French Ambassador, that the New Zealand Government and people could only regard the resumption of such tests with the gravest concern", the Prime Minister said. "The announcement that France will proceed to underground tests in 1975, while presenting a new developrment, does not affect New Zealand's fundamental opposition to atmospheric tests set down for this year: the more so since the French Government is unable to give firm assurances that no atmospheric testing will be undertaken after 1974."

"The decision to proceed in the face of the representations of New Zealand and many other governments over many years, representations which we have renewed only in the last few days, is all the graver in that it involves a further infringement of the Interim Measures Order of the International Court of Justice of June 1973. "I have instructed our Ambassador to convey our strong protest to the French authorities at the resumption of atmospheric testing in violation of our rights and the rights of our South Pacific neighbours under international law."

UNIFORM NATIONAL RATE FOR NEW GAS SALES

Mr. TOWER. Mr. President, on Friday, June 21, the Federal Power Commission issued its order in what was projected to be an epochal undertaking. The proceeding was docket No. R–389–B and was begun in order for the Commission to set a uniform national rate for new gas sales. The order was, indeed, an undertaking, but not in the sense of shouldering a great burden. It was an undertaking in the morbid sense, for the FPC may have just interred the domestic natural gas consumer.

The rate selected by the Commission to apply to sales of natural gas from the lower 48 States was 42 cents per million cubic feet. This figure is 27 cents higher than the initial area rate set in the first Permian case, and 16 cents higher than the rate set in the most recent, final area proceeding, the so-called Southern Louisiana II case. In short, it is a 60-percent increase over the highest rate set in an area rate proceeding. Why is it, then, that the lone dissenter on the Commission characterized the rate as suicidal?

To begin with, we should take the measure of the natural gas shortage, as this was a factor agreed to unanimously by the Commission. First, there is the matter of declining gas supplies. The majority found that during the period of 1967–72, the findings to production ratio was about one-half; this means that our national gas consumption averaged about twice the amount of natural gas

found during that period. Second, the Commission's analysis of both oil and gas drilling statistics since 1945 indicates that there has been a decline in both exploratory and developmental drilling in recent years. The fact is that there has been a very substantial decline in drilling in the last 15 years, while the demand for gas has doubled in that time. It is no accident that periods of sharpest decline occurred shortly after changes in import policy and reduction of the depletion allowance. Nor is it an accident that a brief upswing in drilling followed shortly an indication that the FPC would begin to permit meaningful price increases for the first time since it began to regulate producer rates.

The magnitude of the drilling effort necessary to elicit a supply sufficient to meet reasonable demand is mind-boggling. As the Commission pointed out:

If we assume that an adequate reserves to production ratio of about 10 is maintained; that a reasonably optimistic development of supplemental gas sources is attained with respect to overland imports, LNG imports, gas from coal, and gas from Alaska; that the industry is capable of immediately mounting an all-out financial, equipment or manpower consideration; then an annual finding rate of approximately 37 trillion cubic feet per year would be necessary to bring supply and demand into balance . . . [this] represents a sustained level of annual additions to reserves equal to that attained in 1970 when 26 trillion cubic feet of Alaskan gas were added to the reserve inventory, or an amount equal to 1½ times the all-time record annual lower 48 reserve additions of 24.7 trillion cubic feet reached in 1956. . . . this rate of development would be required *in conjunction with* the timely development of supplemental gas supplies and would be substantially higher in the absence of such supplemental supply availability.

Notwithstanding its recognition of these serious supply problems, the Commission utilizes the costing methodology of the first permian case. The Supreme Court has permitted this on the grounds that it was experimental, recently remarking that the experiment is now nearly 20 years old. The fact is that the permian methodology is a failure. It was an attempt to apply public utility theory to a nonutility industry. The significant fact is that three of the five Commissioners agreed to this proposition. However, two of those concurred in the majority result simply because they felt that something—apparently anything—had to be done now.

The myriad of logical inconsistencies and the fallacies that infect the majority opinion are exposed with exceptional skill and clarity in the dissenting opinion. I point out only one amazing fact from that able opinion. The so-called predictive rate of the majority is about one-half of the actual cost experienced by the mythical average producer in 1972. Using known cost figures and adjusting from the alleged deficiencies in the key cost component derived from industry data, productivity, the dissenting opinion demonstrates that the average cost per million cubic feet in 1972 actually was 82.36 cents per million cubic feet. The figures for 1969, 1970, and 1971 were 58.74, 42.42 and 47.17 cents per million cubic feet, respectively. This compares to a so-called predictive rate of 42 cents.

In his concurring opinion, Commissioner Brooke states:

In relying entirely on the output of the costing model, the Commission ignores weighty evidence that rigid adherence to cost-based regulation *a la* permian. I sired the natural gas shortage and then nourished its growth to a mature national crisis. . . .

For the majority to have done so is beyond comprehension in the light of its own statement of what is required to attain the supply level attendant to national energy self-sufficiency. As the Commission pointed out, that requires an "industry—capable of mounting an all-out exploration and development program unimpeded by financial considerations." Congress seems set on placing the largest obstacle it can in the way of industry achievement of the required supply level by withdrawing the depletion allowance. The Commission's action is nearly as bad.

How in the world are producers going to attract the necessary capital to help this Nation reach the objectives of project independence when the Commission will not even let the industry recover the costs of natural gas production?

Mr. President, the faults of the majority opinion in this proceeding are legion, including the use of stale statistics and exclusion of costs that producers should legally be permitted to recover. As is pointed out in the dissent, the majority order is not factually supported on the record, and I exhort the Commission to reverse itself on reconsideration of this rulemaking. Failing that, this Nation will reap a grim harvest, given the lag implicit in court consideration.

NUCLEAR TEST BAN

Mr. MATHIAS. Mr. President, as the President and the Secretary of State prepare to depart for talks in Moscow with the leaders of the Soviet Union, all of us should be thinking about the subject of further nuclear test ban agreements that is certainly going to be on the agenda in Russia.

The Baltimore Sun, on June 22, 1974, published in parallel columns statements by our colleagues, the Senator from Maine, Mr. MUSKIE, and the Senator from New York, Mr. BUCKLEY, which contribute greatly to an objective understanding of the test ban issue.

I ask unanimous consent that the articles be printed in full in the RECORD.

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

SHOULD ALL NUCLEAR TESTS BE BANNED

NOTE.—Senator Edmund S. Muskie, Democrat of Maine, has long favored a Comprehensive Test Ban to eliminate the underground explosions permitted by the 1963 Limited Test Ban Treaty. Senator James L. Buckley, Republican-Conservative of New York, has been outspoken in his opposition to such a move. Both senators give their views while arguing against the kind of Threshold Test Ban that might emerge from next week's Nixon-Brezhnev summit.

FOR

(By Edmund S. Muskie)

President Nixon's trip to Moscow Thursday offers an excellent opportunity for this country and the Soviet Union to negotiate a ban on all nuclear testing. Unfortunately, there are disquieting signs that the administration plans to let this opportunity pass by, and to aim instead for a limited agreement to reduce only the size or possibly the number of permissible underground nuclear tests.

In my view, it would be a mistake to abandon efforts to conclude a total test ban treaty at this time. In the judgment of many scientific experts, we now have the technical capability to detect any significant violations of such an agreement without onsite inspection. Moreover, in a June 14 speech in Moscow, Secretary Brezhnev said: "We are . . . ready now to agree with the United States on the limitation of underground nuclear tests up to their full termination, according to an agreed timetable." If Secretary Brezhnev means what he says, we may now have a better opportunity to conclude a total test ban treaty than at any time since the negotiations leading to the 1963 Limited Test Ban Treaty.

Those negotiations during the Kennedy administration came close to producing an agreement to ban all nuclear tests. That effort failed over the issue of onsite inspections, with the U.S. insisting on at least seven per year, and the Soviets willing to allow no more than three. So a treaty was concluded prohibiting only nuclear testing in the atmosphere, with general language added—and subsequently reaffirmed in the 1968 Non-Proliferation Treaty—committing all parties to continue to work toward a total nuclear test ban treaty.

As chairman of the Senate subcommittee on arms control, I have held hearings on the prospects for a comprehensive test ban treaty each year for the past three years. On each occasion, administration officials have reiterated their support for a comprehensive test ban agreement, adequately verified—by which they mean at least some provision for limited on-site inspection. However, in recent years enormous technological advances have been made so that it is now possible, through seismic and satellite means, to monitor underground tests to a degree unknown five years ago. There is still a gray area. But it is at a level where the risk of discovery—and the subsequent embarrassment—becomes a deterrent to testing, especially since the benefits to be gained from cheating in the low yield area are not likely to affect the nuclear arms balance. So I believe we can detect and identify militarily significant tests by national means only, and that any tests which might escape our monitoring would be so small as to be strategically insignificant.

Given this technical capability, I find it disturbing that press reports on preparations for the summit indicate that the Nixon administration, reportedly intent on further testing of tactical nuclear weapons, plans to pursue with the Soviets a "threshold" test ban—a limit only on those tests large enough to produce a seismic signal above a given magnitude. This approach has many risks with few of the advantages of a comprehensive ban.

First, it will not significantly impede further development of nuclear weapons technology. For example, India, the newest nuclear power, has indicated it would ignore a threshold agreement in its nuclear weapons testing program. But it would stop all tests if a comprehensive test ban were agreed to by the two superpowers.

Second, some sources have predicted a threshold agreement which would permit unlimited explosions in the under-100 kiloton range. If this kind of agreement is signed, it will do little to reduce the number of tests, since this is the range within which the large majority of testing takes place anyway.

Third, such an agreement would complicate enforcement. If all tests are banned, any test would be a violation. A limited ban could lead to constant bickering over the ac-

tual size of tests which register high on the monitoring devices.

Fourth, a limited ban is likely to slow or stop progress toward a full test ban.

Finally, a threshold ban, especially one with a high threshold, would be perceived around the world as a convenient political agreement which demands no real commitment from either superpower to the goal of ending the spread and continued development of nuclear weaponry. Neither the U.S. nor the Russians could persuasively argue against nuclear weapons development by other countries in such a climate. In fact, by not going ahead with a CTB, the U.S. and Soviet Union may well be providing other countries with a convenient excuse to initiate a similar testing program of their own. An agreement to end all nuclear testing, on the other hand, would not only limit United States-Soviet nuclear arms competition and save money for both countries, but it would also go a long way toward preventing the further spread of nuclear weapons.

So despite the seeming commitment of both the United States and the Soviet Union to ending all nuclear testing, and despite recent technological advances in test-monitoring capabilities, all the indications are that a comprehensive test ban agreement will not seriously be pursued in Moscow next week. This is unfortunate. We as well as the Soviets must face the fact that if nuclear testing continues, the result may be to reduce, rather than enhance, our mutual security.

AGAINST

(By James L. Buckley)

Since the signing of the Limited Test Ban Treaty in 1963, both the United States and the Soviet Union have engaged in an extensive program of underground nuclear weapons testing. It has been argued, with increasing urgency, that the logical conclusion to U.S. efforts to inhibit the development of nuclear weapons would be to seek a comprehensive ban on all nuclear testing including those which take place below ground. It has further been argued that the United States would benefit if a comprehensive nuclear test ban were agreed to with the Soviet Union. I am convinced, however, that the entire issue of a comprehensive test ban—CTB—deserves much more careful scrutiny than it has received thus far.

At the present time, it is desirable for the United States to continue underground nuclear testing. Such testing to date has had a beneficial impact on the strategic arms competition by fulfilling one of the key objectives of arms control, mitigating the consequences of war, should war occur. Continued testing will permit improvements in the capacity of our forces to be used in a discriminate and controlled manner as opposed to the current indiscriminate character of those forces which focus on massive attacks on civilian targets.

Between 1970 and 1975, the total megatonnage loaded on board U.S. strategic ballistic missile systems—the Minuteman and Poseidon—will decline by 40 per cent. This decline in the aggregate destructive power of U.S. strategic forces has been made possible by improvements in nuclear weapon design technology which has permitted much smaller nuclear weapons to be placed in our strategic forces. It is reasonable to assume that as improvements in missile guidance become available and deployed, even smaller (and therefore, less destructive) nuclear weapons could be used.

The net reduction in force megatonnage vastly reduces the potential destructiveness of a nuclear force. Such a reduction would enable a military planner to avoid using the very large weapons which cause vast numbers of unnecessary civilian casualties as much by the direct effects of the nuclear detonation as by fallout.

Failing to continue to improve our strategic nuclear weapons would freeze deterrence at high levels of destruction. Thus, if deterrence should fail, the ability of each side to mitigate the consequences of nuclear war would be severely limited. Moreover, the sheer magnitude of the potential destruction of U.S. forces tends to reduce the credibility of their being used. Eventually, a force which is not credible will not deter.

As the United States sees its margin of nuclear superiority eroded by the continuing Soviet strategic nuclear buildup, the confidence the President can have in the ability of our stockpiled nuclear weapons to perform reliably becomes increasingly important. For example, if after deployment some potential defect were noted in a Minuteman III warhead, military leaders must be able to give a U.S. President categorical assurance that the weapon can perform as required. If these assurances cannot be given, the President's confidence in the deterrent capability of our forces would erode.

Such a circumstance can be remedied only with continued testing of our nuclear weapons. Only with such testing can we be sure that the weapons which are in our stockpile will perform as required. It is important to understand that U.S. nuclear weapons are more likely to suffer from confidence problems than are Soviet weapons because we have relied upon highly advanced technology to provide extremely compact weapons for our ICBM and submarine-launched ballistic missile force. The inability to test our weapon would require numerically larger and thus more expensive forces to retain the current level of confidence in the credibility of these forces.

There has been considerable discussion concerning the emergence of a derivative of a Comprehensive Test Ban at the impending Moscow summit talks, the so-called Threshold Test Ban (TTB), where underground demonstrations would be limited to explosions less than some specified yield. This approach has many of the deficiencies of a comprehensive test ban with some additional weaknesses of its own. A TTB serves no positive purpose since the development of U.S. and Soviet nuclear weapons would continue without any impact on a future decision of other nations such as Germany or Japan to "go nuclear." It simply seeks to constrain the arms competition between the United States and the Soviet Union by slowing the growth of technology.

This approach to arms control has historically been a conspicuous failure; the Washington and London Naval Treaties of the 1920's and 1930's demonstrated that the development of new technology (*e.g.*, the aircraft carrier) could not be stopped by limiting the deployment of battleships and other capital vessels. Experience shows that other means must be found to inhibit strategic arms competition; attempting to "stop" technology will not work. It also appears likely that in practice the TTB would be a retrogressive and counterproductive step to take its proponents by reducing the improvements in technology which would reduce the indiscriminate character of the present stockpile of nuclear weapons in both the United States and the Soviet Union; the present stockpile of high yield weapons would have to be retained in the force.

The only effective way to reduce the competition in strategic arms is to mitigate the circumstances which give rise to international suspicions and work toward reductions in the aggregate size of stratgic forces.

THE ONCE AND FUTURE CAPITAL—WOLF VON ECKHARDT ON THE THIRD SENATE OFFICE BUILDING

Mr. KENNEDY. Mr. President, last Saturday, an excellent article appeared in the Washington Post by the distinguished architecture critic, Wolf Von Eckhardt, discussing the plans for the third Senate Office Building now being considered by the Senate Committee on Public Works.

Mr. Von Eckhardt's analysis provides a thoughtful and sensitive critique of the plans and model for the new office building, and I believe his analysis will be of interest to all of us concerned not only with the new building, but also with the long-range plans for the growth and development of Capitol Hill. I, therefore ask unanimous consent that the article may be printed in the RECORD.

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

THE ONCE AND FUTURE CAPITOL

(By Wolf Von Eckardt)

In the past, Congress has made its decisions on what and how to build on Capitol Hill so deep in the shadows of executive secrecy that they often seemed shady.

The Senate Public Works Committee, however, has now begun to shed a little light on the process.

It happened because some of the senators were not entirely happy with the design for the big, third Senate Office Building that was authorized two years ago. So they did what sensible men would do. They called for outside advice.

The first thing every one of the invited witnesses said at the resulting public hearing was that he hoped there would be more such public discussion of Capitol designs.

Inevitably, perhaps, one of the senators recalled the old chestnut about a camel being a horse designed by too many consultants.

But a camel, of course, is a most useful animal. It is a great deal more desirable than a monster—such as the Sam Rayburn Building, to say nothing of the monstrous, now dormant scheme to extend the West Front of the Capitol.

The Senate Office Building should be a camel of sorts. It should be background architecture, nothing much more than a useful, efficient, attractive, functional building. But part of this function must be to relate to the Capitol and to contribute to an efficient, attractive and responsive Capitol environment—a better place for Congress to do its work and for the American public to look on.

The senators at the hearing—chairman Jennings Randolph (D-W. Va.), Howard H. Baker Jr. (R-Tenn.), James L. Buckley (R, Con-N.Y.) and Pete V. Domenici (R-N.M.)—seemed to agree that the models and drawings for the new building that filled the hearing room promised an efficient and pleasant place to work. The five witnesses confirmed this.

What had bothered the senators and prompted them to solicit the views of two architects, a city planner, an executive of the American Institute of Architects and this critic, was the facade, the exterior design. It seemed to them a bit overbearing, somewhat lacking in the conventional "classic" distinction of the earlier Senate Office Buildings. It seemed too much like any old, big office building downtown.

The architect is John Carl Warnecke whom the Kennedys chose to design the Kennedy grave and the new buildings that frame Lafayette Square in front of the White House.

Warnecke was given the site just behind the Dirksen Office Building (formerly known as the "New Senate Office Building") of which his structure is technically an "extension." He was told to preserve the Belmont House and its garden, originally built before the Capitol was erected on Jenkins Hill and, since 1929, the headquarters of the National

Woman's Party. He was to provide flexible space for 50 senators, their staff, their visitors, their automobiles, their exercise and their appetites.

Warnecke obliged with admirable ingenuity. Senators, he said, in an elaborate, almost ceremonial briefing in his office the day before the hearing, are entitled to large offices with views and high ceilings. So he designed them duplex offices, as it were, two stories high. The staff gets offices with normal, nine-foot ceiling heights. These staff offices look out on huge, eight-stories-high, glass domed "gallerias" and a vast, glass covered inner court or "atrium." There are no depressing corridors.

The place abounds with day-lit balconies and terraces where people can sit, linger and converse amidst potted plants and an air of luxurious spaciousness. It will be easy and pleasant to get around the entire Senate Office complex and to walk to the garage, the Senate "subway," the Capitol and the Visitor's Center at Union Station.

Warnecke also designed his building in such a way that it aligns impressively with the other two Senate Offices along Constitution Avenue and yields gracefully to Belmont House on Second Street NE. The old house, although dwarfed by the massive marble, is a whimsical reminder of a humbler past and will add a nice, needed human touch.

Yes, the marble is massive. No architect can do otherwise with a building that must enclose 1 million square feet of working space and is 120 feet high, filling more than half of a large city block. It is Warnecke's considerable achievement that the thing doesn't look as clumsy as it might.

Does it "harmonize" with the Dirksen Building that it "extends"?

This is what troubles the senators. It obviously also troubles Warnecke. He tried hard and well.

His trouble is not only that his building is, of necessary, larger and higher than its parent. It is also that the parent, let's face it, is not as good a building. Warnecke's is.

Good architecture is naked. Like a good human body it shows the bones and muscles under a clear skin. The Dirksen Building is all dressed up in a rather poorly designed "classic" costume.

So the best Warnecke could do is to give his building a classic posture—a well proportioned, symmetric order. And he did so by framing his large windows in a grid of shading slabs. It makes sense. It is indeed somewhat reminiscent of many concrete egg crates downtown. And he might perhaps have done otherwise.

But that, it turned out, was difficult for the witnesses to discuss. No one wanted another costume. So how, if you don't want cosmetics either, do you discuss the appearance of the skin without questioning the whole anatomy. Warnecke had, after all, given his anatomy a clean, clear and logical face.

Yes, perhaps it is a bit coarse and powerful. But that was hard to judge from the model. The witnesses therefore agreed that the architect should build a full size mock-up of one of the windows to see how it looks in relation to the neighboring buildings.

And then they went on to question the body rather than the skin. Does the whole building, with its million square feet of space that Warnecke was asked to design fit in with—what?

There is no masterplan for Capitol Hill—a plan that tells us how Congress can grow with the country not only in marble-clad square footage, but also in efficiency, dignity and amenity.

It should be a masterplan not for an arrogant enclave, but for a legislative center that merges and blends with its natural and human surroundings, a lively part of the city, a peoples' center. That calls for more than experts and congressional committees. It requires the active participation, advice and consent of the citizenry, particularly the people who live on Capitol Hill. These people now look on Congress not as their spokesman and neighbor but as an enemy whose Capitol Architect might sneak up one night and bulldoze their homes.

Rather than one big building, such a masterplan, the witnesses said, might have given us a more diverse accommodation of senatorial office needs.

Such a plan would now come too late to change the basic concept of Warnecke's building, though the committee and its hearings may well, in Sen. Baker's view, improve its design. Warnecke, at any rate, is back at his drawing board to refine his work in the new public light, knowing that, as Le Corbusier put it, "creation is a patient search.'"

Sen. Baker also professed himself "greatly taken by the suggestion that this ought to be the last time we do things this way. There ought to be a masterplan, and there ought to be a thorough public ventilation of whatever future plans we have."

Such a well ventilated plan is a bicentennial present Congress might give itself and the nation. A future Capitol, without pomp and parked cars, might help a little to restore confidence in the dignity and nobility of our government.

NEW ENTRANTS INTO THE COAL BUSINESS

Mr. BENNETT. Mr. President, the State of Utah, like the rest of the Nation, is greatly concerned about the energy crisis that confronts us. The present and future economic life of our State and region are dependent on an adequate supply of electrical power which must be reasonably priced and made available in sufficient quantities to meet the growing needs of our area.

Fortunately Utah and the adjoining Western States possess in great abundance one of our Nation's best resources for energy—coal. Thus, it is important that our coal resources be properly developed not only to meet the growing energy needs in Utah and the West but also throughout the country.

It is for these reasons that I am very interested in what the Federal Trade Commission plans to do with respect to the Peabody Coal Co., which was acquired by Kennecott Copper Corp. in the late 1960's. As I understand it, the Commission has determined that the Peabody acquisition violated the antitrust laws and that that determination has been affirmed by the courts. However, there still remain the question of whether it would be in the best interests of competition and the energy needs of this country to require Kennecott to divest Peabody Coal Co., or whether some other and less drastic form of relief would be more appropriate to the total public interest.

Kennecott-Peabody is the largest single employer in the State of Utah. In addition to owning and operating the world's largest open pit copper mine located near Salt Lake City, Kennecott through Peabody is a large holder of coal reserves in Utah and the adjoining Western States and it has been developing these coal reserves at an increasing rate in recent years. At the present time, Kennecott-operated mines supply coal for the principal electric utility plants in Utah as well as for utilities outside the State.

When Kennecott acquired Peabody Coal Co., the future of the coal industry was not certain. At that time, the coal industry was in the process of recovering from the drastic decline it had suffered after World War II, when it lost the home heating market to oil and gas and the railroads which switched from coal to diesel fuel. Although by the mid-1960's coal had managed to make a strong comeback by supplying fuel to electric utility plants, it was still not known to what degree new companies would come into the coal business and whether competition would remain viable.

In view of this economic situation, it is understandable that the Commission was concerned about the competitive effect on the coal industry of Kennecott's acquisition of Peabody. It challenged the acquisition on two basic grounds: That the coal industry was trending toward undue concentration, and that Kennecott was virtually the only potential new entrant into the industry. Hence, the FTC thought, Kennecott should not be permitted to enter into coal production by way of acquisition.

However, since then, particularly in the last 5 years, the coal industry has completely changed and history has demonstrated the invalidity of the Commission's predictions. Among the most dramatic of the changes that have occurred has been the explosive growth of coal production in the Western States. In all coal producing areas, but particularly in the West, there has been a large number of new companies that have acquired large-scale coal reserves and entered into coal production. Many of these companies are much larger than Kennecott and many are already in various facets of energy production such as oil and gas. Still, other companies are entrants into the energy field for the first time. I have here a list of new entrants into the coal business during the past few years. Thus, the coal industry in the last 5 years has undergone a steady and healthy economic development with no discernible trend toward concentration. Indeed, if anything, the recent movement has been in the direction of deconcentration. As for the immediate future, the prospects are that more companies will continue to develop their holdings of large-scale coal reserves and enter into active coal production to supply the growing electrical power needs and to produce synthetic fuels.

In light of these economic developments, it is important that the Commission base its action on whether Kennecott should divest Peabody on the economic facts of life as they exist today rather than as they existed 5 or more years ago. Consideration should be given to all of the momentous developments in recent years before any final action is taken with respect to Kennecott's continued presence in the coal industry. Obviously, if Kennecott must get rid of Peabody, the impact of that action will be felt in Utah and the West generally as well as throughout the country.

Because coal must play an increasing role in meeting the energy needs of this country and because great capital investment will be required if coal production is to be doubled or tripled in the next decade, as our experts tell us it must be, it is important that companies such as Kennecott which are willing to commit substantial capital for coal expansion remain in that industry. Unlike many of the other recent new entrants into the coal business such as the oil and utility companies, Kennecott has no other connection with energy production. It would seem, therefore, that it would be a positive advantage for competition and for increased coal production to have Kennecott continue in the coal business.

I find it particularly noteworthy that Mr. I. W. Abel, president of the United Steelworkers of America, AFL–CIO, has filed a statement with the Commission urging it to reexamine the appropriateness of requiring Kennecott to divest Peabody in light of the vast changes that have accurred in the coal business. The Steelworkers Union originally urged the Commission to issue a complaint against the Peabody acquisition and, subsequently, it actually intervened against Kennecott when the case was before the Commission on appeal from the initial decision dismissing the complaint. Now, the Steelworkers have taken the position that in light of recent events, including the vast increase in the cost of imported fuel oil, the need for greater domestic coal production and the large number of new entrants into the coal business—

The Commission might well find that Kennecott's willingness to invest capital in the expansion of domestic coal production through Peabody, is beneficial rather than detrimental to the public interest.

In this fast changing world of energy developments, the future of Peabody Coal Co. should be determined only after the fullest consideration is given to all of the changed conditions during the past 5 years as they have affected the coal industry and the broader energy field. The final action must be justified on the basis of the competitive conditions and the public interest as they exist in 1974, not on the basis of the conditions of an earlier period when the coal industry appeared to face a different future and the Nation was not confronted with a permanent energy shortage.

Mr. President, I ask unanimous consent to have a list of new entrants into the coal business during the past few years printed in the RECORD.

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

PARTIAL LIST OF RECENT NEW ENTRANTS INTO THE COAL BUSINESS

American Metal Climax, Inc.
Ashland Oil Co. (and the Hunt Group).
Atlantic Richfield Co.
Belco Petroleum Corp.
Chessie System, Inc.
Exxon Corporation.
Falcon Seaboard, Inc.
Gulf Resources & Chemical Co.
Houston Natural Gas Corp.
Jim Walter Corp.
Kaneb Services, Inc.
Kerr-McGee Corp.
Kewanee Oil Company, Morrison-Knudson Company and Penn Virginia Corp. (joint venture).
Montana Power Co.
Moore McCormack Resources, Inc.
Mapco Inc.
Pacific Power & Light Co.
Union Pacific Corp.
U.S. Natural Resources, Inc.

APPROPRIATIONS FOR FOLLOW THROUGH CLASSES

Mr. MONDALE. Mr. President, Congress has passed the supplemental appropriations bill and it has been signed into law. Among other things, the bill provides funds which are greatly needed to continue the highly successful education program, Follow Through. Without the $12 million allocated through supplemental appropriations, the phaseout of Follow Through would begin in September. By providing this very necessary appropriation, Congress has now expressed its intention to maintain Follow Through at its present level.

It has been brought to my attention that the Office of Education, Department of Health, Education, and Welfare is planning to obligate an important share of this Follow Through appropriation to program aspects other than the entry level class. These rumors are particularly distressing to me. Such a course of action is directly opposed to our purpose in proposing and passing a supplemental appropriation for Follow Through. The amendment in the Senate version of the bill would have restored $20 million to Follow Through, enough to fund a new entry level grade class and other components of the program cut back by the phaseout. However, when the bill was considered in conference, the compromise figure of $12 million was agreed to as the basic amount necessary to keep the program alive for the benefit of schoolchildren entering Follow Through kindergarten classes next school year.

I have had an exchange of correspondence with Senator MAGNUSON, chairman of the Labor-HEW Appropriations Subcommittee, emphasizing our intention in restoring these funds to Follow Through, and I ask unanimous consent that these letters be printed in the RECORD at this point in my remarks.

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

JUNE 18, 1974.

Hon. WARREN G. MAGNUSON,
Chairman, Labor, Health, Education, and Welfare Committee, Senate Appropriations Committee, Washington, D.C.

DEAR CHAIRMAN MAGNUSON: I am distressed by information recently brought to my attention concerning the allocation and obligation of the $12,000,000 to the Follow Through program included in the Supplemental Appropriations Bill.

It is rumored that the Office of Education, Department of Health, Education, and Welfare does not plan to spend the full $12,000,000 on new entering classes for each of the Follow Through projects. In fact, I understand that HEW plans to designate a considerable portion of the appropriation for research activities connected with Follow Through and only a remainder of the amount to fund entering kindergarten and first grade classes next school year.

I am sure you will agree with me that such a course of action is directly contrary to our intention in proposing and passing the Follow Through amendment to the supplemental appropriation legislation. The amount stipulated in the Senate version of the bill, $20,000,000, was sufficient to provide for a new entering class of students as well as retain the research component of Follow Through. Regrettably, a compromise was necessary before reporting the bill out of the committee of conference, and $12,000,000 was agreed to as the least amount needed to maintain the present level of students minus funding for additional research. This amount at least fulfills our basic intention to prevent the planned phaseout of the program by continuing Follow Through for the benefit of those children who would be entering the program this Fall.

It is necessary that the full appropriation of $12,000,000 be allocated to the entering classes in all Follow Through programs. It is important too that the money be obligated before the end of the fiscal year 1974. Follow Through grantees have been notified that the supplemental funds were appropriated, and the Division of Follow Through in HEW is prepared to process the funding applications as soon as possible. It is imperative that all other divisions of HEW involved in the funding procedure obligate the appropriated money as expeditiously as possible. The intention of all divisions should not be otherwise.

Mr. Chairman, I am grateful for the support and leadership you have given to this matter, and I urge you now to reiterate the purpose of the Follow Through supplemental appropriations to assure the prompt restoration of funds to keep the programs alive in the local schools.

With warm regards,
Sincerely,

WALTER F. MONDALE.

JUNE 19, 1974.

Hon. WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: This is to reiterate the position of our committee in recommending additional funds for Follow Through.

As you know, the Second Supplemental Appropriations Act (P.L. 93–305) provides $12 million for Follow Through. From the outset I believe the Committee made quite clear our intention that ongoing Follow Through projects be allowed to admit a new entering class this fall.

I have been informed by the Office of Education that all Follow Through projects have been notified and that negotiations on the allocation of funds will be completed by next week. I certainly hope the Grants and Contracts Office in HEW will act expeditiously to obligate the entire amount provided for Follow Through.

Sincerely,

WARREN G. MAGNUSON,
Chairman, Subcommittee on Labor-Health, Education, and Welfare.

Mr. MONDALE. Mr. President, Follow Through was created 7 years ago to sustain through the early years of elementary school the gains children had made in Head Start. The intent of Congress at that time was to establish a comprehensive service program that would enhance the educational opportunities of disadvantaged children. Now, Congress has reiterated its original intention and perception of Follow Through as an ongoing program by appropriating the money needed to provide for a new class of beginning students.

Since its inception, Follow Through has proven itself a valuable component in moving toward the goal of equal educational opportunities for all children.

Follow Through provides an innovative educational experience to low-income children from a variety of backgrounds. There are Follow Through classrooms in big city schools and poor rural areas. A bilingual approach extends the Follow Through experience to schoolchildren in predominately Spanish-speaking classrooms. Schools on several Indian reservations have Follow Through classes.

The national evaluation of Follow Through provides solid evidence in favor of continuing the program. The impact on pupil development, and parent and teacher attitudes is positive. When the reading and math test scores of Follow Through children are compared with those of children from similar backgrounds in non-Follow Through classrooms, the achievement of Follow Through students is regularly higher. The strong results of the study reinforce the need to continue Follow Through.

The $12 million appropriated by Congress is needed now to continue extending the benefits of Follow Through to children who should be entering kindergarten classes in each of the Follow Through programs next fall. The intention of Congress in appropriating this money was to allow each program to continue with an entry level grade class next school year. The purpose of the supplemental appropriations legislation is clear and the funds should be allocated accordingly.

CONTINUANCE OF AUTHORIZATION FOR DRUG ENFORCEMENT ADMINISTRATION

Mr. HRUSKA. Mr. President, it has come to my attention that two of my distinguished colleagues, Senators ERVIN and NELSON, have introduced an amendment to S. 3355, a bill which is presently on the calendar.

The purpose of S. 3355, introduced by Senators COOK and BAYH, is to continue the authorization for appropriations to the Drug Enforcement Administration. The bill was favorably reported by Senator COOK from the Judiciary Committee on June 12, 1974, and initially passed the Senate by unanimous consent on June 17, 1974. This action, however, was later vitiated when it became apparent that an amendment would be offered.

I understand that the purpose of this amendment No. 1487 is to repeal certain provisions of Federal law and the District of Columbia Code pertaining to authorization and execution of "no-knock" warrants utilized in the enforcement of drug statutes.

This matter was extensively debated by both the House and Senate during consideration of the District of Columbia Court Reform and Criminal Procedure Act of 1970 and the Comprehensive Drug Abuse Prevention and Control Act of 1970. A majority of both bodies supported the "no-knock" provisions at that time as a useful law enforcement tool.

Unfortunately, we have not had an opportunity to adequately review the operation and effect of the no-knock provisions since enactment of this legislation. The Judiciary Committee has held no hearings on this particular subject matter since that time. If we are to legislate on this matter we should do so on the basis of a complete record.

I am concerned with the recent comments made by my distinguished colleague from Illinois (Mr. PERCY) about the abuses that has resulted from enforcement of these statutes. The mistaken raids conducted by drug abuse law enforcement officers in Collinsville, Ill. during April 1973, have been proposed as sufficient justification for repeal of the "no-knock" authority. Unlike Senator PERCY and my colleagues sponsoring this amendment, I do not regard the Collinsville incidents as pertinent to the issue of whether "no-knock" statutes have led to excessive abuses and creation of a police state.

Contrary to popular belief, the unfortunate Collinsville drug raids were not situations in which the Federal or any State "no-knock" statute was utilized. The facts clearly indicate that no warrant was obtained at all. Furthermore, the agents announced their identity in each instance. No such announcement is necessary in executing Federal "no-knock" warrants.

Federal "no-knock" warrants must be obtained by Drug Enforcement Administration agents from a Federal judge or magistrate. Probable cause must be shown that announcement or knocking would result in the easy and quick destruction of property sought or would endanger human life or safety. The provisions in the D.C. Code are comparable although slightly different in certain particulars.

I believe that it would be useful for me and I ask unanimous consent to print in the RECORD a brief memorandum reciting the pertinent facts surrounding the Collinsville incident and other materials. I trust that this information will answer some questions that may have been raised about the relationship claimed to exist between "no-knock" statutes and these highly publicized drug raids.

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

MEMORANDUM ON COLLINSVILLE DRUG RAIDS

On September 19, 1972, the Office of Drug Abuse Law Enforcement St. Louis initiated an investigation of a violation of the Controlled Substances Act. The investigation resulted in the arrest of four persons on April 18, 1973. ODALE attorneys authorized complaints for the arrest of three others in connection with this same investigation, on April 23, 1973 but the U.S. Magistrate was unavailable at that time. The ODALE attorney stated that he authorized the arrest of the defendants on sight without warrants, but did not authorize entry without warrants.

ODALE agents and officers divided into two groups to look for and arrest the three remaining suspects. ODALE agents and officers were joined by Illinois Bureau of Investigation investigators.

After completing a number of unsuccessful checks, the two groups went to 1003 Arrowhead Drive, Collinsville, Illinois, where they believed one of the suspects still resided. They selected an incorrect townhouse unit apparently because of inadequate identification on the front of the unit. A car and truck behind the building were similar to what the suspect drove. As agents and officers approached, lights in the unit went off. The officers and agents knocked at the door and called to the occupants inside. No one answered. Entry was forced and a bookcase knocked over. Herbert Giglotto, a resident of the unit, was handcuffed, held at gun point and released when an undercover agent stated that he was not the suspect. Giglotto's wife was present at that time. Giglotto has stated that the agent threatened to shoot him, cursed him, called his wife a "broad," searched the house and caused extensive damage. Mrs. Giglotto stated she was handcuffed. Agents and officers deny anyone threatened to shoot Giglotto, cursed, called his wife a "broad," searched his house or did any damage other than to the door and bookcase.

Upon leaving the Giglottos, the agents and officers went from the Arrowhead address to 313 West Washington Street, Collinsville, Illinois, looking for one of the other suspects. The suspect's address was actually 313 West Washington, *Belleville*, Illinois. The agents were referred by the tenants of 313 West Washington to 312 Garner Street, a house supposedly frequented by "hippie-looking individuals." Agents and officers identified themselves to the owner of the 312 Garnet Street house, Donald Askew, at the front door. Other agents heard loud shouting in the house. One agent saw someone moving to the back of the house and called out to fellow officers to alert them. An officer stationed at the side door, thinking there was trouble, forced entry into the house. Upon determining that they were at the wrong house, the officers and agents departed.

On March 12, 1974, a jury trial commenced in the U.S. District Court at Alton, Illinois. Ten federal and local officers were charged in a 17-count indictment with conspiring and depriving 11 persons of their civil rights during and after the raids on April 23, 1973. On April 4, 1974, the jury in the case returned a verdict of not guilty on all 17 counts, after deliberating for three hours.

Hon. LLOYD BENTSEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BENTSEN: Your communication of April 30, 1974, which had attached a letter you received from Bobbie Carter of Houston, Texas, has been referred to us for reply.

The entries of the residences mentioned by your constituent took place in April 1973, and the entries were made without search warrants. Hence, this was not a case where the "no-knock" authority, applicable to search warrants in drug cases, contained in 21 U.S.C. 879(b), was utilized. Rather, the agents were attempting to arrest a defendant in a drug case, and the mistaken entries resulted from their efforts.

On August 24, 1973, a Federal Grand Jury indicted the narcotic officers involved in a number of raids in the Collinsville area and charged them with depriving those raided of their constitutional rights. The six DEA agents named in the indictments were immediately suspended without pay, and permanent action against the agents was held in abeyance. The trial of the agents concluded on April 2, 1974, and all of the officers were acquitted of civil rights violations. Subsequently, the agents involved were reinstated as a result of their acquittal.

The occupants of the residences involved have each filed suit against the United States. If they have been unjustly injured, those lawsuits will result in the awarding of appropriate damages. Public Law 93-253, which was approved by the President on March 16, 1974, precludes the Government pleading "immunity" or the "assault exception" in cases of this type when the Government is sued under the Federal Tort Claims Act.

I have issued a statement of policy to each DEA agent concerning searches, seizures and arrests, which is designed to limit the use of

"no-knock" warrants, to establish strict guidelines governing an agent's conduct and to clearly define the circumstances under which forcible entry may be undertaken. It has been made abuntantly clear that no deviation from these guidelines will be tolerated. Any action by any agent which is not compatible with established policy and good law enforcement practices will be dealt with swiftly and severely.

I assure you that the Collinsville incident is not indicative of the conduct of the 2,000 agents of DEA who scrupulously protect the rights of all those with whom they come in contact.

Sincerely,

JOHN R. BARTELS, Jr.,
Administrator.

AUGUST 17, 1973.

Hon. DAN DANIEL,
House of Representatives,
Washington, D.C.

DEAR MR. DANIEL: As you requested in your letter of August 1, 1973, I am setting forth the information you ask about the Collinsville, Illinois, incident so that you will be able to respond to your associates.

Briefly dated, on April 23, 1973, Federal agents and local police officers, seeking to arrest a suspect in a narcotic investigation erroneously entered the residence of Mr. and Mrs. Herbert Giglstein, and Mr. and Mrs. Donald Askew, both in Collinsville, Illinois. Allegations were made that the raiding party acted without proper authority, used excessive force, damaged personal property of the occupants of the residences, and used abusive and profane language.

Mr. John Ingersell, then Director of the Bureau of Narcotics and Dangerous Drugs, did not issue a formal assignment at the time of the incident. Mr. Myles Ambrose, then Special Assistant Attorney General, issued a statement on Jay 1, 1973, a copy of which is attached.

A full investigation of the event was undertaken immediately by the Office of the United States Attorney in Springfield, Illinois. Since that investigation began, the Federal Bureau of Investigation and the Civil Rights Division of the Justice Department have commenced an investigation of possible violations of law by the personnel involved. That investigation has not yet been completed. However, when the investigation is concluded, I am sure that the facts will be made known.

In addition to these investigations, the occupants of the residences involved have each filed suit against the United States. If they have been unjustly injured, these law suits will result in the awarding of appropriate damages.

On July 13, 1973, the Federal agents involved were suspended without pay for 30 days, the maximum period permitted under Civil Service regulations without a hearing. On August 13, 1973, the six agents were notified that it is this agency's intention to dismiss them. Their supervisor, who did not personally participate in the raids, was informed that he is to be demoted and removed from a supervisory position.

Drug investigations are difficult and dangerous undertakings and have inherent problems which do not appear in other fields of law enforcement. For this reason, it was and is the practice of all Federal agencies involved to demand that all investigations be conducted in a professional manner in order to safeguard the rights of all citizens. This was and is continually stressed in the training of agents and through the publication of well-formulated procedures.

I have recently issued a statement of policy to each DEA agents concerning searches, seizures, and arrests, which is designed to limit the use of "no-knock" warrants, to establish strict guidelines governing an agent's conduct, and to clearly define the circumstances under which forcible entry may be undertaken.

It has been made abundantly clear that no deviation from these guidelines will be tolerated. Any action by any agent which is not compatible with established policy and good law enforcement practices will be dealt with swiftly and severely.

I assure you that the actions of these few agents are in no way indicative of the conduct of the 1,900 other agents of DEA who scrupulously protect the rights of all those with whom they come in contact.

Sincerely,

JOHN R. BARTELS, Jr.,
Acting Administrator.

RAIDS IN COLLINSVILLE, ILL.

John R. Bartels, Jr., Acting Administrator of the Drug Enforcement Administration, announced today he has initiated action to dismiss from the Drug Enforcement Administration six special agents who were involved in two narcotics raids in Collinsville, Illinois April 23.

Mr. Bartels said that the actions proposing to remove the agents are being taken under Civil Service Commission procedures. Under Commission regulations, the agents will have an opportunity to present arguments against the proposed removal actions.

Mr. Bartels said that pending final decision in the proposed removal actions, the agents will be in a non-law enforcement status. In this capacity, they will not be permitted to carry weapons, make arrests, conduct searches or participate in any criminal investigations.

The agents have been relieved of all duties until August 24 to prepare their replies to the dismissal charges.

Mr. Bartels previously announced on July 10, 1973, that the six special agents, William C. Dwyer, Leon Phillips, Kenneth R. Bloemker, Dennis W. Harker, Michael W. Hillebrand and Dennis R. Morarity, and their supervisor Edmund C. Irvin, were being suspended from duty for 10 days without pay, pending a decision as to whether removal proceedings would be initiated.

Mr. Bartels also announced today he has initiated action proposing to demote Mr. Irvin, the former supervisor of the St. Louis District Office, and to remove him from a supervisory position. Under this proposal Mr. Irvin also will be transferred from the St. Louis area to another post of duty and given non-supervisory functions. Removal action is not being initiated against Mr. Irvin, since he did not personally participate in the Collinsville raids.

The six agents were relieved of their enforcement duties on May 1, 1973, and given limited duty, non-enforcement positions with pay, following complaints about the two Collinsville raids in April. The raids were the subject of later complaints by residents of the two homes involved, who charged that the agents had made a mistake in entering the wrong homes, and had behaved in a threatening manner.

The investigation into the Collinsville raids is continuing.

Mr. HRUSKA. Mr. President, the issue here is not whether law enforcement officers should be authorized to enter a house unannounced. Senators ERVIN and NELSON admit that there are exceptions to the rule that law enforcement officers must announce their identity and purpose before entering. The exceptions they cite include:

The destruction of material evidence, a suspect's attempted escape, and the peril of bodily harm to someone inside the house to be searched.

Instead, the issue is whether a court should be authorized to issue a "no-knock" warrant where the exigent circumstances that call into play the exceptions to the announcement rule are known before the police arrive at the scene.

Mr. President, I believe that a magistrate should be placed between the police and the door of the accused. If certain circumstances are known to the police beforehand, the magistrate, not the police, should make the determination whether probable cause exists to authorize an unannounced entry. As the Supreme Court said in *Johnson* v. *United States*, 333 U.S. 10, 13–14 (1945):

The point of the Fourth Amendment, which often is not grasped by zealous officers, is not that it denies law enforcement the support of the usual inferences which reasonable men draw from evidence. Its protection consists in requiring that those inferences be drawn by a neutral and detached magistrate instead of being judged by the officer engaged in the often competitive enterprise of ferreting out crime. Any assumption that evidence sufficient to support a magistrate's disinterested determination to issue a search warrant will justify the officers in making a search without a warrant would reduce the Amendment to a nullity and leave the people's homes secure only in the discretion of police officers.

The "no-knock" provisions are designed to interpose a "neutral and detached magistrate." As a result, contrary to the contentions of the proponents of the amendment to S. 3355, the "no-knock" provisions do not invade the personal privacy of an individual. They secure that privacy.

Mr. President, I ask unanimous consent to place in the RECORD at this point a letter which I received from the Attorney General today in support of Federal "no-knock" authority. I believe this is an excellent statement of the valuable purposes which such an authority can serve. Furthermore, the letter gives pertinent comment on the affect which repeal of the "no-knock" statute may have upon Federal law.

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

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C.

Hon. ROMAN L. HRUSKA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HRUSKA: The Department of Justice has been asked to advise you of the Department's position on the proposed amendment to Section 3109, Title 18, U.S. Code, to eliminate statutory authority for the issuance of the so-called "no-knock" search warrants. The Department is opposed to the elimination of the statutory "no-knock" authority.

While it has been suggested that the repeal of 21 U.S.C. 879 will merely reinstate the common law with respect to "no-knock" entry, this may not be the case. The courts may well conclude instead that 18 U.S.C. 3109, the general federal "no-knock" provision, is applicable. That provision permits federal officers to enter without announcement of purpose where necessary to liberate one who is assisting in the execution of the warrant or to break in where entry is refused. It does not permit forced entry in order to prevent the destruction of evidence although this may be the most important basis for "no-

knock" entry in drug cases. The common law would permit such entry to avoid destruction of evidence. If 18 U.S.C. 3109 becomes applicable, however, it would limit the common law. One other distinction that might be noted in passing is that 21 U.S.C. 879 limits "no-knock" entry to felony cases while neither 18 U.S.C. 3109 nor the common law contains such a restriction.

The specific statutory "no-knock" authority under federal law is restricted to federal offenses involving controlled drugs and the authority is restricted to federal officers authorized to execute search warrants relating to controlled drugs. Under the statute the only case where "no-knock" authority may be exercised is when the officers have specific authority in the warrant to execute it in such a manner. Further, the authority must be received from a magistrate and then only after a showing that notice of authority and purpose would either lead to the destruction of the evidence sought or place the officers executing the warrant in danger of bodily harm.

There is substantial testimony from state authorities who have used "no-knock" authorization much more frequently that such authority is a great assistance to law enforcement officers seeking to prevent criminal suspects from disposing of evidence. It is also the belief of such authorities that the "no-knock" clause affords a certain amount of additional protection to law enforcement officers by eliminating the opportunity for a criminal suspect to arm himself with a dangerous weapon at the time the arrest is being made.

In July, 1973 the Drug Enforcement Administration issued new policy guidelines which require that the Administrator or his Deputy approve the seeking of all future "no-knock" warrants.

It would be in error to infer from the infrequent use of this authority that the Department does not believe such authority is helpful, in its law enforcement activities. Occasions may arise in the future where such authorization will assist the apprehension of criminal suspects and seizure of illegally possessed controlled substances and protect the lives of federal law enforcement agents.

The potential for abuses of this authority is no greater than the potential abuse of all authority vested in federal law enforcement officers. The effective deterrent to abuse is a combination of responsible administration and continuing oversight by the Congress rather than the abolition of the authority itself.

As noted above, in its present form, 21 U.S.C. 879 requires the approval of a neutral magistrate before an officer may enter premises without notice of his authority and purpose. This requirement, which goes beyond the common law or other federal statutes, is designed to provide an advance judicial determination of the need for "no-knock" entry. To remove this requirement of judicial approval leaves the entire decision in the hands of the enforcing officer. While we believe the internal checks within the Department of Justice established in 1973 will serve to avoid misuse of the "no-knock" entry authority, we believe that the added check of judicial approval is desirable as a matter of policy, as well as a means of providing public assurances of the protection of privacy through judicial intervention.

Thank you for allowing the Department to express its views on this matter.

Sincerely,

WILLIAM B. SAXBE,
Attorney General.

STATISTICS, JUNE 14, 1974

The following are statistics on the use of the "no-knock" authority as of June 14, 1974:

Office of Drug Abuse Law Enforcement, April 1, 1972–June 30, 1973:

Authorized	112
Executed	97

Bureau of Narcotics and Dangerous Drugs Up to June 30, 1973:

Authorized	3
Executed	1

Drug Enforcement Administration Task Forces, July 1, 1973–June 12, 1974:

Authorized	2
Executed	1

Drug Enforcement Administration, July 1, 1973–June 14, 1974:

Authorized	1
Executed	0

TRIBUTE TO BETTY TAPY THOMPSON

Mr. LONG. Mr. President, after almost 25 years of service, Betty Tapy Thompson will be leaving the Finance Committee staff at the end of this month.

Betty Thompson typifies the very best in the career Federal civil service. She began working for the Committee on Finance in 1950. For these many years, she has been providing invaluable service to the members of the committee. She has served under four chairmen; Senator Walter George of Georgia, Senator Eugene Millikin of Colorado, Senator Harry F. Byrd, Sr., of Virginia, and myself. She was a member of the committee staff when I first became a member of the committee in 1953.

As Senators well know, the Finance Committee typically has a heavy legislative workload, and Betty has helped us get our work done for many years with calm and with competence. She has been unfailingly diligent, loyal, cooperative, and helpful. Simply stated, she has always served the committee members to the very best of her ability.

Betty is not retiring. Her husband has been appointed assistant agricultural attaché in the American Embassy in Mexico. I am sure I speak for all the members of the Committee on Finance in thanking Betty for the excellent work she has done over the years and in wishing her the best of success in Mexico City.

MORE DOCTORS ARE NEEDED

Mr. DOLE. Mr. President, as we in Congress attempt to improve the delivery of health care in this country, we cannot—must not—ignore the fact that we are desperately short of primary care physicians. What we need, for all practical purposes, as much—or even more than we need national health insurance—is a change in emphasis at some of our medical teaching schools.

They have, almost universally, done a superb job in conducting needed medical research and in developing the specific medical skills we need to cope with our changing health care needs. This fine work should be continued, of course, but the education of physicians needed to meet the day-to-day needs of the sick has been relegated to a secondary role, and the family doctor is disappearing from the contemporary scene.

We need continued education of medical specialists and researchers, but we need at the same time, a reemphasis of the education of medical generalists, family practice physicians who can serve the needs of most of the people most of the time, without recourse or referral to specialist.

Mr. President, in my State of Kansas alone, this subject has received a great deal of concern in recent weeks. I have no desire to see it politicized or distorted by partisan concerns. The subject is far too important for that. As a recent study by the regional medical advisory council shows, by 1980, Kansas will need 348 primary care physicians to meet the national norms. This, from an objective, nonpolitical study conducted by leading health care authorities.

In some fields, we have an ample supply of doctors. In other fields, we are far short, according to this study. What is clearly needed, in my view, is an infusion of greater balance in the output of our schools of medicine. Future Federal funding for medical schools should be earmarked for programs which will best meet the needs of our people.

A new and massive Federal program will not do the job. Neither will a giant medical bureaucracy set up at high cost do what can better be done at the State level. Neither will unfulfilled promises by some to meet the shortages or political propaganda intended to mislead the people of Kansas.

We must enlist the medical schools and the medical community, at large, as willing cooperators in this task rather than try to force them from Washington. If we really mean what we say about the Government's governing best which governs least—and that is my guiding principle—then it would be totally ineffective to try to meet everybody else's health care needs from Washington.

THE LAW ENFORCEMENT PROFESSION

Mr. NUNN. Mr. President, the Senator from New Mexico (Mr. DOMENICI) recently made an excellent speech about the law enforcement profession. In his address to the police academy graduates in Albuquerque, the Senator focused on the key facts effecting these dedicated professionals.

I feel that his address is of such merit that it deserves the attention of the entire Senate. I ask unanimous consent that Senator DOMENICI's speech be printed in the RECORD.

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

ADDRESS BY SENATOR PETE V. DOMENICI

Every week or so, when it seems appropriate to some people in Washington, someone makes a speech on our police and the job they do. The lip service to our law enforcement officers is just tremendous in this nation. But the facts are simply these: first, the job you have chosen for yourselves is one of the most demanding, and most needed, jobs in society; secondly, this nation does not always voice its appreciation for that job; thirdly, it has not yet made the financial commitment it needs to make sure our police officers are adequately rewarded finan-

cially; and, finally, this society can no longer assume that the policemen of this country can do the job alone.

I will elaborate on each of these points, but first let me tell you personally, as the father of eight children, living near one of the very highest crime areas in this nation, that I give you my heartiest thanks for your presence. You are the first line of defense for this nation and this society. You are going to be abused and mistreated, upon occasion, but don't you ever doubt for a moment that the vast, overwhelming majority of Americans are behind you. Because they are and they tell me so, in person and in the letters they write, that they appreciate the job you are doing. I hope that you never doubt that.

I suspect that one reason that the job of policeman in this nation has always been so difficult is that we have asked you to correct the mistakes we, as parents and as citizens, have made. Our social failures become your police problems. In an age now where every value is under attack, every moral belief subject to scrutiny, it should come as no surprise that many of our people, especially some of the young, are confused and have few guiding principles by which to act. We have given to you, the policemen, the job of providing through the law some of those guiding principles. It's a job that you were not intended to do, but have had to assume when other institutions have moved too slowly or too timidly. I will later address the Girls State class for 1974 for New Mexico, up in Las Vegas. And I will tell them that I don't buy this stuff about the younger generation being too weak or too lazy to carry the torch. You, too, are young. You have shown yourselves strong and courageous enough to bear the burden for society. So when I say that more and more of the young question traditional values, I should be careful to add that the majority still abide by the immutable teachings upon which this nation, and this society, are founded. But we cannot survive long without a renewal of those articles of faith. By your witness here today in behalf of law and justice, you renew those principles upon which our society depends. I only hope that we produce more of your kind in this troubled and uncertain era.

At the same time that we make such extraordinary demands upon our law enforcement officers, we also fail to pay them enough, to offer them enough vocal support, or to tell them how much we like the job they do. In this state, for example, we still pay law enforcement officers in some large cities as little as $4,200 annually to keep the public peace.

Now let's take a look at these figures—a salary of $4,200 a year for law enforcement officers and in some large cities as low as $500 a year for city officers. To give you an idea of how low $4,200 a year is, I checked with the Agriculture Department, which administers the Food Stamp Program. If one had three children, normal debts, were a police officer, and his wife did not work, that $4,200 annual salary would fully qualify him for the Federal Food Stamp Program. Indeed, assuming that he did not own his home (and it would be hard to have a large enough home on less than $400 per month for five people), that he did not have special circumstances—that is, that he lived as a person would have to live on $4,200 a year, he would be classified by the Federal government as below the poverty level. That is a disgrace. Even a man starting out at $6,000 a year, if he had only that salary and few other possessions, and still had those three kids, would also easily qualify for food stamps. Now, I'm assuming that in these hypothetical cases these police officers would have less than $1,500 in savings on other excess assets. But, the fact is that these figures show dramatically how low the salaries we pay some of our law enforcement people are. And this society must do better if it wants quality work. The ironic thing is that we require at least 120 hours of training for each of these law enforcement persons to qualify for that $4,200 salary.

Let me tell you one thing you should be sure to do, a thing that would improve relations between the police and community more surely than anything else. Make sure you involve yourself in your community, not only as police officers, but as private citizens. Go to your PTA meetings. Attend your church meetings. Join civic clubs and service organizations. Help out with charity drives. You are going to find out a lot more about the community, and appreciate it more, by doing so. As importantly, the community is going to find out a lot more about its police, and appreciate you more. Such associations with your fellow Albuquerqueans will lead to great rewards. The work of the policeman will be related not to some abstract concept called "law and order," but to a real human, a man or woman who participates in the community and contributes in many ways. Your friends will begin to understand the demands your job makes on you. And with better understanding will come more appreciation, more efficient law enforcement, and a stronger society.

But, this nation and this society cannot assume any longer that the individual policeman, no matter how dedicated, well-trained, and intelligent, can do the job alone. He needs help. I am pleased that the Law Enforcement Assistance Act is working, despite some isolated problems. The thrust of that act has been good. Despite the recent turmoil at the head of the agency, I foresee even more improvements through the auspices of LEAA. I am also pleased to see an increased emphasis on training and continuing education for our police. The state deserves credit, as does the University of Albuquerque, and the various agencies and councils devoted to solving the crime problem.

The Senate has acted on several bills that will aid our law enforcement system. Many of us joined together to pass legislation assisting the dependents of safety officers killed in the line of duty. A bill providing educational help for their offspring passed. The death penalty, in certain quite specific cases, was passed because a majority of the Senators, and I joined with them, believed that the death penalty would be a deterrent in those special cases.

Several of us in the Senate recently joined together, both Democrat and Republican, to introduce legislation to establish a comprehensive juvenile delinquency and juvenile justice system in this nation. This bill, called the Juvenile Justice and Delinquency Prevention Act, attacks the problem of the young offender, who is most prominent in crime statistics. The bill, S. 821, is a fine step in the right direction. It would coordinate present programs, and offer a substantial grant program to the states, local government, and public and private agencies to encourage new juvenile delinquency prevention programs. This legislation would also create the National Institute of Juvenile Justice to provide a center for federal research in the area.

While the Juvenile Delinquency Bill would hit at a real problem, and one that we must attack if we are ever to slow down crime, we have yet to attack the need for penal reform properly. Briefly, much remains to be done for our corrections facilities. The Congress must soon move decisively in this area. We cannot let our prisons remain nothing more than breeding grounds for more sophisticated criminals. We must decide that rehabilitation is an important ingredient of the correctional system and then stand by the belief with sufficient money. Society must rehabilitate those which it can and not consign people who make mistakes to a life of continual wrong-doing. I hope to take an active part in prison reform legislation, with an emphasis again on making sure that local entities are given incentives and large amounts of input.

If you can stand another admonition from me, let me close by saying that it is inevitable that during the course of your job you will get frustrated at times by the judicial system. But, remember that the courts, and our judges, have their great pressures, too. They also have been asked too often to be Daddy, Mommy, and even probation officers and administrators. The court system must have at all times your respect and your cooperation. As your experience in law enforcement increases you will appreciate even more the tremendous complexities under which the court system must operate.

Again, congratulations. You are a special group that has had special training. Your job may seem thankless sometimes, but, remember always the vital job you are doing for your fellow man and for all of society. We appreciate it.

Thank you.

IN DEFENSE OF THE OIL INDUSTRY

Mr. HANSEN. Mr. President, as I mentioned here last week during the debate on the Kennedy-Mondale amendment to the debt ceiling increase bill, the atmosphere in Congress is more that of a lynch mob than a deliberative legislative body.

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.

So I am glad to note, Mr. President, that at least one industry spokesman is fighting back and telling it like it is.

Rawleigh Warner, Jr., chairman of Mobil Oil Corp. is not only defending the petroleum industry's reputation, he has gone on the offensive in countering the deluge of demagoguery that has proliferated from the never-ending hearings and continuing attacks on the Nation's oil companies.

So well put by a Wall Street Journal editorial, while the rest of his oil-industry colleagues huddle in the foxhole, shot and shell from Capitol Hill bursting overhead, Mr. Warner is out there with fixed bayonet plunging through barbed wire, taunting the enemy with shouts, maneuvers and hand grenades.

Mr. President, I am proud of Rawleigh Warner for answering the 5-day oil experts and for doing and saying what the industry should have been saying long ago.

The company which he heads is also one of the first to attempt to get its message across to the public. In a major address to the 42d annual convention of the Edison Electric Institute, Warner scored the lack of robust, open debate on major issues in our national broadcast

media. He pointed out that the public is being denied access to business' point of view on controversial issues.

He spoke about Mobil's efforts to communicate with the public since "most of us in the oil industry feel that if we had done a better job over the years, we would enjoy greater understanding and esteem than we do today."

Warner, then went on to explain Mobil's communications program which, in my opinion, should set an example not only for other oil companies, but for the business community as a whole.

It is not only the oil industry that is threatened, it is the whole free enterprise system and if the industry's enemies are able to cripple, destroy, or dismantle the oil industry, who knows who will be next.

Even now in England, the labor government is taking aim at the country's 20 largest industries. Not satisfied with what they have done to England's coal and rail industries, they now propose to nationalize all major industry.

In yesterday's Washington Post, in the same section with a Mobil ad the title of which was "For God's Sake Let Us Freely Hear Both Sides," there was another ad by the Communications Workers of America advocating repeal of the oil and gas depletion allowance and establishment of a Federal Oil and Gas Corporation, the first step toward nationalization.

Mr. President, I ask unanimous consent that the full text of the Wall Street Journal editorial and Rawleigh Warner's speech as well as the Mobil ad be printed in the RECORD.

And just to be sure that we have both sides of the story, I ask unanimous consent that the ad by the Communications Workers of America also be printed in the RECORD.

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

[From the Wall Street Journal, June 24, 1974]

A BETTER HOLE

It's easy to see why Rawleigh Warner Jr., president of Mobil Oil Corp., happened to acquire a Purple Heart, a Bronze Star and a Silver Star during the big war. The fellow is intrepid. While the rest of his oil-industry colleagues huddle in the foxhole, shot and shell from Capitol Hill bursting overhead, Mr. Warner is out there with fixed bayonet, plunging through the barbed wire, taunting the enemy with shouts, maneuvers and hand grenades.

His boldest move yet was to announce that Mobil was weighing a tender offer that would give it control of Marcor, parent of Montgomery Ward and Container Corp., neither of which produces energy in any form. It would take about $500 million of Mobil's cash to do the trick, and of course Mr. Warner knew there would be instant screams from the halls of Congress that the bloated profits of the oil tycoons were not going into increased energy production, as advertised.

"Irresponsibility at its worst," said Sen. Thomas McIntyre of New Hampshire, whose outcry was typical of several. "I've lamblasted the oil industry before, but this decision by the nation's third-largest oil company to spend more than three-fifths of its last year's profits to buy a non-energy enterprise leaves me absolutely outraged."

Senator McIntyre, though, doesn't seem to be aware of what's going on. Mr. Warner has single-handedly outflanked the Congress. His company has handsome profits, true enough. But Mobil also has a $1.5 billion budget this year for capital expansion and exploration. It has led all oil companies in laying out cash for federal offshore oil leases, $848 million since December, 1970. It is the most recent oil company to build a refinery here, at Joliet, Ill., the biggest grassroots refinery every built.

It has, then, been no slouch in plowing money, borrowed, and earned, into its energy business. But how much money should a reasonable prudent man invest in a business that has to be operated out of a foxhole? The decision to diversify, says Herbert Schmertz, Mobil's vice president of public affairs, came out of "a real concern over potential future restraints" on investment in U.S. oil and gas activities.

Isn't Congress about to peel away the depletion allowance, carve away foreign tax credits and make other changes to make the business less profitable? Are there not 3,500 bills pending before Congress that would, in greater or lesser degree, do the same? Isn't the government keeping exploration closed off the Atlantic coast? Hasn't it proposed banning Mobil and the other majors from joint bidding on offshore leases? Isn't the Federal Energy Administration's crude allocation program a direct subsidy to the independents at the expense of the majors? What about the continuing price controls on domestic crude and regulation of the wellhead price of natural gas? And isn't Sen. Stevenson's scheme to have the government get into exploration a direct threat to the private oil companies?

In short, there's almost nothing the politicians haven't thought of to discourage vestment in the oil business. It's astounding that any of them should now be absolutely outraged when Rawleigh Warner refused to hunker down under fire and goes out looking for a better 'ole. For bravery above and beyond the call of duty, he deserves the Congressional Medal of Honor.

ENERGY RESOURCES—AND THE PUBLIC

(By Rawleigh Warner, Jr.)

It is particularly flattering to be asked to speak to you about Mobil's efforts to communicate with the public, since most of us in the oil industry feel that if we had done a better communications job over the years, we would enjoy greater public understanding and esteem than we do today.

It became clear to us in Mobil three or four years ago, just as I am sure it must have become clear to the management of companies such as yours, that our country was heading for a severe energy crunch.

Here was the greatest industrial power in the world, with its entire economy built on an abundance of low-cost energy, about to enter an era of unnecessarily heavy reliance on other countries—mainly because, for one reason or another, industry was not being allowed to develop our very strong domestic energy resource base adequately.

There seemed to be very little understanding of this situation or of the economics of business in the press, in the Congress, or among the general public. We in Mobil felt there was an urgent need to try to inform people.

That, in brief, was the setting in which we initiated our communications program. What are we doing in it, what results have we had, and what problems have we encountered?

NEWSPAPER ADS EFFECTIVE TOOL

To some extent, we do pretty much the same sort of nuts-and-bolts things many large companies do. Probably our most effective tool, however—and, I suppose, the one that sets us apart—is our use of paid advertising in newspapers. We have found it ineffective to rely on letters to the editor to rebut even the most misinformed reporting. Retractions by the press are rare, and seldom catch up with the original charge. News releases are of limited usefulness.

We elected initially to rely mainly on newspaper advertising because we felt we had to address ourselves primarily to opinion leaders as the group best able to grasp complex issues.

We publish a quarter-page advertisement, virtually every Thursday, year-round, on the page opposite the editorial page of *The New York Times*—called, as you might deduce, the op-ed page. This is the only space the *Times* will sell on those two facing pages. It therefore has pretty high visibility, which we try to enhance with an off-beat approach. The space gives us enough room for essay-type ads similar in tone to other material appearing on those two pages.

We try to surprise readers of the *Times* with our selection of subject matter, our headlines, and our brisk and often irreverent text. We try to be urbane but not pompous. We try not to talk to ourselves and we accept that we can never tell the whole story in any one ad.

WIDE RANGE OF SUBJECTS

Our ads have ranged over a wide gamut—the energy crisis in its many ramifications, the role of profits, earnings as expressed in rate of return, capital requirements and capital formation, the need for national energy policies . . . why we support the New York Public Library, public television, the United Negro College Fund, the Better Business Bureau . . . the need for economic growth . . . the dangers of simplistic knee-jerk reactions . . . the need to conserve energy, and ways to use less gasoline. The list is a long one.

We try to help people understand what options are open to them and what sort of costs are involved in the various trade-offs. The response has been strong and generally favorable, though in addressing ourselves to opinion leaders, we deliberately opted for a rather thin cut of the total public. We believe we have had some impact and that we have been reaching people other than just those already wedded to the free market, but we realize we have not yet done enough to reach the public at large. In sum, we think the exercise has been useful, albeit somewhat expensive *in toto*, and sufficiently productive to continue.

One reason we think our advertisements, along with those of other oil companies, may be having some effect is that several Congressmen and Senators have recently tried to inhibit us. We believe *The Wall Street Journal* was close to the target when it said, "Indeed, the reason their critics are rushing to have them gagged is that the oil companies have been making legitimate arguments worthy of being heard."

We have recently been publishing these institutional ads regularly in 15 to 20 papers in addition to the *Times*, and are this week enlarging the program to around 100 papers. We'll be glad to send a representative sampling of our ads to any of you if you'll drop us a line.

We have our differences of opinion with various of the newspapers in which we are buying space. But what we are trying to do in the mass media is to broaden the spectrum of information and viewpoints available to the American people, to help them reach the conclusions necessary to sound policy in a democratic society. We believe the continued viability of our open society depends heavily on robust debate and controversy in the marketplace of ideas. We are in no sense eager to stifle those who oppose us. On the contrary. We just want to be heard, too.

That brings me to the biggest roadblock we have encountered—the refusal of national television networks to sell us time in which to state our viewpoints on matters of great public import.

When the energy crisis hit full-blown last October, there were very few reporters in any media anywhere in the country, outside of oil-producing areas and the oil trade press, who knew much about oil. This was particularly true of commercial television, and seems still to be true. As a result, we have a very difficult communications problem, and we recognize that. The energy crisis is complex, both in its origins and in its manifestations. The TV networks, by their very nature, seldom seem able to do justice to such a complex issue.

DEFICIENCIES IN TELEVISION NEWS

There appear to be at least five major elements that account for the structural deficiency of network television news programs.

The first is time limitations. A 30-minute news program, such as the Cronkite show, shrinks after commercials to around 23 to 24 minutes. An essay by a Sevareid or a Brinkley will consume about three minutes, leaving only 20 to 21 minutes for news. During this tightly limited time the show will often try to cover as many as 15 or more items, which would average out to a little over a minute for each item. But the biggest stories may consume close to two minutes each. So you end up with a good many stories being handled in well *under* a minute each.

Also, if the newsrooms are to have time to develop and edit film and to add the requisite dramatic elements, topical stories for the evening news show usually have to be filmed in the morning or at the latest in the very early afternoon. Otherwise, they may get short shrift.

Second, there are the economic limitations. Camera crews and transmission by satellite, for instance, are expensive. The cost to a network of keeping camera crews in many different locations could be prohibitive. Even when willing to spend the money, a network cannot always fly a crew to the scene of a news development in time to obtain the film that is TV's lifeblood. Also, most national TV news personalities earn far more than newspaper reporters.

The third limitation has to do with the networks' tendency to personalize the news. By this I mean their ever-present need for the highest ratings. We have the Cronkites, the Chancellors, the Reasoners, the Howard K. Smiths. As these people fight for the highest ratings, they sometimes tend more toward showmanship than toward balanced presentation of the news. As a former executive director of the ABC Evening News put it, "The evening news is not the highest form of journalism. It is partly an illustrated headline service and partly a magazine. And, yes, it is part show business, using visual enticement and a star system to attract viewers."

The fourth of the elements that tend to emasculate network news is personnel limitations. There seems to be little room for specialists. Indeed, the only ones I can think of are the sports announcers and the weather forecasters. Understandably, most of the rest of TV's news correspondents are generalists, competent to cover hard-news stories and features of several kinds, but limited in the spheres of economics, finance, and technology.

Finally, the fifth element of weakness: TV is by its very nature an entertainment medium, and a highly visual one at that. The problem was summed up this way by a former president of NBC News: "Every news story should, without any sacrifice of probity or responsibility, display the attributes of fiction, of drama. It should have structure and conflict, problem and denouement, rising action and falling action, a beginning, a middle, and an end."

INACCURATE AND MISLEADING COVERAGE

While we are not accusing the networks of bias in their reporting, we nevertheless feel that their structural deficiencies have combined to make much of their coverage of oil news inaccurate and misleading.

By way of characterizing our problem, it seems to us almost as simple as having to try to talk about elementary economics to people who are essentially illiterate in that field. As you can appreciate since you, too, are in a capital-intensive industry, we try to relate our earnings to our invested capital. This is one of the few ways we can satisfy ourselves that our rate of return is adequate to attract or amass additional capital to continue to do what is expected of us.

But this is a very difficult concept to get across to the consuming public, which sees only two things: the price of the product, which has risen dramatically; and the size of our earnings, which in absolute terms are large. All too few people in public office or in the media are adequately equipped or motivated to help people understand that it is primarily the oil-exporting countries that have increased the price and that, in Mobil's case, our 1973 earnings of almost $850 million have to be viewed in light of the more than $10.5 *billion* of assets required to generate those earnings.

We therefore start out with an almost insurmountable problem, which is bad enough in and of itself. But when we then have to cope with television reporters and commentators who usually know next to nothing about the business and seldom seem to have the time or the desire to learn, and when we have to try to impart some understanding in the very limited time allotted—that really is impossible.

Let me illustrate this for you with a personal experience. About a year and a half ago, when I was chairman of the American Petroleum Institute, two other oilmen and I went up to CBS, at its request, and had lunch with Walter Cronkite. Mr. Cronkite told us that CBS was planning to broadcast a series designed to give the viewing public some insight into the energy crisis that was shaping up, and he assured us of CBS's determination to be fair.

A QUESTION OF FAIRNESS

We therefore agreed to cooperate. I personally spent more than three hours with CBS reporters and camera crews trying to answer their questions and to impart information on the energy situation in our country. The fellow in charge of those interviews assured me CBS was going to do the "most thorough study they'd ever done on any subject for the Cronkite show," and I think those are very close to his exact words. The problem was that the reporter was simply rounding up the raw material. That raw material was cut and edited by a group of people we never saw; who, as far as we could tell, had not been exposed to any firsthand discussion of what was involved; and to whom, I can only surmise, fairness did not seem an overriding preoccupation.

Our reaction to what CBS finally broadcast, in January and February of 1973, was one of utter dismay. What we saw and heard struck us as being one-sided and unfair to the industry. For all my own pains, I believe I got about a minute and a half on the air and was identified as "chairman of the industry lobby," which by implication would make me the chief lobbyist for the oil industry. The basic points I had tried to make died on the cutting-room floor.

I would be less than honest and less than fair myself, however, if I failed to point out that NBC has done special energy broadcasts that were quite well-balanced. The producers of those programs kept their promise to us—that we would have our day in court, along with those holding opposite views. We got a fair shake.

Incidentally, those NBC producers showed their understanding of the complexity of this subject by allotting three consecutive hours of prime time to it last fall in the first of their special broadcasts on energy. When they followed that up last March, they devoted an hour of prime time to the subject on each of two evenings a week apart.

Mobil has sought to buy air time for commercials that would convey our point of view—commercials that would deal in ideas rather than in products. But networks have refused to sell us time for many of the commercials we have submitted. Their position was pretty well summed up in a letter of February 27, 1973, from the law department of the Columbia Broadcasting System to a vice president of Mobil, from which I quote: ". . . it is the general policy of CBS to sell time only for the promotion of goods and services, not for the presentation of points of view on controversial issues of public importance. CBS has adopted this policy because it believes that the public will best be served if important public issues are presented in formats determined by broadcast journalists."

In simple terms, that means that what the people of this country are to see and hear on commercial television is to be decided largely by two or three people at each of two or three TV networks—an extraordinary concentration of decision-making.

Interestingly enough, that letter from CBS was written right around the time the Cronkite evening news show presented—in a format determined solely by broadcast journalists—that one-sided material I mentioned earlier.

MOBIL'S OFFER TO THE NETWORKS

It occurred to us that the networks might be afraid they would have to give free time to opponents of our points of view. We therefore offered to pay twice the going rate to have our commercials telecast, which would have covered the cost of any free time given to someone holding different views to reply to us—Ralph Nader, the Sierra Club, or anyone else selected by the network. We felt this underscored our basic posture: that we are not trying to alter what the TV networks broadcast as news. We just want to offer a broader spectrum of information and viewpoints to the American people and are perfectly willing to take our chances in the marketplace of ideas. If our ideas are no good, the public most assuredly will shoot them down, and deservedly.

The networks have refused to sell us time even on this basis, yet have permitted our critics—principally politicians—to keep up a stream of unsubstantiated charges against us and to get their views televised almost at will.

I should like to describe one of our rejected commercials. You be the judge. We see nothing wrong with it, but two networks won't carry it. This commercial opens, without narration, on a shot of beach and ocean. Then, as the camera moves out to show only the sea, the narrator comes in, and here I quote verbatim his entire script:

"According to the U.S. Geological Survey, there may be more oil beneath our continental shelf than this country has consumed in its entire history.

"Some people say we should be drilling for that oil and gas. Others say we shouldn't because of the possible environmental risks. We'd like to know what you think.

"Write Mobil Poll, Room 647, 150 East 42nd Street, New York 10017.

"We'd like to hear from you."

NBC accepted this commercial.

ABC rejected it, saying it had reviewed the commercial and was "unable to grant an approval for use over our facilities."

CBS also rejected it, saying, "We regret that this message addresses a controversial issue of public importance and as such cannot be considered under our corporate policies."

I have these comments to make on that.

First, this country was founded in controversy—hard, openly expressed controversy—and it has remained free and democratic through the continuing clash of opinion and of value patterns.

Second, if the networks dedicate themselves almost exclusively to merchandising products, via the entertainment route, they may raise serious questions as to whether what they merchandise as news is actually just entertainment.

Third, today's energy crisis is controversial largely because the media have helped make it controversial by printing and broadcasting material so inaccurate that anyone with any knowledge of our industry would have to disagree with it.

THE PUBLIC'S RIGHT TO KNOW

When as powerful and pervasive a medium as television will not sell time for controversial issues, it seems to me our country has reached a rather critical juncture. How can a democracy operate effectively without broad public access to clashing points of view?

It is worth recalling what the U.S. Supreme Court said in 1969, in what is known as the Red Lion case: "It is the right of viewers and listeners, not the right of the broadcasters, which is paramount. It is the purpose of the First Amendment to preserve an uninhibited marketplace of ideas in which truth will utilimately prevail, rather than to countenance the monopolization of that market, whether it be by the Government itself or by a private licensee. It is the right of the public to receive suitable access to social, political, esthetic, moral, and other ideas and experiences which is crucial here."

The real issue seems to be whether the commercial networks should have total control over what is broadcast to the American people. Since network broadcasting is among the most concentrated of U.S. profit-making industries, it would appear that our country may be facing a danger of monopoly censorship.

I hope you realize how reluctant we in Mobil are to adopt any posture that would appear to place us in an adversary position. We would much rather just live and let live. But we have concluded that we have no alternative to standing up for what we believe to be right. It is a dreadful set of circumstances at which we have arrived. What we're battling for is something at least approaching fair treatment in a medium that seems to be the main source of news for the vast majority of the public, yet one that seemingly has decided that in order to be successful, it must concentrate more heavily on showmanship than on presenting news in any depth.

Incidentally, I noticed in this morning's *Wall Street Journal* that William Paley, the chairman of CBS, has urged elimination of the so-called fairness doctrine, which theoretically requires the networks to give free air time for the presentation of views opposed to those expressed by the network. If I thought repeal would encourage or enable the networks to broaden the spectrum of information and viewpoints available to the public, I would endorse Mr. Paley's suggestion. What gives me pause, however, is that Mr. Paley does not seem to take into account the near-monopoly status of the network television business when he says that "what constitutes fairness should be determined by those responsible for the operations of the media. . . ." As I have indicated, we have found that leaving it all to broadcast journalists is no solution at all.

It might interest you to know that in our industry no one company has as much as 8.5% of the U.S. gasoline market, as much as 9% of the domestic refining capacity, or as much as 10% of U.S. crude oil production. The three largest oil companies in each of the following categories together have less than 22.5% of the gasoline market in our country, less than a quarter of the refining capacity, and only a quarter of the crude oil production.

MARKET DOMINATION BY NETWORKS

In national commercial television, three major networks dominate the scene. They particularly dominate the scene with respect to national and international news, since the news programs prepared by the local stations tend to present mostly local news. The three commercial networks combined have an audience estimated at more than 50 million people for the evening news programs broadcast at 7:00 p.m. Eastern Time. It is my understanding that no newspaper in this country has a circulation larger than about 2 million daily and 3 million on Sunday.

Among the newspapers there are some such as *The New York Times*, which not only dominates certain parts of its market—including, I believe, the New York market for help-wanted ads—but is also vertically integrated to the extent of owning substantial equity interests in three Canadian companies that make newsprint.

The *Times* is quite critical of oil company earnings. It called Occidental Petroleum's 718% increase in the first quarter of this year "a mirror image of what consumers are paying." Well, I doubt that anyone in this country is paying seven times as much for gasoline now as a year ago, but the *Times* neglected to mention that Occidential does not market in the United States. Nor did the *Times* tell its readers that Occidental's earnings in the first quarter of 1973—the benchmark period in this comparison—had dropped to a meager 6 cent a share, down more than 80% from eleven years earlier.

The Washington Post said recently that the government had an "urgent" duty to correct what that paper called the "vast enrichment" of the oil companies. This offers the opportunity for an instructive comparison. The net earnings of Texaco, one of the more profitable oil companies, increased 57% between 1970 and 1973. During this same period, the net income of the Washington Post Company increased about 160%.

True, 1970 was a bad year for the Washington Post Company but, taking the media as our models, we would have to conclude that benchmark years are not very relevant in such comparisons, because few of the media seem to have mentioned how bad 1972 and the first quarter of 1973 were for a lot of oil companies.

Last year Mobil's worldwide earnings were up 48% over 1972. Those of the New York Times Company were up 58%; of the Washington Post Company, 37%. The networks also apparently had a good year in 1973. According to a news release from the Federal Communications Commission, the pre-tax profits of the three television networks combined—excluding earnings of the stations they own—were up 66.7% over 1972. The FCC doesn't seem to report profits *after* taxes, and the networks don't seem to report them very widely on either basis.

ECONOMIC EDUCATION NEEDED

It seems to me we might witness a most interesting development if reporters and editors in electronic and print media were suddenly to develop an interest in the business side of their businesses and start poring over the income statements and balance sheets of their employers and their competitors. Once they learned how to pick their way through the figures to which few of them seem ever to have paid much attention . . . once they learned how to calculate rate of return, and grasped its importance as an index of profitability . . . and once they developed enough skepticism and reportorial curiosity to do some research on their own employers' price increases . . . once some of this transpired, they might well feel they had discovered a new and different world.

The more perceptive and open-minded among them would probably be shocked to discover that in some instances their own employer—whether a newspaper holding company or a network or whatever—was more profitable than many of the industries it was criticizing daily. With respect to concentration, they might learn that the overwhelming majority of the approximately 1,500 cities in which daily newspapers are published can be considered newspaper monopoly areas and that, as I mentioned earlier, national commercial network television is possibly the most concentrated U.S. industry. They might, in fact, in the process of overcoming deep-rooted preconceptions, develop additional insights and learn things that would make them better informed and more competent.

I hope nothing I have said here will be construed as ignorance or insensitivity on my part toward the contributions a free press has made throughout our country's history. Quite the contrary. We could not have remained a free people without it. Freedom of the press is clearly an essential ingredient of a democratic society—essential not only to the press itself, but to all of us. I submit, however, that it is inseparably linked to freedom of speech, and that both are in turn linked to a free economy.

Unlike some politicians, I am urging not less but more free speech, and for everyone—including most importantly those who views some of us may find totally abhorrent. I would hope that those who write and speak the most about freedom of the press will come to comprehend that if they help to destroy our free economy, no matter how unwittingly, it could be only a matter of time before they lost their own freedom. I do not know which of our freedoms might be the first to go, but I do know that once we lose any one of them—whether free speech, free press, or our free economy—the others are apt soon to follow.

"FOR GOD'S SAKE, LET US FREELY HEAR BOTH SIDES"

That was Thomas Jefferson speaking. But it was just that sort of free and open exchange of ideas and opinions we had in mind when we decided to sponsor the National Town Meeting—a public forum in which Americans can hear and question their chosen leaders on important issues of our time.

In the early days of this nation it was probably a lot easier to ". . . freely hear both sides." It was a small country of small towns. No gerat metropolises. No union of states sprawling the breadth of the continent.

When Jefferson first became President, we had fewer than five and a half million people in the whole country. Today, we have three metropolitan areas—and nine states—with more people than that. It's sometimes hard to be heard in a nation with so many voices.

In the formative years of our country, Americans exchanged ideas, opinions, even expletives, at the town meeting. Sometimes, that fellow they sent to the House or Senate would be there and his outspoken constituents would hear his side—or nail his hide.

At Mobil Oil Corporation, we feel that kind of personal contact should still be an important part of the American scene—no matter how big our nation and our government have grown. Except for small towns, however, such communication has virtually disappeared.

So, to help people who care about good government keep in touch with the people who mind the government store, we're sponsoring a summer-long series of town meetings. It's a small effort to foster greater discussion on the vital issues confronting us today.

Some of your senators and representatives are taking time to participate. A score of

public officials and experts have accepted our invitations to present their views on a variety of topics ranging from defense spending to congressional reform. And we're inviting anyone who wants to listen and question them.

At each National Town Meeting, two principal speakers will have their say on a particular issue. After that, they will be questioned by members of the press. Then it's your turn.

This Wednesday, Senators John Tower (R-Tex.) and Thomas J. McIntyre (D-N.H.) are slated to discuss "The High Cost of Vigilance: National Defense Spending."

The meetings will be held on Wednesdays through September, from 10:30 a.m. to 11:45 a.m., at the John F. Kennedy Center for the Performing Arts/Eisenhower Theater. Admission is free.

For God's sake, let us hear your side—Mobil.

OUR MEMORIES MUST BE LONGER THAN THE GASOLINE LINES

Remember when most Americans waited a long time for gasoline last fall and winter? Our country faced a major energy crisis. We were in a mess and we knew it—but we didn't know how we got there or how to clean it up. We're still in a mess even though gas lines are shorter.

So the Communications Workers of America—a union of more than 575,000 men and women—commissioned a study by a group of experts to find the answers to our energy crisis. We did this because it is our charge to protect and enhance the living standards of our members and their families. We pursue a variety of ways of meeting that obligation. Currently, for example, we are engaged in negotiations on wages, fringes and working conditions with the Bell System for some 500,000 of our members. Another method of solving a problem that threatens those living standards is sponsorship of such projects as this energy study.

Here, briefly, is what the panel of energy experts found.

The shortage of fuel for our cars, our homes, our factories was caused by "corporate greed of staggering proportions" and "total mismanagement by the government" over a number of years, particularly recently. What should we do?

First, America must reduce demand by eliminating present waste, end the growth of highways and promote mass transit systems.

Second, the energy companies must pay their fair share of taxes. (Exxon paid only 6.5 per cent of $3.7 billion in income in taxes in 1972. By contrast, a family of our earning a moderate family budget of $11,500 paid 16.2 per cent). Fairness can be achieved by ending favored tax treatment for firms that invest overseas and eliminating the tax depletion allowance here at home.

Third, government must limit multiple ownership of energy sources, compel oil companies to provide accurate data to the American people and enforce vigorously our antitrust laws.

Finally, the Federal government must set up firms to import petroleum products, produce oil and gasoline here at home (providing a yardstick on costs) and develop alternate sources of energy—solar, geothermal and hydrogen—in the United States.

We in CWA know the energy crisis is a continuing peril to our country. We need prompt, responsible action—and that is what we propose. Failure to act now will place our nation in mortal danger. That's why our memories must be longer than the gas lines—Communications Workers of America.

Mr. HANSEN. Also, Mr. President, so that those who would do away with foreign tax credits for the oil companies may know exactly what they are doing, I would hope they might read the report of the U.S. basic balance of payments for the first quarter of 1974.

Just two paragraphs in a Wall Street Journal article of last Friday, June 20, tells the story of how the United States registered a record surplus for the first quarter:

Reflecting the big jump in world oil prices, income from U.S. direct investments abroad, principally foreign oil affiliates of major domestic producers, climbed to $4.45 billion in the first three months of the year from $2.69 billion in the fourth quarter. This helped boost the U.S. "services" account after subtracting the income of foreign investments in the U.S. to $2.80 billion from $1.59 billion in the prior quarter. The increase in the services account, which also covers such things as travel and tourism, helped offset a sharp drop in the merchandise trade surplus, which narrowed to $101 million in the first quarter from $1.34 billion in the fourth quarter.

Another major positive factor was a $742 million surplus in long-term private capital flows, reflecting a decline in U.S. direct investment abroad and an increase in foreign direct investment in the U.S. The first quarter surplus contrasted with a deficit of $1.41 billion in the previous quarter. The department said most of the changes were due to transfers between U.S. oil companies and their foreign affiliates."

Mr. President, if we want to lose what competitive advantage the U..S companies have in world competition, all we have to do is penalize them with double taxation by eliminating their credit for foreign taxes.

I doubt that Shell Oil Co., British Petroleum or any of the other foreign oil companies will be returning $4.45 billion dollars in foreign profits to U.S. stockholders.

And as we dismantle the oil companies and the independents along with them we will lose the only hope we have of regaining some degree of energy self-sufficiency and become more and more dependent on imports.

And as we import more and more oil and without the repatriated profits of foreign operations, that trade balance will quickly fade into a huge deficit.

Mr. President, I ask unanimous consent that the Wall Street Journal article be printed in the RECORD.

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

UNITED STATES HAD RECORD 3-MONTH SURPLUS IN ITS PAYMENTS: REVISED 1973 FOREIGN INCOME OF OIL CONCERNS PREVENTS THE FIRST ANNUAL SURPLUS

WASHINGTON.—The U.S. registered a record surplus in its "basic" balance of payments in the first quarter as high world oil prices swelled the incomes of U.S. foreign petroleum affiliates.

But that welcome news was tempered by sharp downward revisions in last year's income figures for those same U.S. oil affiliates. These adjustments made a $744 million deficit out of the initially reported surplus of $1.2 billion in this country's international payments position for 1973, keeping the U.S. from gaining its first yearly surplus ever in the key statistic.

The Commerce Department said that the first quarter surplus was $2.07 billion, a vast improvement from the downward-revised $498 million deficit in the 1973 fourth quarter and above the previous record surplus of $1.92 billion registered in the September quarter last year.

The hefty surplus in the basic payments position contrasts with a smaller surplus and sizable deficit reported earlier using two other measures of the first quarter payments balance. On the "official reserve transactions" basis, the U.S. recorded a $1.04 billion net inflow in the March quarter, but on the "net liquidity" measure, an $869 million deficit was registered.

BEST GAUGE OF UNDERLYING TRENDS

The basic balance, which focuses in trade, government grants, long-term corporate investments and a few other key elements, is considered by many analysts to be the best gauge of underlying trends in international payments because short-term capital flows, which often can be quite volatile, aren't included in it. The two other measures include certain private and governmental capital flows that are excluded in the basic balance.

Reflecting the big jump in world oil prices, income from U.S. direct investments abroad, principally foreign oil affiliates of major domestic producers, climbed to $4.45 billion in the first three months of the year from $2.69 billion in the fourth quarter. This helped boost the U.S. "services" account, after subtracting the income of foreign investments in the U.S., to $2.80 billion from $1.59 billion in the prior quarter. The increase in the services account, which also covers such things as travel and tourism, helped offset a sharp drop in the merchandise trade surplus, which narrowed to $101 million in the first quarter from $1.34 billion in the fourth quarter.

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SO-CALLED TRADING LOSSES

The revisions in last year's figures that resulted in the $744 million deficit for 1973 also affected statistics back to 1966 and were made to correct overstatement of investment income receipts by some U.S. oil companies.

The overstatements arose when some U.S. companies recorded their so-called trading losses on foreign oil—the difference between the higher "posted" prices for the oil and the actual market price—on their domestic financial ledgers. These domestic figures weren't reported to the Commerce Department and, as a result, its foreign investment income figures were inflated.

Concerning the record first quarter surplus, Assistant Commerce Secretary Sidney Jones termed the development "encouraging" and said it reflects the "basic strength" of the U.S. international payments position. "We've gotten through the severe wrench of the energy crunch in pretty good shape," he said.

Still, government analysts yesterday cautioned that the U.S. payments position could swing back into the red this year if the U.S. doesn't gain trade-off concessions from major oil-exporting countries for the large supplies of high-priced oil expected to be shipped here this year. The vast amounts of imported oil could result in a substantial merchandise trade deficit that would hurt the U.S. payments position.

Mr. CASE. Mr. President, I am glad to join a number of distinguished Senators as a consponsor of Concurrent Resolution No. 88, submitted by Senators NELSON, JAVITS, HART, and HUMPHREY. The resolution would charge the Joint Economic Committee with the establishment of an Advisory Board to study the causes of the current combination of double-digit inflation, high unemployment, and

economic slowdown and to make recommendations to deal with both the short- and long-range aspects of these problems.

A traditional criticism of such an approach is that we don't need another committee and another study—we need to act. I would like to answer both parts of this objection ahead of time.

For one thing, we are acting on a number of fronts. I regret that a majority of my colleagues did not support extension of standby authority for wage and price controls, since I firmly believe the administration and the Congress together must act positively to bring inflation under control. But additional constructive legislative proposals have been made, ranging from the establishment of export control and licensing procedures for agricultural commodities to the establishment of a Federal oil and gas corporation. So I think we are attempting to act in areas where certain clear legislative options are at hand.

At the same time the combination of economic trends that we now face is unique, and I think we need to give the Joint Economic Committee the resources to study this situation, to look at this new set of circumstances, and perhaps to devise new approaches to the perplexing problems that are upon us.

For many years now, for example, one prevailing school of thought has held that continuing sophisticated technological advances will always, and indefinitely, enable us to keep pace with growing demand. But questions are arising about the soundness of this view, and it is no longer inappropriate to ask whether there will always be enough natural gas or other basic resources to produce enough fertilizer to grow enough wheat to feed a hungry world.

Nor is it too soon to raise the question whether some measure of our world-wide inflation results from a general feeling that we may face a future in which material progress is not the rule and that each of us had better scramble to "get ours" while the getting is still good. If this is so, what can we do about it?

I would strongly urge the Advisory Board to take a broad look at this kind of question, among others, and to explore the inflationary effects of increasing competition for dwindling supplies.

In this connection, I ask unanimous consent to include at this point in the RECORD a New York Times editorial of June 9, 1974, and an article from the June 21 Times by Senator NELSON and Senator HART dealing with our general economic situation and discussing this timely concurrent resolution.

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

[From the New York Times, June 9, 1974]

TO CURE INFLATION

Here in the United States and throughout the world, inflation has become a problem of unexpected intensity and baffling complexity.

Some economists consider it a purely monetary phenomenon caused by the excessive creation of money and credit. Others regard inflation as mainly the result of misguided government fiscal policy—too much spending, too little taxing, too great use of deficit financing. Still others stress concentrated market power in the hands of great corporations and labor unions or, in this time of worldwide commodity inflation, in the hands of international cartels.

Neo-Malthusians see inflation as a symptom of uncontrolled economic and population growth, depleting the natural resources on which life itself depends. And all these only begin the list of asserted causes—a list that includes the wastage of resources on wars and preparations for wars, the heightened competition among social groups for larger shares of an economic pie that cannot grow fast enough to satisfy all demands, the weakness of governments and the breakdown of the world monetary system.

Admittedly, the general disease called inflation could be quickly wiped out if Government were to crack down hard enough by cutting off the supply of money and credit or by chopping Federal expenditures or raising taxes. But policies tough enough to eliminate inflation quickly could throw the economy into deep depression—a cure most people would regard as worse than the disease. Nevertheless, inflation at anything like its present rate is no minor ailment; it cannot be tolerated long without lasting damage to the social structure and danger to world economic and political stability.

The need for the best possible policies for dealing with inflation is urgent. In the absence of any discernible will be in the White House to provide leadership in that direction, the most promising approach lies in a thoroughgoing Congressional investigation of the causes and cures of inflation. Such a study should draw upon the best economic, business and political minds available, as did the Temporary National Economic Committee studies of the concentration of economic power in the late nineteen-thirties and the Joint Economic Committee studies in the early sixties.

The great value of such investigations is that they concentrate the public mind, telescope (rather than lengthen) the learning process for Congress and the Administration, and help establish a firmer base for essential changes in national policies.

The present inflationary crisis calls for just such a broad-ranging effort to increase public understanding of inflation and to improve national policy on a wide range of issues from the sources of excess demand to the inhibitions on adequate supply, productivity and jobs for a growing labor force. Congress is the appropriate vehicle for launching such an inquiry into ways of improving the economic well-being of the American people.

[From the New York Times, June 24, 1974]

ECONOMIC ADVISERS FOR CONGRESS

(By Gaylord Nelson and Philip A. Hart)

WASHINGTON.—With increasing frequency and severity, the symptoms of our nation's ailing economy have revealed themselves. Inflation for the first quarter of 1974 is at a staggering annual rate of 11.5 per cent. Real output decreased at an annual rate of 6.3 per cent, the largest quarterly drop in production since the recession of 1958. Unemployment exceeded an unacceptably high 5 per cent and there is every expectation that it rise substantially later this year.

The warning signals have become danger signals; the problems have become emergencies. Even the most prudent and respected financial journals have said bluntly in their headlines that the economy is in a crisis. Dr. Arthur F. Burns, chairman of the Federal Reserve Board, has stated that if the present inflation continues it will "threaten the very foundation of our society."

We would add to Dr. Burns' statement only that this crisis goes beyond our own borders and threatens the economic stability of every market in the world and the well-being of every nation.

Every foreign government shares the responsibility for attempting to understand and reverse these disturbing trends and must explore all possible courses of action. For us in the Congress, therefore, an immediate question is what Congress can do.

It is possible that there are no legislative solutions to these problems, but we believe we must make a good-faith effort to see if there are. It is in this spirit and with these goals that we have proposed, along with Senators Jacob K. Javits and Hubert H. Humphrey, a concurrent resolution that would establish a procedure whereby Congress could attempt systematically to understand and to solve the problems of inflation, recession and unemployment.

The gist of it is to bring economists and other experts, representative of a broad spectrum of political points of view and philosophies, together and ask them to do something unusual. They will not be asked simply to testify on inflation and recession but instead to see where they can agree on proposed legislative solutions.

These experts, making up an advisory board, would transmit their recommendations to the Joint Economic Committee, which, in turn, would draft legislation and provide these legislative recommendations to the majority and minority leaders of both houses of Congress. The leadership then would attempt to insure that these legislative recommendations are considered by all the relevant committees and that any legislation is speedily reported to both houses of Congress.

The advisory board would be composed of leading economists, businessmen and other experts in such areas as fiscal, monetary, manpower, trade and natural resources policy. Of course, the resolution accommodates situations in which the experts cannot agree and situations in which they recommend further Congressional study in particular areas.

The resolution would provide the Joint Economic Committee and its staff with the resources to carry out these duties and to continue to study these critical questions. In addition, the committee would carry out any specific recommendations for further study made by the assembled group of experts.

There have been a multiplicity of different proposals and suggested courses of action to remedy our economic ills. The objective here is to attempt to find, where possible, a consensus on such proposed remedies among experts of differing points of view and to permit Congress to benefit from any such consensus.

This is a means for Congress to take an important initiative in a time of national crisis. By itself this approach recommends no substantive changes in economic policy, but it can create a climate whereby Congress can know that they reflect the views of a consensus of exports.

RECESS FOR 1 HOUR

Mr. ROBERT C. BYRD. Mr. President, if no Senator wishes to speak further during the period for transaction of routine morning business, I would suggest that the Senate stand in recess for 1 hour.

I am told by Mr. MCCLELLAN that he is presently chairing a hearing, and he must be present, of course, on the floor of the Senate to manage the continuing resolution. He cannot be on the floor until 1:30.

Mr. HUGH SCOTT. Mr. President, if the Senator will yield, I have no objection. I think we should point out that Senators are not ready to speak, because we are unable to proceed on the continuing resolution until 1:30.

Mr. ROBERT C. BYRD. Mr. President, that is correct.

Mr. HUGH SCOTT. Most of our Senators are engaged in committee business or are otherwise occupied at this time. That is the only reason we are taking the recess.

Mr. ROBERT C. BYRD. That is correct. I am grateful for the distinguished Republican leader's comment.

That being the case, Mr. President, I move that the Senate stand in recess for 1 hour.

The motion was agreed to; and at 12:18 p.m. the Senate took a recess until 1:18 p.m. whereupon the Senate reassembled, when called to order by the Presiding Officer (Mr. JOHNSTON).

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. JOHNSTON) 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 the Senate proceedings.)

ORDER OF BUSINESS

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

EMERGENCY FINANCING FOR LIVESTOCK PRODUCERS

Mr. MANSFIELD. Mr. President, fully aware that S. 3679, on which the Senate will vote at 3:20 this afternoon, has had third reading, I ask unanimous consent that it be in order at this time for an amendment to be offered to the bill which I think greatly strengthens it through reducing the amounts of individual loans.

The PRESIDING OFFICER. Does the Senator ask unanimous consent that the Senate proceed with the immediate consideration of the bill?

Mr. MANSFIELD. Yes, with the proviso that we have completed third reading.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 3679) to provide emergency financing for livestock producers.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

Mr. McGOVERN. Mr. President, I send to the desk an amendment on behalf of the Senator from Kansas (Mr. DOLE) and myself.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 3, line 6, strike out "$1,000,000" and insert in lieu thereof "$350,000".

On page 4, line 1, beginning with the word "Loan" strike out all down through the period in line 2.

Mr. McGOVERN. Mr. President, the effect of this amendment, to which the distinguished majority leader has just referred, is to change the loan to an individual borrower under the emergency livestock credit, the bill now pending, from a maximum of $1 million to a maximum of $350,000. The second change envisaged in the amendment would eliminate any reference to the total lending authority that is given to the Secretary of Agriculture. The purpose of the second part of the amendment is simply to recognize that no one can really anticipate the number of loans that will be applied for under this authority, but I am sure it is the will of the Senate that a livestock producer or feeder who qualifies under this bill should be entitled to come under its provisions. Therefore, we left open the loan guarantee authority available to the Secretary of Agriculture. He still would be limited to a 90-percent guarantee of the total loan but there is no figure as to how extensive that authority would be used. That will be left open.

As the Senator from Montana stated, I think this amendment strengthens the bill in two important ways. I am very hopeful the Senate will accept that change in the bill as it now stands.

Mr. DOLE. Mr. President, would the Senator yield?

Mr. McGOVERN. I yield.

Mr. DOLE. Mr. President, I discussed this amendment with the ranking minority member of the committee, the Senator from Nebraska (Mr. CURTIS).

The question of limits on loans guaranteed under this program was considered in the committee hearings. I might point out that in the final stages of the deliberations in the committee on this bill, there was no loan limit at all. It was determined that perhaps a loan guarantee limit is needed.

On the basis that cattle are an increasingly expensive commodity, and that large sums of capital are needed by livestock producers, farmers, and ranchers, I suggested a limit of $1 million. However, upon further consideration, those of us in the Agriculture Committee feel that a lower limit of $350,000 would be more appropriate. I support this lower-loan limit.

PREVENT OVERDEPENDENCE

The major intent of a lower-loan limit is to prevent over-dependence by the livestock industry on this program. There has been some concern that a level of loans higher than $350,000 might prevent the industry from responding properly to market indicators. It is my feeling that, by lowering the loan limit to $350,000, this program will provide adequate financing on the most critical portion of credit for livestock producers, while at the same time causing them to be attentive to weak prices in the market which would indicate a need for further reduction in the level of output.

The limit of up to $350,000 on loans is also equal to the assistance provided in a similar manner by the Small Business Administration. It makes a great deal of sense that we should be consistent within the Government by providing loan guarantees at a comparable level among industries.

The lower-loan limit of $350,000 may also direct the protection provided under this program more to those smaller operators for whom the credit market is not as accessible. These smaller farmers and ranchers are vital to maintaining a strong level of competition in the industry and I feel that it is vitally important that family farmers and small livestock producers should remain in business.

Finally, it is my understanding that the House of Representatives is considering a similar provision. Hopefully, the House will find this measure acceptable. Passage of this bill in the House of Representatives would negate the requirement for a conference committee and the program could, therefore, be made available much more quickly to those in need.

OUTSTANDING GUARANTEE LIMIT UNNEEDED

This amendment also strikes out the provision for not more than $3 billion in loan guarantees outstanding at any one time. I believe a total guarantee limitation is unneeded and give my support to this part of the amendment.

The expectation is that the total number of loans guaranteed under this program will not reach a total of $3 billion. Therefore, it is unlikely that a total limit would be necessary in any event.

However, it is impossible to predict the precise course of events in the livestock industry. In the event that livestock producers should need a higher level of loan guarantees, it is my feeling that no individual should be left out, because of some arbitrary limit placed by Congress.

I also share the view of the Senator from South Dakota and the majority leader that these two changes do strengthen the bill. I certainly am pleased to join in the amendment and I hope the amendment is accepted.

Mr. McGOVERN. Mr. President, I wish to add that I have discussed the matter with the distinguished chairman of the committee, the Senator from Georgia (Mr. TALMADGE) who is in the Chamber. He also is in agreement with us.

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

Mr. McGOVERN. I yield.

Mr. TALMADGE. Mr. President, the Senator from South Dakota has discussed the matter with me. I concur

in what he has said and I hope the Senate will agree.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was agreed to.

Mr. BUCKLEY. Mr. President, it is with the greatest reluctance that I vote against the Emergency Livestock Credit bill. I say this because so many of the farmers it is intended to help have been the victims of erratic prices caused by Government action. I speak of the Soviet wheat sale and of the effects of wage and price controls.

I vote against it, however, for three reasons: First, it continues the precedent of Government props that I believe to be dangerous and which I voted against in the case of Lockheed; second, it will serve artificially to channel scarce credit to one sector of the economy at the expense of others, such as housing; and, third, the potential exposure of the Federal Government is open-ended as a result of the amendment eliminating the $3 billion ceiling.

Mr. HELMS. Mr. President, I would like very much to be able to vote for this bill, but there are several reasons why in good conscience I cannot do so.

First, obviously, is the precedent it will set. Second, is the very real possibility that, despite the best efforts to police its operation, this loan guarantee program could be misused and abused, thereby costing the taxpayers millions—perhaps billions—of dollars.

I know that those who drafted this legislation, and Senators who support it, are acting in perfectly good faith. But since I am fearful of the precedent it will set, and apprehensive about the possibility of abuse, I feel that this bill, while well-intended, is not the course the Congress should follow.

As a member of the Committee on Agriculture and Forestry, I made my concerns known at the time this bill was reported. I regret to have to vote against a measure supported by all other members of the committee, but under the circumstances, I feel that I must vote "No."

Mr. BELLMON. Mr. President, it is my feeling that the Government helped create the chaotic conditions of the livestock industry by imposing price controls on meat. Price controls disrupted the orderly marketing of feed cattle causing a disastrous break in prices. The marketing system of stocker and feeder cattle as well as other livestock has now also been seriously disrupted. Unless corrective action is taken consumers will soon face a shortage of high quality meat.

It now appears that it may take as long as 2 years for the livestock industry to straighten out the situation and for prices to stabilize. Many producers do not have the capital remaining nor are they able to obtain adequate loans from traditional sources to maintain their livestock operations in the future after the excessive losses of the past 9 months. It seems only fair that since the Government helped create this condition that the Government guarantee loans to the livestock operators who cannot obtain adequate credit so that they may maintain their operations and provide needed food for American people.

The livestock industry condition affects many areas of the American agriculture. The livestock industry is the principal market for grain. If the livestock industry suffers an economic collapse, then there will also be a sharp decrease in feed grain prices.

This bill will enable experienced, efficient producers to survive the unprecedented losses of the last 9 months, and survive for the recovery period that surely lies ahead. The provisions S. 3679 pertain only to existing producers. The bill does not provide for an operator to expand nor for a new individual to enter the livestock industry as a hobby or tax shelter. These guaranteed loans will provide credit that is not otherwise available to livestock producers so that they may survive the current economic disaster the industry is facing.

Mr. President, it is necessary for the Senate to pass S. 3679 so that the American livestock industry may overcome the disastrous economic situation that the Government has helped to create. The bill is essential for the American people to enjoy abundant supplies of meat. The American farmer, rancher, and livestock producer have provided the nation with high quality meats in ample quantities for many years. This is not the time for the American people to desert the producers in their time of dire need.

Mr. DOLE. Mr. President, the emergency livestock credit bill, which we are voting on today, in my opinion, is a key measure for the livestock industry and consumers. Every member of the Senate Agriculture Committee has given careful consideration to this measure and I believe the provisions and safeguards in it make it a very sound bill. I support this measure and urge every Senator to join me.

It should be stated that this bill does not resolve the basic problem of the livestock industry. It does provide temporary protection against total bankruptcy for the livestock industry and against short supplies and high prices of meat for consumers.

BAR AGAINST EXPANSION

There has been some concern that this measure would encourage livestock producers to increase their level of output, further aggravating the market glut and forcing prices even lower. The committee gave careful consideration to this possibility and a special provision was included to prevent loans made under this program from being used to expand livestock operation.

It should also be noted that an amendment, which I helped introduce this morning, lowered the maximum loan level to $350,000. It is widely known in the industry that most farmers and ranchers involved in the livestock business require considerably more than $350,000 for their operations. This loan limit would, in practice, prevent the possibility of expansion by most farmers or ranchers without the express provision prohibiting use of these loans for expansion.

FLEXIBILITY ALLOWED FOR RESPONSE TO MARKET

There has also been some concern that the existing level of producing capacity is too high for what the market will bear, and that this program could cause the present situation to continue. There is some indication that the demand for meat may be weaker. However, it is far from clear that the depressed market is the sole result of weak demand, together with overproduction, this program would not prevent some decline in producing capacity in response to market indicators.

First of all, there has been a considerable amount of liquidation that has taken place already. Cowherds have been culled at a higher than normal rate in recent months and this action has already caused producing capacity to decline in response to weak prices.

In addition, cattlemen are bound to respond by making their operations more efficient if the market remains depressed. This would amount to increased culling of cowherds to get rid of less productive cows. Increased culling would amount to a reduction in productive capacity in response to the market. These efforts undoubtedly would take place regardless of the loan program we are considering today.

Finaly, the limit of $350,000 on loans made under this program would not be adequate to carry productive capacity which would not be supported by market demand.

Mr. President, I believe this bill is responsive to the needs of the economy, the livestock industry and the consumer need for meat. I urge the immediate passage of this bill.

Mr. MONDALE. Mr. President, I rise in support of S. 3679, a bill to establish a guaranteed loan program for livestock and poultry producers. This legislation is desperately needed to enable farmers and feeders who have suffered extraordinary losses in recent months to obtain credit essential for continued operations.

Losses among cattle producers are well documented. For each of the last 9 months the average market price for choice steers in Omaha has fallen far below the breakeven level. For 6 out of the past 9 months the average loss per head has been well over $100.

To illustrate these losses, one cattle feeder from Blue Earth, Minn., calculated the net loss per head on 44 steers purchased on September 17 and sold April 8. The cattle cost $394.94 per head when he bought them. The feed cost was $188.15; the veternarian cost $2.04; and yardage and labor costs totaled $24.46. Thus his investment worked out to $609.59. This individual received $470.65 per animal when they were sold for a net loss of $138.94, exclusive of interest costs. Multiplied by the number of cattle that have been bought and sold over the past 9 months, this reflects the magnitude of the disaster facing the livestock industry. Pork producers have likewise been absorbing losses of up to $15 and $20 per animal. Turkey producers are losing from $3 to $4 on each bird they market for losses of $60,000 to $80,000 per producer.

The urgency and seriousness of the crisis in meat and poultry production cannot be overestimated. Within a short time the depression that is being felt at the farmer-feeder level could extend to other industries, including packers and processors, truckers, grain farmers, and the financial community. Ultimately, however, the consumer would be the victim if meat and poultry producers are forced into widespread liquidation. Wild price increases and shortages would inevitably result.

The bill pending before the Senate today, the Emergency Livestock Credit Act of 1974, should not be viewed as a cure-all for the crisis in livestock production. Any major distortion in the agricultural sector of our economy is extremely difficult to correct, and credit alone will not solve the problem of feeders and farmers unless some price recovery takes place.

I have joined with Senator McGovern and others in cosponsoring an amendment to provide for a 60-day suspension of beef imports, a step which could help to bolster sagging markets. Other major meat consuming countries—including Canada, Japan, and the Common Market—have imposed restrictions on meat importation to protect their domestic industries. Especially when meat producers in the United States are on the verge of liquidation, we should not allow the United States to become a dumping ground for excess beef from other countries.

Many of us were pleased that the U.S. Department of Agriculture has announced it will purchase $100 million in beef and pork, primarily hamburger, for the school program earlier than normal this year. Nevertheless, estimates indicate that so far this year over 180 million pounds of beef have been imported for hamburger—or twice the amount that will be purchased under the Department's latest anouncement.

While I think that the Government should make use of the purchase programs to buy meat and poultry when markets are depressed, I also think we ought to make sure that these purchases are not merely offsetting the effects of expanded imports.

Again, on the purchase program, I note that the USDA has not announced any stepped up purchase of turkey although poultry producers are suffering from disastrous losses like the beef producers.

One of the most disturbing questions associated with the crisis among meat and poultry producers is why have retail prices not fallen in proportion to the decline at the farm level. The pricing discrepancies can be seen in looking at both the farm-retail price spread and the percent of the consumer's dollar that is going to the farmer and the feeder. Measured in cents per retail pound, the price spread for beef in May 1974 was 51 cents per pound. This is down slightly from 52 cents per pound in April and 55 to 56 cents in February and March, but it is substantially above the 45-cent level prior to the imposition of price controls last summer.

Turning to the portion of the consumer's dollar that goes to the processors and retailers versus the farmer/feeder, the same spread is revealed. Up until last June, about 32 cents went to the retailer. During July and August when controls were in effect, middlemen received 25 to 29 cents. However, in September the processors and retailers were receiving 37 cents. This had increased to 41 cents in August, and for the past 4 months it has remained at about 40 cents.

I have joined with many other members of the Senate in urging that the Federal Trade Commission investigate these increasing price spreads that hurt both the farmer and the consumer.

Finally, I would encourage the administration to use every means available to reach agreement with Canada that would permit a resumption of U.S. exports. Recent reports, indicating the failure of USDA to reach an agreement with Canada on D.E.S., represent a blow to producers, and particularly to those in Minnesota who stand to gain the most from resumed sales to Canada.

Although approval of the bill before the Senate today will not end the depression in livestock markets without priority attention to each of the other matters I have raised, it is an urgently needed and constructive step.

This measure authorizes USDA to guarantee up to 90 percent of the value of loans entered into by beef, dairy, swine, turkey, and chicken producers. The loans would be made through commercial banks, savings and loan associations, cooperative lending agencies, or other approved lenders. As a condition for the loan guarantee, the lender would be required to certify that he would be unable to provide credit without the guarantee, that the financing would be used for purposes related to the breeding, raising, fattening or marketing of livestock, and that the loan is no greater than that which would be required for the farmer to continue his business at a normal level.

The act provides only for a temporary, not for a permanent, program. Authority to guarantee loans under this measure would expire within 1 year, except that the Secretary of Agriculture could extend this period for an additional 6 months, if necessary. Loans must be repaid within 7 years, subject to a possible 5-year extension. The loans would be made at commercial interest rates.

Earlier this month I joined with Senators McGovern, Abourezk, and Humphrey in proposing a similar program which would provide for a maximum rate of interest on insured or guaranteed loans of 5.5 percent. Although I regret that the Agriculture Committee did not accept this provision, I do believe that the bill, as reported, should be adopted without any unnecessary delay.

Mr. President, our country cannot afford to permit the destruction of both the livestock and poultry industries. Without urgent action such a disaster could easily occur; indeed it is already occurring as thousands of producers are being pushed into bankruptcy.

As one step toward preventing an even greater catastrophe, I urge that the Senate swiftly adopt the bill before us today.

Mr. BAYH. Mr. President, traditionally the worst fate for America's farmers is to suffer sharp fluctuations in prices from one year to the next. The economic losses experienced on the bottom of the price cycle are too much for many farmers to withstand, with the result that thousands of farmers go out of business when prices hit rockbottom.

Sadly, this is precisely the situation now confronting livestock producers throughout the United States. The entire livestock industry—including cattle, swine, and poultry—is in serious trouble and passage of the emergency livestock producers loan bill now pending before us in imperative.

The situation is easy to describe. Livestock producers have been preparing their animals for market while paying record high prices for feed, fuel, and other basic expenses. Yet the prices they are receiving are dropping and producers must have prices higher than those that currently prevail in the marketplace if they are merely to break even.

Despite the huge investment livestock producers made to prepare their cattle, hogs, and poultry for market, prices for cattle, hogs, and chickens are down 24, 43, and 13 percent, respectively, since the first of the year. Cattle feeders are losing between $100 and $200 for every head sold today, hog feeders are losing about $30 for every head marketed, broiler producers are losing about 7 cents a pound, and turkey losses are about 11 cents a pound.

One of the many upsetting aspects of the present situation is that consumers are not finding comparable price reductions in their supermarkets. In other words, not only are producers suffering the worst consequences of depressed prices, consumers are not enjoying any real relief from high food prices. Somebody in the middle obviously must be doing quite well.

It is clear, Mr. President, that if producers are forced to sell their livestock at substantial losses thousands of small producers—those who can least afford such losses—will be forced out of business. This would have two unfortunate consequences:

First. It would increase the concentration of livestock production among the huge conglomerates, destroying family farmers and eliminating a vital sector of the American agricultural economy.

Second. A significant reduction in the number of livestock producers, which is a very real possibility under the present circumstances, woud hurt consumers in the future by reducing competition and increasing the danger that future livestock production will be so limited as to drive prices next year to new record highs.

The bill before us offers an emergency remedy to the most immediate problem. It authorizes a temporary $3 billion program of loan guarantees to livestock producers so they might stay in business until they can sell their livestock at reasonable prices.

The Government would guarantee 90 percent of loans made to livestock producers; we would not loan the money directly. This is an important point, Mr.

President, this bill permits loan guarantees—it does not involve the expense of Federal tax dollars. In addition, as presented to us for approval this bill has certain other important provisions:

Its coverage is limited to bona fide livestock producers and feeders, and its benefits cannot be abused by hobby farmers.

The amount of any single loan is limited so that a small group of the largest producers cannot take unfair advantage of the program, and the smaller producers who most need the loan assistance can secure it.

Loans must be secured by the producers at prevailing interest rates, which means this does not involve an interest subsidy on the part of the Federal Government.

The authority to guarantee loans is limited to 1 year, with a possible 6-month extension, and the length of the loans is limited also in order to make certain this program is used only to meet the emergency that now exists among livestock producers.

It cite these provisions of the bill, Mr. President, in order to make clear what this bill is not.

It is not a bailout for a handful of huge companies.

It is not a self-perpetuating program that will linger on after its goal is met.

It is not an addition to Federal spending.

It is not an anticonsumer measure, and, in fact, is a measure of great importance to American consumers since it is the best means available to us to prevent major, long-term disruption in the production of livestock. As noted above, in the absence of this emergency loan program the price spiral for livestock would be aggravated severely with repercussions that would hurt consumers for years to come.

Mr. President, my own State of Indiana is an important farming State which, like other major farming States, has felt the unhappy consequences of sharp price fluctuations and a generally mismanaged economy in recent years. We have seen the way in which the price roller-coaster hurts family farmers, as it hurts consumers. We understand fully in Indiana the need for this emergency legislation.

But we also understand fully the need for far better economic and agricultural policy now and in the future. To remedy the immediate emergency through loan guarantees for livestock producers is important. But we would be failing in our duty if we did not move from this action to the next logical step of demanding new policies which will prevent similar emergencies from arising year after year.

The key to a lasting solution is to stem the tide of inflation. After all, it was the inflation in fertilizer, fuel, as well as other basic expenses, and especially in feed that made it necessary for livestock producers to expend record dollars to prepare their animals for market. Unless we adopt those policies that are necessary to reverse the horrendous inflation of recent months, we will not have come fully to grips with our present problem.

I urge adoption of the pending legislation to guarantee loans to livestock producers, and beyond that I urge the administration to recognize the gravity of the problems confronting us and to adopt the economic and farm policies which will stop the boom-bust cycle which hurts family farmers and consumers alike.

Mr. MONTOYA. Mr. President, since the time the debate began in earnest in the Senate on how to prevent a collapse of the various livestock industries, some suggestions have been made in the press and in political cartoons that we ought no to be attempting to provide this relief to the livestock industry; that the difficulties which the cattle industry, for example, faces is something which it somehow deserves. The implication of these comments is that it would, perhaps, be just as well if the Congress did nothing and let the industries collapse. I think that would be a dreadful mistake.

I, therefore, want to discuss for a few moments the interest which the consumer has in seeing relief provided to the livestock industry, particularly the cattle industry.

It is important, in discussing the consumer aspects of this bill, to realize that this crisis was brought on by factors completely outside the control of the cattle industry. We have discussed this before in the Senate, pointing out, for example, that the price controls imposed by the Government last summer have been a major factor in the crisis. The lack of fuel which has contributed to higher costs, the grain shortage which has also contributed to higher costs, and the truck strike all have sustained and furthered the cattle crisis. Another factor has been the failure of the Department of Agriculture to enforce the intent of the Congress as established in the Meat Import Act of 1964. Had the import quota which we established in that act been imposed, we would have imported 208.9 million pounds less beef in 1972 than we did, 203 million pounds less in 1973 than we did and 443.7 million less than we did in 1974. This would have helped to keep the cattle industry out of the crisis in the first place.

The second point which I believe is important to keep in mind is that the cattle rancher is not the individual who has been profiting in the last year on beef. Indeed, the spread between the price paid to the rancher and the price paid when the beef is sold at retail has increased significantly from 42.9 cents a year ago to 51.1 cents now.

It is well to bear in mind also the economic status of the feedlot operators. They have not been profiting inordinately either, and, in fact, have been losing a great deal of money. Recently I was supplied with a financial report on 12 representative cattle companies. The sudden turn in fortune suffered by these companies from being profitable ventures to unprofitable ventures is shocking. One company, for example, which had a 5.85 return on investment for a 5-year period preceding 1974 is expected to lose 23.57 percent in 1974 and end up with a 6-year profit of only 0.41 percent. Other companies are expecting to lose a great deal more. My figures show one company losing 25.36 percent, another losing 23.54 percent, yet another losing 36.83 percent and so it goes.

Who is benefiting by this situation? To a large extent it appears as if the retailer is the one who is benefiting. To a lesser extent it is the consumer himself who is benefiting.

The reason I say this is that the price of beef today is almost exactly where it was a year ago. The Bureau of Labor Statistics recently reported, for example, that in April 1973 a pound of sirloin steak in the Washington area cost $1.78. That same pound of steak this year averaged $1.74. Similarly, a pound of regular ground beef sold for 98 cents in April 1973 and for 99 cents in April of 1974. While consumers are today paying roughly the same price for beef that they were paying a year ago, they are paying 15.8 percent more for all foods this year than they paid last and they are paying 10.7 percent more for all items this year than last.

Naturally, it is pleasant to see the price of beef unchanged over what it was a year ago, but it is also unrealistic to expect that such stability can continue over a long period of time. In fact, if it continues much longer at all, there is going to be a massive collapse of the cattle industry.

That is very clear from the figures which I inserted into the CONGRESSIONAL RECORD on June 17 showing the financial plight of a number of cattle companies. It is also clear from the figures reported in the Wall Street Journal on June 1 showing that placements of calves in feedlots is down 6.16 percent overall from a year ago and that the figures for May of this year are down 40 percent over May 1973.

In the long run, there is not going to be any beef. There is not going to be any at 1973's price or at double 1973's price.

It is important that that be borne in mind.

So this is in no sense whatsoever, an anticonsumer measure. It is a proconsumer measure.

I think it would be a proconsumer measure even if it cost the Government something, but I do not believe it is going to cost a cent. This bill, as the Senator from South Dakota has pointed out, is a loan guarantee. It is not a handout.

I urge its enactment.

Mr. McGEE. Mr. President, I want to take this opportunity to speak in support of S. 3679, legislation to provide guaranteed loans for livestock producers.

The measure would provide emergency assistance to persons engaged in legitimate cattle-raising businesses by authorizing the Secretary of Agriculture, for a temporary period of time, to guarantee 90 percent of a loan taken out by that farmer or rancher to meet his operating expenses until such persons can sell their livestock.

As I have pointed out previously, livestock feeders are currently selling their cattle at a loss, and obviously, cannot continue doing so without being driven into bankruptcy. Since September of 1973, livestock feeders have lost more than $1.5 billion. Two weeks ago, the farm price of beef was quoted in the

Wall Street Journal at $38 per hundredweight, as opposed to $46.60 a year ago. Cattle production is down 4 percent from what it was last year at this time. Unless the market situation can be corrected, this decline will continue, and we will begin to see empty counters in the supermarket and the housewife will see no beef available at any price.

Wyoming is a major livestock producing State. This industry is our second largest. Producers in my State are in serious trouble, unless this legislation is passed by the Congress.

This bill is addressed to the financial structure which supports the cattle industry. This industry survives on credit made available by private lending institutions and production credit associations. If, for some reason, this system collapses, it will bring down cattlemen, banks, feedlot operators, and grain dealers alike.

S. 3679 is designed to prevent such a collapse from occurring. Once again, I emphasize this bill is to help the legitimate rancher or farmer. It it not intended as an escape clause for hobby ranchers, or persons who enter agriculture only to secure a tax dodge or a new tax shelter.

In meetings with Secretary of Agriculture Earl Butz last Friday, I emphasized that if the bill is enacted, it will be up to the Secretary to see that the intention of this legislation is carried out and that it does, indeed, serve the legitimate ranchers.

This emergency assistance program is only a temporary measure and reflects the conviction of my colleagues from cattle-raising States that the livestock industry, assisted by this and other legislation, will be back on its feet within a short period of time.

It is imperative this program be implemented without delay. It is important if the assistance is to be of any value to the livestock industry.

Mr. President, I believe we all view this as a crisis situation, and I urge my colleagues to support S. 3679.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

There is nothing before the Senate.

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. 14434) making appropriations for energy research and development activities of certain departments, independent executive agencies, bureaus, offices, and commissions for the fiscal year ending June 30, 1975, and for other purposes; that the House had receded from its disagreement to the amendment of the Senate No. 1 and concurred therein; and that the House had receded from its disagreement to the amendment of the Senate No. 17 to the aforesaid bill, and concurred therein with an amendment, in which it requests the concurrence of the Senate.

CONTINUING APPROPRIATIONS, 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of House Joint Resolution 1062, order No. 922, continuing appropriations.

The PRESIDING OFFICER. Is there objection?

The clerk will read the resolution by title.

The second assistant legislative clerk read the joint resolution by title as follows:

A joint resolution (H.J. Res. 1062) making continuing appropriations for the fiscal year 1975, and for other purposes.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Appropriations with amendments.

The PRESIDING OFFICER. Time for debate of this resolution is limited to 1 hour, to be equally divided between and controlled by the Senator from Arkansas (Mr. McCLELLAN) and the Senator from North Dakota (Mr. YOUNG), with 30 minutes on any amendment, debatable motion, or appeal.

Mr. McCLELLAN. Mr. President, the Committee on Appropriations, on June 21, 1974, reported the continuing resolution (H.J. Res. 1062) with amendments.

As all Members are aware, the purpose of the continuing resolution is to enable the departments and agencies of the Federal Government to function in the absence of new obligational authority for the coming fiscal year which commences on July 1, 1974.

The resolution contains an expiration date of September 30, 1974, which it is hoped will provide the Congress with time to complete its work on the 13 major appropriations bills which must yet be passed this year.

The resolution has been drawn on the assumption that the House will pass 9 of these 13 regular appropriations bills for the 1975 fiscal year by June 30, 1974.

The Senate has passed, as of today, two fiscal year 1975 appropriations measures, the legislative branch and the special energy research and development bills.

The terms of the resolution are explained in detail in the committee report.

The committee has recommended a number of amendments to the resolution as passed by the House. Among them are:

First. That upon passage by the Senate of the Departments of Labor, and Health, Education, and Welfare and related agencies appropriations bill for fiscal year 1975, and the pertinent project or activity shall be continued at the rate provided under the House bill or Senate bill, whichever is lower, and under the more restrictive authority. This language is identical to language included in the fiscal year 1974 continuing resolution.

Second. A provision which provides that all appropriations, activities, programs, and projects will be continued under the provisions of the continuing resolution. The intent of the language is to guard against the reduction of any specific Labor-HEW programs and projects until the Congress has had an opportunity to work its will through the regular appropriations process.

Third. A provision to clarify the intent of the continuing resolution with respect to title I, ESEA. The effect of the committee amendment is as follows:

The Senate-passed authorizing bill continues the program of incentive grants to States that make special efforts to educate their children—the so-called part B program—the House had repealed this section of the law. Under the committee amendment, this program would be continued at its current rate of $18 million.

The Senate-passed version of the authorizing legislation contains a higher payment rate for migrant children and institutionalized handicapped children. Although it is too soon to gage the precise effect of the Senate legislation, it is expected that more than 380,000 migrant children and 166,000 handicapped children will be covered. The Senate version will provide an estimated $50 million increase over the House for these programs and these funds will be taken off the top of title I funds before any moneys are allocated under that title.

Fourth. A provision to continue several food-producing Indian projects authorized by the Economic Opportunity Act which were funded for a 2-year period in 1973 and which would expire on July 1, 1974, if the Senate language is not included in the continuing resolution.

Fifth. A provision to set the military assistance service funded support for South Vietnam at an annual rate of $900,000,000 instead of at the current rate of $1,018,000,000, in accordance with the action of the Senate during consideration and passage of the fiscal year 1975 military procurement authorization bill.

There are other self-explanatory, clarifying, and technical conforming amendments which are recommended by the committee and are included in the bill.

Although not specifically included in the resolution, it should be noted that the committee intends that the provision regarding the Sand Point Naval Facility in Seattle, Wash., contained in the 1974 Treasury, Postal Service, and Related Agencies Appropriations Act remains in effect.

Mr. President, it is indeed regrettable that it is necessary to finance the operations of the Government through continuing resolutions. On Friday, the Senate gave final approval to a budget control bill which contains new procedures which its sponsors hope will eliminate or severely restrict the need for such resolutions in the future.

Such an event is certainly necessary if we are ever to efficiently manage our Nation's fiscal affairs. But this lies in

the realm of the future. If current programs are to be funded beyond June 30, 1974, passage of this resolution pending here today is mandatory.

I urge the adoption of the resolution with the amendments recommended by the Committee on Appropriations.

Mr. President, I yield to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, it is absolutely necessary that this resolution be passed now so that the functions of Government can be continued after July 1. Most of these appropriations, unfortunately, will not be passed by Congress and sent to the White House by that time. If the distinguished chairman of the committee has not already inserted the committee report in the record, I ask unanimous consent that excerpts from the report, which explains amendments added by the committee for the purpose of clarifying the bill, be printed in the RECORD as a part of my remarks.

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

EXCERPTS

SPECIAL PROVISIONS FOR LABOR-HEALTH, EDUCATION, AND WELFARE ACTIVITIES

The Committee recommends an amendment to the joint resolution to provide that upon passage by the Senate of the Departments of Labor, and Health, Education, and Welfare and Related Agencies Appropriation Bill for fiscal year 1975, that the pertinent project or activity shall be continued at the rate provided under the House Bill or Senate Bill, whichever is lower, and under the more restrictive authority. This language is identical to language included in the fiscal year 1974 Continuing Resolution.

Also, the Committee has included language which will provide that all appropriations, activities, programs, and projects will be continued under the provisions of the Continuing Resolution. The intent of the language is to guard against the reduction of any specific Labor-HEW programs and projects until the Congress has had an opportunity to work its will through the regular appropriations process.

TITLE I, ELEMENTARY AND SECONDARY EDUCATION ACT

The Committee recommends an amendment to clarify the intent of the joint resolution with respect to Title I of the Elementary and Secondary Education Act. As passed by the House, the resolution continues Part A of the Title I program and provides for the allocation of funds according to provisions contained in the House passed version of H.R. 69 (the authorizing legislation to extend the elementary and secondary education programs now in the Committee of Conference). The House passed version of H.R. 69, however, proposed to repeal part B—Special incentive grants. The part B program is provided for in the Senate passed version of the new authorizing legislation. Therefore, the Committee recommendation to substitute the Senate passed version of H.R. 69 in lieu of the House passed version would continue the part B program until such time as the Congress has reached agreement on this legislation. In addition, the Committee recommendation has the effect of providing for higher payments to institutionalized handicapped and migrant children.

SPECIAL INDIAN PROJECTS

The Committee has also recommended language to continue several food-producing Indian projects authorized by the Economic Opportunity Act which were funded for a two-year period in 1973 and which would expire on July 1, 1974 if the recommended language is not included in the Continuing Resolution.

MILITARY ASSISTANCE SERVICE FUNDED SUPPORT TO SOUTH VIETNAM

The Military Procurement Authorization bills for fiscal year 1975 as passed by each body provide that fiscal year 1975 support for South Vietnamese military forces shall be administered and accounted for from one fund instead of from numerous appropriations accounts as in past years.

The Continuing Resolution under consideration provides that funds obligated under its authority be treated in the aforementioned manner and at the current rate. The current annual rate of Military Assistance Service Funded support for South Vietnam is $1.018 billion. The Military Procurement Authorization bill as passed by the Senate prescribes the fiscal year 1975 annual rate of obligation to be $900 million.

The Committee recommends that the language appearing on line 5 of page 5 of the Continuing Resolution as passed by the House be amended to read "at an annual rate of $900,000,000" in lieu of "at the current rate" in accordance with the action of the Senate during consideration and passage of the fiscal year 1975 Military Procurement Authorization bill.

EFFECT ON FOREIGN ASSISTANCE PROGRAMS

It is the opinion of the Committee that the affirmative grant of authority contained in Section 101(b) ("Such amounts as may be necessary for *continuing projects or activities * * * which were conducted in the fiscal year 1974 and are listed in this subsection at a rate for operations not in excess of the current rate of the rate provided for in the budget estimate, whichever is lower, and under the more restrictive authority*") and the restriction in Section 106 (*"no appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during the fiscal year 1974."*) limits obligations under the Continuing Resolution to those AID operations carried on in fiscal year 1974.

Heretofore, the Agency for International Development has contended "as a matter of law new projects can be undertaken during a Continuing Resolution period so long as they are included in the Congressional Presentation for the fiscal year concerned or are separately justified to the chairmen of the two appropriations subcommittees that oversee our activities." Further, that "amounts for the (foreign assistance) program are appropriated by activity and not by project" and that the "word 'projects' in the Continuing Resolution authorizing phrase has no meaning for AID."

In acting on this Continuing Resolution the Committee rejects AID's previous interpretation of the language of the Continuing Resolution and advises that the Agency should restrict its operations to be funded under authority of this Continuing Resolution to those carried on in fiscal year 1974.

Because of the nature of the Contingency Fund, it is specifically excluded from the policy set forth above.

Under the Foreign Assistance provisions of this Continuing Resolution, the Committee recommends that the same proviso carried in last year's Continuing Resolution be included again. This amendment provides that none of the activities should be funded at a rate exceeding one quarter of the annual rate as provided by this joint resolution.

OTHER RECOMMENDATIONS

Several other amendments recommended by the Committee include (1) a provision to continue the Cuban refugee assistance program at the current rate of operations; (2) a provision to continue the activities of the Subcommittee on Fiscal Policy of the Joint Economic Committee to the extent and manner as provided in the Legislative Branch Appropriation Act, 1975, as passed by the Senate; and (3) certain self-explanatory clarifying, and technical, conforming amendments.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill, as thus amended, be regarded for the purpose of amendment as original text, provided that no point of order shall be waived by reason of agreement to this request.

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

The amendments agreed to en bloc are as follows:

On page 2, at the end of line 15, insert "as now or hereafter passed by the House and Senate".

On page 3, at the end of line 11, strike out "as of July 1, 1974,".

On page 3, at the end of line 13, strike out "as of July 1, 1974,".

On page 3, in line 23, after "House", strike out "as of July 1, 1974,".

On page 4, in line 1, strike out "as of July 1, 1974,".

On page 4, in line 5, after the words "action of the," insert "one".

On page 4, in line 14, after "Senate", insert a colon and the following:

Provided further, That with respect to appropriations, including any activity, program, or project, contained in the Departments of Labor, and Health, Education, and Welfare, and Related Agencies Appropriation Act, 1974, (Public Law 93–192), the current rate for operations shall be that permitted by the specific provisions set forth in the enacting clause of Public Law 93–192.

On page 5, in line 13, after "at", strike out "current rate" and insert in lieu thereof "an annual rate of $900,000,000".

On page 6, at the end of line 18, after "Laos", insert a colon and the following:

Provided further, That none of the activities contained in this paragraph should be funded at a rate exceeding one-quarter of the annual rate as provided by this joint resolution;

On page 8, in line 19, after "program", insert "(not to exceed $2,560,000)".

On page 9, in line 24, strike out "House of Representatives" and insert in lieu thereof "Senate".

On page 10, in line 9, after "amended," insert:

including Indian projects under section 232 of the Economic Opportunity Act, for which provision was made by the joint resolution of July 1, 1972 (Public Law 92–334, as amended);

On page 10, at the end of line 14, strike out "and".

On page 10, beginning with line 16, insert:

and

notwithstanding the fourth clause of subsection (b) of this section, activities of the Department of Health, Education, and Welfare for assistance to refugees in the United States (Cuban program).

On page 11, beginning with line 16, insert:

(h) Such amount as may be necessary for continuing activities of the Subcommittee on Fiscal Policy of the Joint Economic Committee to the extent and manner as provided in

the Legislative Branch Appropriations Act, 1975, as passed by the Senate.

Mr. MATHIAS. Mr. President, the question that I wanted to address to the distinguished chairman is this, I think we need some clarification on the definition of the word "rate" as used in the continuing resolution.

It is my assumption that this resolution is intended to direct agencies to spend funds at a monthly or quarterly rate equal to a similar rate for the last year. For example, programs under the Economic Opportunity Act were funded on a 7-month basis last fiscal year. This permitted them to spend an average of $27,500,000 per month on Community Action programs. Since an extension of authorizing legislation has not passed the Congress, I assume this continuing resolution will permit them to spend at the same monthly rate this year.

Mr. McCLELLAN. Yes. I may say to the Senator that I have conferred with members of the staff and I have no doubt that that is correct. I am certain that is the intention of the members of the Appropriations Committee, and this language should be so interpreted.

Mr. MATHIAS. That is also my understanding, but I am grateful to the chairman for his reassurance on that point.

Mr. McCLELLAN. Very well, Mr. President.

Mr. BIBLE. Mr. President, would the Senator yield at this point?

Mr. McCLELLAN. Mr. President, I am glad to yield to the distinguished Senator from Nevada.

Mr. BIBLE. I have sent an amendment to the desk and I ask that it be stated.

The legislative clerk proceeded to read the amendment.

The amendment is as follows:

On line 17, page 8, strike the word "and"

On line 19, page 8, strike the word "and"

On line 21, page 8, after the word "campuses", insert the following:

; activities necessary for studies related to oil and gas leasing on the Outer Continental Shelf; and

activities necessary to respond to energy-related right-of-way requests across public lands including such features as oil and gas pipelines, power transmission lines, railroads, and tramroads

Mr. BIBLE. Mr. President, I have discussed the amendment with the chairman of this committee. This amendment to the continuing resolution will permit the Department of the Interior, principally the Bureau of Land Management, to proceed immediately in fiscal year 1975 with the environmental studies that must responsibly precede any expanded oil and gas leasing activities on the Outer Continental Shelf. It also permits the Department to proceed with environmental studies related to the increasing number of energy-related right-of-way requests across public lands for oil and gas pipelines and other proposed transmission corridors.

The amendment would allow the Department to conduct these activities at the expanded level proposed in the President's fiscal year 1975 budget request for energy initiatives. I have carefully worded the amendment to restrict these expanded activities to the environmental studies involved. It is not the intent of the amendment to permit any expansion of actual OCS leasing or any right-of-way approvals until the Congress has itself approved such an expansion in the regular appropriations bill for the Department of the Interior and related agencies.

Without this amendment, the Department would be restricted to the current level of these activities and would not be able to prepare immediately for expanded leasing and right-of-way permits. Since it is critical that work begin immediately—this summer—on these environmental studies, I think this amendment is needed. It was requested by the Office of Management and Budget to encompass all activities related to these expanded programs, but, as I stated, I have limited it to only the necessary environmental studies. That is because I do not feel we should allow any further advance authority until Congress has had an opportunity to assess these energy initiatives and finance them in the regular manner.

At this time it does not appear we will have the regular Interior appropriations bill completed and ready for the President's signature until mid-August or later. So this amendment, in effect, gives the Department about a 2-month lead on the environmental research that must precede any substantive program of leasing and pipeline construction permits.

It seems to me that the amendment should be acceptable to the manager of the resolution.

Mr. McCLELLAN. Mr. President, I have discussed the amendment with the distinguished Senator from Nevada, and I see no objection to it, unless some other member of the appropriations committee objects. I am therefore inclined to accept the amendment.

Mr. YOUNG. Mr. President, I think it is a good amendment, and is necessary if we are to move ahead with environmental studies.

Mr. McCLELLAN. Very well.

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

Mr. BIBLE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I would like to say a few words about the continuing resolution now being discussed.

Years ago, this was a very simple, straight-forward bill. Many of us would have liked to keep it that way. But we have to face the realities of the situation. The administration has been attempting to use the continuing resolution as a rope to begin strangling HEW programs. No sooner does the resolution get enacted, then OMB starts doing its now-famous "step backwards" trick—and with it they try to drag down all the programs and priorities Congress has set up.

The committee version of the resolution contains some very important and crucial amendments. For example, the committee recommends that once both Houses have acted on the Labor-HEW bill—then the rate for operating is the lower of the House or Senate versions. That is the way last year's resolution was written—and it worked well. To a certain extent, congressional priorities are protected. Moreover, our committee is constantly working under the threatening shadow of a veto. This perfecting language eases that threat. Proof is the signing of last year's Labor-HEW appropriations bill, contrasted with a double veto of the bill 2 years ago.

The committee also recommends language to protect congressional priorities contained in the 1974 appropriation. The Members may recall that the regular bill allows the President to withhold up to 5 percent of appropriations for each HEW "program, project, or activity." This was originally intended to prevent HEW from using an overall cut-back as an excuse to wipe out smaller, less-visible projects and programs. Now a new factor has entered into the picture. Early indications are that HEW may be cutting more than the allowable 5 percent. The committee's amendment is intended to make it very clear that the ground rules that applied in the regular bill also apply in this resolution.

The committee also has included special language to continue several OEO Indian projects which would otherwise be terminated on June 30. The authorizing legislation for these projects is in the mill. It just would not make sense to shut them down now—and then have to start rebuilding again in a few weeks when the legislation is enacted.

The native American grant requests covered by this language are: First, INMED; second, Pyramid Lake Paivte fishery enterprise; third, Lumni Acquaculture School; fourth, Blackfeet Writing Co.; fifth, Viejas Tribal Campground; sixth, Keenai, Alaska, Natives Association controlled environment agriculture program; and seventh, Southwestern Oklahoma Indian arts and crafts.

In another area, the Members recall the problems we had last year with the allocation of title I education funds for the disadvantaged. The authorizing committees are sitting in conference right now to work out a final bill. In the meantime, the committee recommends that title I funds be allotted on the basis of the Senate-passed version of the new legislation. The effect of this is to continue some important State incentive grant programs which the House bill dropped. In addition, it would give migrant and handicapped children a fairer shake when it comes to Federal payments.

Again, I want to emphasize the importance of this resolution. We want to have certain safeguards to be sure everything is kept in place until Congress has an opportunity to work its will. At the same time, we want to allow some flexibility so that activities, such as the various health training programs, have an opportunity to properly plan for the final 1975 appropriation bill.

Mr. BAYH. Mr. President, today we are adopting the joint resolution providing for continuing appropriations to keep the various departments of Government operating after July 1.

As the Members all know, appropriations acts originate in the House. So far, most of the regular appropriations bills have not yet cleared the House, and, therefore, this continuing resolution is a necessary temporary measure to insure that all the Federal programs continue to operate until the regular appropriations bills can be enacted.

This year the Senate has included some perfecting amendments in the resolution which have special relevance to the Department of Health, Education, and Welfare. The distinguished chairman of the full Appropriations Committee, Mr. McCLELLAN, has proposed an amendment to title I, which the committee has accepted and which would bring the administration of this program into line with the Senate version of the authorizing legislation. The effect of this amendment will be to provide a higher payment rate for migrant children and institutionalized handicapped children.

The distinguished chairman of the Labor-HEW Appropriations Subcommittee, Mr. MAGNUSON, has proposed four technical and perfecting amendments, which were also adopted by the full committee and which I supported. These amendments are intended to prevent the administration from thwarting the will of Congress by reducing or eliminating funding for important health and education programs. Hopefully, these amendments will also have the effect of encouraging the administration to sign the Labor-HEW bill.

As the Members know, the issue surrounding the appropriations for the Department of Health, Education, and Welfare is not a question of providing more money in the Federal budget over all—rather, the issue centers on national priorities and providing increased health care and educational opportunities within the total President's budget figure. This rearrangement of priorities can be characterized by the action of Congress earlier this year in approving a cut of $1.2 billion in Federal welfare spending and plowing some of these savings back into public health and education programs.

I am pleased that the President has agreed with this congressional rearrangement of priorities by signing the second supplemental appropriations bill into public law earlier this month.

I also believe that the enactment of this continuing resolution with the perfecting amendments adopted by the committee will set the stage for further rearranging of national priorities when the Congress again attempts to properly fund priority health and education programs and thus make Federal expenditures more responsive to the hard-pressed taxpayer. It seems that we may again be able to cut a billion dollars out of the Welfare budget without denying benefits to any eligible recipients. These funds could then be used to restore administration-proposed cuts in vital health, education, rehabilitation, and employment programs.

Mr. McCLELLAN. Mr. President, I would announce, without objection, that immediately following the disposition of the pending business, I will ask that the conference report on the special energy research and development appropriation bill be taken up for action on it.

I yield to the distinguished Senator from Hawaii.

Mr. INOUYE. Mr. President, for several years the Agency for International Development, through a strained and most unusual ruling by its general counsel, has contended that "as a matter of law new projects can be undertaken during a continuing resolution period so long as they are included in the congressional presentation for the fiscal year concerned or are separately justified to the chairmen of the two appropriations subcommittees that oversee our activities." Further, that "amounts for the—foreign assistance—program are appropriated by activity and not by project" and that the "word 'projects' in the continuing resolution authorizing phrase has no meaning for AID."

Mr. President, I ask unanimous consent that the most recent of these rulings, dated July 9, 1973, be printed in the RECORD at this point, to be followed by excerpts from the proposed 1975 continuing resolution and pertinent extracts from both the House and Senate Appropriations Committee reports.

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

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, D.C., July 9, 1973.

Information memorandum for the administrator.

Thru: EXSEC.

From GC, Arthur Z. Gardiner, Jr.

Subject: Continuing Resolution.

Attached is a legal memorandum providing general guidance on operations under the Continuing Resolution which was signed by the President on July 1, 1973.

The memorandum provides an outline of those actions legally permissible under the Continuing Resolution. It does not attempt to state what Agency practices should be especially as to the rate of obligations by the Agency during this period. As you are aware, the basic purpose of the Resolution is to provide funds for orderly continuation of activities, preserving to the maximum extent possible the flexibility of Congress in arriving at final decisions on regular annual appropriations.

Attachment.

LEGAL ISSUES CONCERNING THE CONTINUING RESOLUTION

This memorandum reviews a number of issues which have arisen in the past under the Continuing Resolution. This year the Continuing Resolution was signed by the President on July 1, 1973 and extends until September 30, 1973, unless the appropriation act is enacted sooner. A copy of the Resolution, in pertinent part, is attached as Annex A.

1. THEORY OF THE CONTINUING RESOLUTION

The Continuing Resolution is an appropriation act. In its application to A.I.D., it authorizes and appropriates funds for any purpose for which funds were available under Public Law 92-571, the Continuing Resolution signed by the President on October 26, 1972 (hereinafter referred to as the FY 1973 Continuing Resolution) and for which funds are included in the FY 1974 budget estimate.

With respect to any particular activity, the availability of funds during the period of the Continuing Resolution will cease when and if both Houses enact an FY 1974 appropriation act without any provision for such activity or when an FY 1974 appropriation act providing for such activity becomes law.

Any obligation made during the period of the Continuing Resolution will ultimately be charged to the specific appropriation available for such obligation under the FY 1974 appropriation act, when the latter becomes effective.

2. CONTINUING PROJECT OR ACTIVITY

Under the Continuing Resolution, A.I.D. may obligate and expend funds for "continuing projects or activities". The word "projects" in the Continuing Resolution authorizing phrase has no meaning for A.I.D. The word "activities" refers to the various specific appropriation categories in the FY 1973 Continuing Resolution, all of which refer to a general activity, e.g., development loans, technical cooperation, etc. Particular A.I.D. projects are subsumed under the term "activities." (The word "projects", as used in the Continuing Resolution, presumably applies to those other government agencies for which appropriations are made by line project item, e.g., the Corps of Engineers, Public Works appropriations.) There is also no limitation on commencing new country programs during the Continuing Resolution period, provided justification to the Congress is made for use of those appropriation categories requiring it, as set forth below.)

3. NEW PROJECT JUSTIFICATION

Under the FY 1973 Continuing Resolution, funds made available for TC/DG, Alliance TC/DG, for SA and for International Organizations under section 302(a) of the Foreign Assistance Act cannot be used to initiate any project or activity which has not been justified to the Congress. This requirement continues to apply during the period of the Continuing Resolution. Both the FY 1972 appropriation act (the restrictive provisions of which were incorporated into the FY 1973 Continuing Resolution) and the President's budget submission contain this requirement. Since the Continuing Resolution provides that activities are to be carried out, not only at the lower of the current or the budget rate, but also under the more restrictive authority, this project justification restriction continues to apply during the Continuing Resolution period.

This justification requirement does not require express Congressional approval of projects presented in the Congressional presentation and project books. Under present practice by which these books are delivered to the Congress in the Spring, projects may be deemed justified to the Congress at the beginning of the Continuing Resolution period, i.e., July 1. As a matter of policy, it is desirable to withhold obligations for new projects until after the testimony before the Appropriations Subcommittees by the relevant Regional Assistant Administrators.

4. RATE FOR OPERATIONS

As has been the case in ordinary circumstances, the Continuing Resolution permits activities to be carried out at an annual "rate for operations" not in excess of the current rate or the rate provided for in the President's budget estimate, whichever is lower. Unlike past years however, Congress has included a provision that none of the activities provided for foreign assistance should be funded at a rate exceeding one-quarter of the annual rate provided for in the Resolution. It has also reduced the rate for operations below what it would be under the ordinary formulation.

In order to determine the "rate for operations", i.e., the funding availability on an annual basis, the total fiscal year program

must be considered. For this purpose it is not the actual obligations in FY 1973 which must be considered but what was available for obligation, as the rate referred to is the rate for operations, i.e., available for, and not the rate of operations. This means that the rate available for obligation during the Contiuning Resolution period is the lesser of the total fiscal year program availabilities for which provision was made in the FY 1973 Continuing Resolution or in the budget estimate for FY 1974. The total FY 1973 program for this purpose included new obligational authority appropriated by the 1973 Continuing Resolution plus the so-called "bridge" items made available thereunder. "Bridge" items refer to carryover of funds remaining uncommitted at the end of FY 1972, the actual total of prior year funds deobligated during FY 1973 and available during that fiscal year under the deob-reob authority, receipts from loan repayments and other sources, reimbursements from other government agencies for services furnished by A.I.D. and other similar receipts. All these items, taken together for each appropriation line item, constitute the total fiscal year 1973 program availabilities. The FY 1974 figures are the corresponding budget estimates. The lower of (a) the total FY 1973 program and (b) the total of the 1974 budget estimate's new obligational authority and anticipated FY 1974 bridge items would constitute the maximum annual "rate for operations" for each appropriation line item activity were the rate to be computed in the ordinary way.

However, this year's Resolution departs from ordinary computation of the "rate for operations" by the inclusion of a proviso:

"That new obligational authority herein to carry out the Foreign Assistance Act of 1961, as amended, and the Foreign Military Sales Act, as amended, shall not exceed an annual rate of $2,200,000,000."

New obligational authority available under the Resolution in the absence of the proviso would have been $2,453,800,000. Calculation of the "rate for operations" requires a reasonable distribution of this reduction in new obligational authority among the activities for which funds are made available under the Resolution. No specific formula for distribution of the reduction is prescribed.

For present purposes, we recommend that the reduction in new obligational authority be apportioned among activities pro rata to the amounts which would have been available absent the reduction. Deviations from this policy should occur only in cases of clear need and after appropriate consultation.

The proviso in the Continuing Resolution which limits availabilities for each activity through September 30, 1973, to one-quarter of the annual "rate for operations" should be calculated in accordance with the foregoing rules.

"Bridge" items available for obligation under the Continuing Resolution include unobligated balances carried into FY 1974.

EXCERPTS FROM FISCAL YEAR 1975 CONTINUING RESOLUTION (H.J. RES. 1062)

* * * * *

SEC. 101. (b) Such amounts as may be necessary for continuing projects or activities (not otherwise provided for in this joint resolution or other enacted Appropriation Acts for the fiscal year 1975) which were conducted in the fiscal year 1974 and are listed in this subsection at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate, whichever is lower, and under the more restrictive authority—

* * * * *

SEC. 106. Except as provided in section 101(e) no appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during the fiscal year 1974.

EXCERPTS FROM HOUSE REPORT NO. 93-1119

* * * * *

Funds provided in the resolution may not be used to initiate any new project or activity or to resume any for which appropriations, funds, or other authority were not available in fiscal year 1974 (Sec. 106). The single exception to this prohibition is the provision contained in Sec. 101(e) to allow payments to the GSA Federal Buildings Fund of not in excess of 90 per centum of the first quarter standard level user charges for space and services.

COMPLIANCE WITH THE RESOLUTION

It is essential that officials responsible for administering programs during the interim period covered by the resolution take only the limited action necessary for orderly continuation of projects and activities, preserving to the maximum extent possible the flexibility of Congress in arriving at final decisions in the regular annual bills.

Without laying down any hard and fast rules and short of encumbering administrative processes with detailed fiscal controls, the Committee expects that departments and agencies will especially avoid the obligation of funds for specific budget line items or program allocations, on which congressional committees may have expressed strong criticism, at rates which unduly impinge upon discretionary decisions otherwise available to the Congress.

EXCERPTS FROM SENATE REPORT NO. 93-951

* * * * *

EFFECT ON FOREIGN ASSISTANCE PROGRAMS

It is the opinion of the Committee that the affirmative grant of authority contained in Section 101(b) ("Such amounts as may be necessary for *continuing projects or activities * * * which were conducted in the fiscal year 1974 and are listed in this subsection at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate, whichever is lower, and under the more restrictive authority*") and the restriction in Section 106 ("*no appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during the fiscal year 1974.*") limits obligations under the Continuing Resolution to those AID operations carried on in fiscal year 1974.

Heretofore, the Agency for International Development has contended "as a matter of law new projects can be undertaken during a Continuing Resolution period so long as they are included in the Congressional Presentation for the fiscal year concerned or are separately justified to the chairmen of the two appropriations subcommittees that oversee our activities." Further, that "amounts for the (foreign assistance) program are appropriated by activity and not by project" and that the "word 'projects' in the Continuing Resolution authorizing phrase has no meaning for AID."

In acting on this Continuing Resolution the Committee rejects AID's previous interpretation of the language of the Continuing Resolution and advises that the Agency should restrict its operations to be funded under authority of this Continuing Resolution to those carried on in fiscal year 1974.

Because of the nature of the Contingency Fund, it is specifically excluded from the policy set forth above.

Under the Foreign Assistance provisions of this Continuing Resolution, the Committee recommends that the same proviso carried in last year's Continuing Resolution be included again. This amendment provides that none of the activities should be funded at a rate exceeding one quarter of the annual rate as provided by this joint resolution.

Mr. INOUYE. In short, Mr. President, the Senate Appropriations Committee believes that the Continuing Resolution says what it means and means what it says.

The Committee cannot accept the condition that the word "activities" is synonymous with an appropriation account and that the word "projects" in the Continuing Resolution authorizing phrase has no meaning for AID.

The action of the committee has caused some consternation to the Agency for International Development and I have this morning received a letter from the Deputy Administrator with reference to the Agency's concerns and have further personally discussed the matter with him. I ask unanimous consent that the communication from the Agency be printed at this point in the RECORD.

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

DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT,
June 24, 1974.

Hon. DANIEL K. INOUYE,
Chairman, Appropriations Subcommittee on Foreign Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is intended to convey the concern of Administrator Parker about the potential difficulties with which the Agency could be confronted in the management of its FY 1975 program if the word "operations", which appears in the Senate Appropriations Committee Report on the Continuing Resolution about to be enacted by the Congress is broadly interpreted to include all new commitments of A.I.D. funds. Specifically, the word appears in the second paragraph of the report under the heading "Effect on Foreign Assistance Programs".

The Continuing Resolution has as its general purpose, of course, authorizing the continuation of necessary Government programs until appropriate authorization and appropriate action is taken by the Congress. Our concern is that a strict, legal interpretation of the language could have the direct opposite effect—it could stop all "operations".

We know that such is not the intention of the Committee. Also, however, we are well aware of the Committee's desire that appropriate consultations take place with, and approval be obtained from, the Chairman of the Foreign Operations Subcommittees of both Appropriations Committees before new programs, projects or activities are commenced. Thus, we respectfully suggest that, during the discussion of the Continuing Resolution on the Senate Floor, you make the statement which is attached to clarify the intent of the report.

In consideration of such action, you have my promise that no new programs, projects or activities will be commenced during the period the Resolution is in force until you have been consulted and have given your approval.

Very truly yours,

JOHN E. MURPHY,
Deputy Administrator.

Mr. INOUYE. Mr. President, I also ask unanimous consent that certain modifying language proposed by the Agency for International Development be made a part of the RECORD.

There being no objection, the proposed

language was ordered to be printed in the RECORD, as follows:

The Committee Report contains a clarification of the concept of continuing operations for foreign assistance. This language prohibits projects or activities in a country not receiving assistance in FY 1974 during the period of the Continuing Resolution. The Report does not restrict AID from beginning new projects in countries where it now operates, so long as the projects are for the same general purposes for which funds were appropriated for FY 1974. For instance, AID could undertake new Development Assistance projects in Ethiopia and new Supporting Assistance projects in Jordan, but it could not start a new project or program in Syria.

Mr. INOUYE. Mr. President, the Agency's concern and proposed modification was carefully considered. Regretfully, however, I did not feel that this language was consistent with the clear provisions or intent of the continuing resolution and am unable to recommend it to the Senate. I have, however, included it for the purpose of clarifying the Agency's proposal and making a complete legislative history of the matter.

It is not my desire or the desire of the committee to restrict any ongoing "activity" or "program" or operation passed upon by the Congress. However, I must most regretfully observe that if we are to permit agencies and departments of the executive branch to decide for themselves what congressional acts or resolutions mean, then we have little claim to question the results flowing from such interpretations.

The obvious course to deal with any real emergency that cannot be handled through the contingency fund is an urgent supplemental budget request and on behalf of the Senate Appropriations Subcommittee on Foreign Operations I pledge to hold hearings and act on a House bill or, if necessary, report a Senate bill to deal with any emergency that might arise and do so within 10 days.

Mr. President, I believe it should be stated that the subcommittee will complete its hearings this week and is prepared to report a bill at the earliest possible date. That being the case, the continuing resolution will hopefully have limited effect upon the activities of the agencies concerned.

The PRESIDING OFFICER. Who yields time?

Mr. McCLELLAN. Mr. President, I do not know whether there are any further amendments to be offered or not. If there are none, I ask for third reading.

The PRESIDING OFFICER. The joint resolution is open to further amendment.

Mr. HRUSKA. The Senator from North Carolina (Mr. HELMS) is on his way over.

Mr. MANSFIELD. Mr. President, Senator HELMS wants to say a few words.

Mr. McCLELLAN. Very well. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. MANSFIELD. The time to be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McCLELLAN. Mr. President, is a quorum call in progress?

The PRESIDING OFFICER. Yes.

Mr. McCLELLAN. I ask unanimous consent that the order for the quorum call be rescinded, for the moment.

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

Mr. McCLELLAN. Mr. President, I ask for the yeas and nays on the passage of the pending joint resolution.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. YOUNG. Mr. President, I yield such time as he may require to the Senator from North Carolina.

Mr. HELMS. I thank the Senator.

Mr. President, the continuing resolution before us presents us with an anomalous situation with regard to the continued funding of activities authorized under the Economic Opportunity Act of 1964, as amended.

Let me review the action, as I understand it, which the Congress took in 1972. At that time, Congress extended the Economic Opportunity Act to June 30, 1975. At the same time, Congress extended the authority for funding activities under the Economic Opportunity Act only until June 30, 1974. In other words, the act itself expires in 1975, but the authority for funding expires in 1974. Congress did this so that the extension of funding authority would get close scrutiny.

Since that time, Congress has taken no action to extend the funding authority under the Economic Opportunity Act of 1964, as amended. Neither House has acted to extend the authority. And in fact, the President has indicated many times that he will veto any extension of funding authority for the Office of Economic Opportunity. I know of no bill which has even been introduced to extend funding authority for OEO. The only relevant action whatsoever was the action of the House in H.R. 14449 repealing the whole Economic Opportunity Act.

Mr. President, I therefore wish to call the attention of my colleagues to a highly unusual departure from standard procedure reflected in House Joint Resolution 1062. As I have pointed out, House Joint Resolution 1062 seeks to provide continuing appropriations for the programs of the OEO, the authorizaion for which expires June 30.

Thus, Congress, via a continuing resolution, is legislating OEO's continued existence through September 30, instead of following the customary procedure of voting separately on an authorization for its continuation. I repeat that the only action in either body of Congress with respect to the continuation of OEO came on May 29, when the House passed H.R. 14449 to shift many OEO programs to HEW.

Many Members of the House have indicated that they would not have supported that measure, except for the fact that it specifically abolished OEO. Because of the present parliamentary situation, where the House has already passed House Joint Resolution 1062, a point of order will not stand against this unusual procedure. But, nevertheless, I believe strongly that Congress should not act in haste to appropriate funds for unauthorized programs, I intend to vote against the continuing resolution, House Joint Resolution 1062, and I urge the President to send it back to Congress so that this provision may be eliminated from the legislation.

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the joint resolution.

Mr. McCLELLAN. Mr. President, I yield to the distinguished Senator from Alaska.

Mr. STEVENS. Mr. President, I just wanted to clarify one thing. There is reference in the committee report to the food producing Indian projects. It is my understanding that the Senator from Washington has a statement that would include an enumeration of those, and I wanted to be sure that the specific projects the Senator from Washington mentions in his statement are the ones that are covered by this special Indian projects reference on page 3. One of them is the Special Wildwood Project in my State.

Mr. McCLELLAN. I might say to the Senator that I am confident they are, and I am certain the staff so interprets it.

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the joint resolution.

Mr. ROBERT C. BYRD. Mr. President——

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time be charged equally to both sides.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will call the roll.

The second 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.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent—and I should like to have the attention of the chairman of the committee and the ranking Republican member—that on any amendments to be offered to the continuing resolution, there be a time limitation of 20 minutes to be equally divided, 10 minutes to a side, and under the usual strictures and procedures.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that if the question of the amendment is not decided shortly, the Senate proceed to third reading of the conference report, with the proviso that under the agreement just reached, that amendment could be offered after the vote on the Allen amendment.

Mr. YOUNG. Mr. President, reserving the right to object—is the amendment printed?

Mr. MANSFIELD. We think so but we are a little bit befuddled by the situation which has developed and we are just trying to bring this thing to a head.

Mr. COTTON. Mr. President, if the Senator will yield, the question would have a very complicated formula which we have been working on for the past 3 years. Each year we have tried to divide it up, so that it would go where the children are, but at the same time soften the blow on any State that would be losing from what they had the year before.

There is one formula in the House and one formula in the Senate. I think we are assured by the staff on both sides of the committee that the formula in the Senate bill comes nearest to taking care of the States that have a growing children population as we have yet found. While it may not yet have reached the point where the State of New York, for instance, is fully taken care of—and I am saying this now because I have only 10 minutes of time—but I hope that we will not pass an amendment about which not even the staff knows exactly what it would do to the formula which has been so carefully worked out.

Mr. MANSFIELD. I appreciate very much what the Senator has just said, but a Senator came over who had been talking to the Senator from New York (Mr. JAVITS) and he informed the joint managers of the bill——

Mr. YOUNG. I have not been informed.

Mr. MANSFIELD (continuing). That there would be no amendment offered, but that he had agreed to ask several questions.

Mr. YOUNG. I had no information whatever about the amendment.

Mr. MANSFIELD. Now we have the situation coming up which says that the Senator does want his amendment offered, so if someone wants to offer it, that is fine.

Mr. CASE. Mr. President, I have been asked to offer it.

Mr. COTTON. Mr. President, the point is, if it is going to be offered now, that is fine. I just did not like to have it left for later in the afternoon when some of us might be available and some of us might not be available.

Mr. CASE. I was going to offer it now. I understand that whoever has the time to yield, there was general understanding that the Senator would be permitted to——

The PRESIDING OFFICER. Will the Senator please use the microphone so that everyone can hear?

Mr. CASE. I thank the Chair. It is my understanding that there had been some arrangement made by which the Senator from New York (Mr. JAVITS) would be able to discuss this before the vote on it. He said he will be here around 3:30 or so. That is all I know about it. I was asked to introduce it for the Senator and I shall be glad to do that.

Mr. MANSFIELD. The Senator means, just to introduce it, or to explain it, and have a chance to vote on it, after the Allen amendment?

Mr. CASE. If I offer it, it will be just to offer it, because I am not equipped to discuss it, frankly. If someone else would like to offer it, who is better equipped, I will be glad to let him do so. I was only asked to offer it, in order to save the time of the Senator from New York when he got here.

Mr. McCLELLAN. Does not the Senator want to offer it and let us vote on it now, or just offer it and delay it? I do not understand this procedure. I want to be accommodating, but——

Mr. CASE. The Senator from Arkansas has company. I am one who has company. I understand that the Senator from New York has a substantive amendment relating to the amount to be paid to local educational agencies. The formula sounds like one we have had before. I do not know what the purport of his particular amendment is and I am not, therefore, in a position to present his arguments for it. I was merely asked to offer it so that his rights to discuss it when he gets here can be preserved.

Mr. McCLELLAN. I think it would undo exactly what the Senate did by a majority of 20 votes here, on an issue that was fully debated and acted on by a rollcall vote. Now we have placed in the bill exactly what the position of the Senate is. All we are asking here is that the position of the Senate be confirmed. If we are going to undertake here to set aside the position of the Senate for the purpose of this amendment, then I am ready to have it offered and to vote on it. We have a right to vote on it. I want to be accommodating to the Senator from New York (Mr. JAVITS). I do, really. But I just cannot see the logic of having a bill here with everyone knowing about it, and then someone sending in an amendment saying that he will be here at a certain time and wait until I get there. All that will do will be to invite other Senators to do the same thing in the future. I have been thinking about it a little bit myself right now. Maybe I could find a convenient time to do that.

Mr. CASE. Mr. President, if the Senator will yield, it has been our practice and our policy, under the benign leadership of the Senator from Montana and his predecessors, for as far back as my memory goes, that we do try to accommodate each other. This is an occasion in which the suggestion that that be done is being made now.

Mr. President, I cannot imagine anyone with a warmer heart or a more compassionate view than the Senator from Arkansas, unless it be possibly the Senator from New Hampshire. I would not want to make a choice in that regard.

We are only asking that this matter be put in such shape that the Senator from New York, who expects to be here around 3:30, may have his opportunity to speak.

Mr. McCLELLAN. Mr. President, if the Senator will yield, may I say to the distinguished Senator that if I ever find myself in the same situation as Senator JAVITS, I would like to have this record as a precedent.

Mr. CASE. I can give the Senator not only my own assurance on that, but the assurance of the 98 other Members of the Senate as well.

Mr. COTTON. Mr. President, will the Senator from North Dakota yield to me for 1 minute?

Mr. YOUNG. I yield 1 minute.

Mr. COTTON. Mr. President, it is my understanding that we now have before us a unanimous-consent request on the part of the distinguished majority leader that this matter lay over, be debated, and voted upon after the Allen amendment.

Mr. MANSFIELD. Yes. The Senate has already granted a 20-minute limitation, 10 minutes to a side, which I think is going a very long way to take care of an individual Senator, when we weigh that individual Senator, no matter who he may be, against the institution of the Senate and its entire membership.

But that vote, if the matter is just going to be laid before the Senate, would not be considered, even on a 20-minute limitation, until the beef bill, the Humphrey amendment, and the Allen amendment are disposed of. Then the time would start running on the amendment which the distinguished Senator from New Jersey will offer. There will be 20 minutes of debate. I assume there may be a rollcall vote on that.

Mr. President, there would be no further amendments, because, hopefully we would get to third reading and then a vote on final passage of the continuing resolution.

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

Mr. MANSFIELD. The Senator has the time.

Mr. McCLELLAN. Mr. President, I yield myself such time as may be necessary for this colloquy.

At what time, under the unanimous-consent agreement, will we likely get to a vote on the amendment that is to be proposed? Will we get to a vote on it today?

Mr. MANSFIELD. Mr. President, I guess that we would start debate about 4:20, if the Senator from New Jersey is just going to offer the amendment at this time, and probably finish up the debate about quarter to five. I assume that there is a strong likelihood of a rollcall vote on the Javits amendment, which is to be offered by the Senator from New Jersey (Mr. CASE). Then there will be a rollcall vote on final passage of the conference report. The energy research and development conference report will be brought up immediately after that.

Mr. McCLELLAN. Mr. President, could we bring that up in the meantime, if we were ready?

Mr. MANSFIELD. Mr. President, between now and 3 o'clock will be fine.

Mr. McCLELLAN. It will be ready in about 15 or 20 minutes.

Mr. COTTON. Mr. President, will the Senator yield for 1 more minute?

Mr. YOUNG. I yield to the Senator from New Hampshire.

Mr. COTTON. Mr. President, the thing

that is unfortunate is that the situation has been the subject of much study on the part of the committee, our subcommittee and staff. It has been debated on the floor of the Senate not only this year but also last year and the year before, and has been settled in the Senate. It is unfortunate that it may be sprung on us at any time during the remainder of the day, when other Senators may be off the floor. I would hate to see this formula, which we have worked out, tipped over without an adequate opportunity to explain it and defend it.

Mr. President, I did not object to the request of the distinguished majority leader for a time limitation of 10 minutes on each side when I thought we were going to operate on it now. I regret that I did not object; because if this matter is going to be brought up at some time later in the day, the distinguished chairman of the committee or the distinguished ranking member or the Senator from Washington or myself, who are somewhat familiar with this formula though we cannot explain it, may not be in the Chamber. I would hate to have that happen, and then to have the vote, without being accorded the opportunity to cover it.

Mr. MANSFIELD. Mr. President, I would be most happy to withdraw the unanimous-consent request.

Mr. COTTON. Mr. President, I would be most happy to agree to that request later when it is brought up.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the unanimous-consent agreement be vitiated.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). Without objection, it is so ordered.

Mr. CASE. Mr. President, I ask unanimous consent, if it is necessary, that I be permitted to offer the amendment on behalf of Senator JAVITS at this time.

The PRESIDING OFFICER. The Senator may offer the amendment.

Mr. CASE. I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CASE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 9, line 24 add the following at the end:

"Provided further, that the aggregate amounts made available to each local educational agency under title I–A shall not be less than 90 percentum nor more than 115 percentum of the amount made available for that purpose for fiscal year 1974;"

Mr. CASE. Mr. President, I am not sure what the parliamentary situation is.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. What is now the status of the amendment as proposed, as related to the unanimous-consent agreement?

The PRESIDING OFFICER. The amendment is before the Senate for consideration. There was a unanimous-consent request that further reading be dispensed with.

Mr. McCLELLAN. Mr. President, I thought there was another unanimous-consent request.

Mr. MANSFIELD. Yes, Mr. President. If the Senator will yield to me for a moment, that had nothing to do with the time limitation which was reduced to 20 minutes, but had to do with the Senate agreeing to third reading, with the proviso that the Javits amendment, which has now been offered, would be considered under the time limitation.

Mr. CASE. That is right.

Mr. MANSFIELD. We know of no other amendments.

Mr. CASE. Mr. President, would it be appropriate to ask for the yeas and nays, so that the matter would automatically go over to the time the leadership suggests?

Mr. MANSFIELD. Yes.

Mr. McCLELLAN. Mr. President, that would not preclude amendments to the Javits amendment if anyone wanted to offer them?

Mr. MANSFIELD. No, not under the agreement entered into last week.

Mr. McCLELLAN. Mr. President, I am perfectly willing, then, that we proceed to the third reading of the bill, with the understanding that no other amendments can be offered, and that at the time this amendment comes up for discussion, we may consider a renewed request for a time limitation.

Mr. CASE. All right.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. Does the Senator from Arkansas ask unanimous consent that third reading of the bill may take place at this time?

Mr. McCLELLAN. Mr. President, it is my understanding that we will proceed to third reading of the bill.

The PRESIDING OFFICER. And that this amendment will then be in order.

Mr. MANSFIELD. Yes.

Mr. McCLELLAN. Mr. President, I ask unanimous consent for that.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, so that the record will be clear, the majority leader made the request, and I do not want the Senator from Arkansas to take that responsibility.

The PRESIDING OFFICER. The record will so show.

The bill will be read a third time.

The bill was read the third time.

Mr. MONTOYA. Mr. President, House Joint Resolution 1062, as reported by the Committee on Appropriations, limits the amount of funds available for activities relating to terminating the economic stabilization program to not exceed $2,560,000. I specifically saw to it that the amount of $2,560,000 was written into the bill so that it will be abundantly clear that this is the maximum level for operations during the term of the continuing resolution.

As the Senate will recall, $75,395,000 was appropriated for this program for the current fiscal year. Much of this was for compliance with the wage and price controls, which expired April 30, 1974; however, we did include phaseout money for the period May 1 to June 30, 1974.

An estimate for $2,560,000 was transmitted by the President in Senate Document No. 93–86 on June 19 and would extend the termination date of the economic stabilization program to December 31, 1974. The Subcommittee on Treasury, Post Office, and General Government Appropriations, which I chair, will consider this request when we mark up the regular bill, but in the meantime we wanted it to be clear to those who have been operating at that $70 million-plus level that their activities after July 1 would have to be trimmed to the $2,560,000 for 6 months rate.

RECESS UNTIL 2:45 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent, if no one wants the floor, that the Senate stand in recess until 2:45 p.m., at which time the energy research and development conference report will be taken up.

The PRESIDING OFFICER. Is there objection?

There being no objection, at 2:19 p.m., the Senate took a recess until 2:45 p.m.; whereupon, the Senate reassembled, when called to order by the Presiding Officer (Mr. McCLURE).

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

The PRESIDING OFFICER (Mr. McCLURE). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

SPECIAL ENERGY RESEARCH AND DEVELOPMENT APPROPRIATION ACT, 1975—CONFERENCE REPORT

Mr. McCLELLAN. Mr. President, I submit a report of the committee of conference on H.R. 14434, and ask for its immediate consideration.

The PRESIDING OFFICER. Mr. McCLURE). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14434) making appropriations for energy research and development activities of certain departments, independent executive agencies, bureaus, offices, and commissions for the fiscal year ending June 30, 1975, 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 19, 1974, at p. 19800.)

Mr. McCLELLAN. Mr. President, I have a very brief statement regarding the report.

The amount of new obligational authority agreed to in conference totals $2,236,089,000. This amount is $32,361,000 over the budget estimates and is $16,373,000 more than the bill as it passed the Senate. The conference agreement also provides an amount that is $33,739,000 less than the House passed bill.

The funds included in this special appropriation bill, the purpose of which is to accelerate energy research and development in response to the energy crisis, are appropriated to the Environmental Protection Agency, NASA, National Science Foundation, Department of the Interior, Atomic Energy Commission, Department of Commerce, and the Federal Energy Office. Inasmuch as the conference report has been printed in the CONGRESSIONAL RECORD, and we have the printed conference report, which is also available, I shall not undertake to elaborate on the various items in the bill as agreed on by the conferees.

I ask unanimous consent to have printed in the RECORD a summary table, which shows the conference agreement, the amounts of the budget estimate, the bill as passed by both the House, and the Senate, and comparisons thereto.

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

SPECIAL ENERGY RESEARCH AND DEVELOPMENT APPROPRIATIONS BILL, 1975

SUMMARY

Department or agency	Appropriations, fiscal year 1974, enacted to date	Budget estimate of new budget (obligational) authority fiscal year 1975	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement	Increase (+) or decrease (−) conference agreement compared with— Appropriation fiscal year 1974	Budget estimates	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
CHAPTER I									
ENVIRONMENTAL PROTECTION AGENCY									
Energy research and development	$6,100,000	$54,000,000	$54,000,000	$54,000,000	$54,000,000	+$47,900,000			
Total, chapter I	6,100,000	54,000,000	54,000,000	54,000,000	54,000,000	+47,900,000			
CHAPTER II									
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION									
Research and development	4,693,000	4,435,000	8,935,000	4,435,000	4,435,000	−258,000		−$4,500,000	
NATIONAL SCIENCE FOUNDATION									
Salaries and expenses	31,600,000	101,800,000	101,800,000	101,800,000	101,800,000	+70,200,000			
Total, chapter II	36,293,000	106,235,000	110,735,000	106,235,000	106,235,000	+69,942,000		−4,500,000	
CHAPTER III									
DEPARTMENT OF THE INTERIOR									
GEOLOGICAL SURVEY									
Surveys, investigations, and research	10,123,000	43,125,000	43,125,000	43,125,000	43,125,000	+33,002,000			
BUREAU OF MINES									
Mines and minerals	32,541,000	137,108,000	144,308,000	137,298,000	142,298,000	+109,757,000	+$5,190,000	−2,010,000	+$5,000,000
OFFICE OF COAL RESEARCH									
Salaries and expenses	123,400,000	283,400,000	283,400,000	258,378,000	261,278,000	+137,878,000	−22,122,000	−22,122,000	+2,900,000
FUEL ALLOCATION, OIL AND GAS PROGRAMS									
Salaries and expenses	36,130,000	70,100,000	59,700,000	69,590,000	69,590,000	+33,460,000	−510,000	+9,890,000	
OFFICE OF THE SECRETARY									
Energy conservation and analysis	8,300,000	27,900,000	27,400,000	26,875,000	26,875,000	+18,575,000	−1,025,000	−525,000	
Total, chapter III	210,494,000	561,633,000	557,933,000	535,266,000	543,166,000	+332,672,000	−18,467,000	−14,767,000	+7,900,000
CHAPTER IV									
ATOMIC ENERGY COMMISSION									
Operating expenses	820,385,000	1,009,890,000	1,043,790,000	1,032,690,000	1,032,690,000	+212,305,000	+22,800,000	−11,100,000	
Plant and capital equipment	259,692,000	432,570,000	463,970,000	433,970,000	453,970,000	+194,278,000	+21,400,000	−10,000,000	+20,000,000
Subtotal, Atomic Energy Commission	1,080,077,000	1,442,460,000	1,507,760,000	1,466,660,000	1,486,660,000	+406,583,000	+44,200,000	−21,100,000	+20,000,000
DEPARTMENT OF THE INTERIOR									
BONNEVILLE POWER ADMINISTRATION									
Construction		5,500,000	5,500,000	5,500,000	5,500,000	+5,500,000			
OFFICE OF THE SECRETARY									
Underground and other electric power transmission research	2,000,000	8,500,000	8,500,000	8,498,000	8,498,000	+6,498,000	−2,000	−2,000	
Total, chapter IV	1,082,077,000	1,456,460,000	1,521,760,000	1,480,658,000	1,500,658,000	+418,581,000	+44,198,000	−21,102,000	+20,000,000

Department or agency	Appropriations, fiscal year 1974, enacted to date	Budget estimate of new budget (obligational) authority fiscal year 1975	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement	Increase (+) or decrease (−) conference agreement compared with— Appropriation fiscal year 1974	Budget estimates	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
CHAPTER V									
DEPARTMENT OF COMMERCE									
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION									
Operations, research, and facilities				$19,157,000	$6,630,000	+$6,630,000	+$6,630,000	+$6,630,000	−$12,527,000
Total, chapter V				19,157,000	6,630,000	+6,630,000	+6,630,000	+6,630,000	−12,527,000
CHAPTER VI									
DEPARTMENT OF TRANSPORTATION									
OFFICE OF THE SECRETARY									
Transportation planning, research, and development	$2,100,000	$6,400,000	$6,400,000	6,400,000	6,400,000	+4,300,000			
Total, chapter VI	2,100,000	6,400,000	6,400,000	6,400,000	6,400,000	+4,300,000			
CHAPTER VII									
FEDERAL ENERGY OFFICE									
Salaries and expenses	9,360,000	19,000,000	19,000,000	18,000,000	19,000,000	+9,640,000			+1,000,000
Total, chapter VII	9,360,000	19,000,000	19,000,000	18,000,000	19,000,000	+9,640,000			+1,000,000
GRAND TOTAL									
New budget (obligational) authority	1,346,424,000	2,203,728,000	2,269,828,000	2,219,716,000	2,236,089,000	+889,665,000	+32,361,000	−33,739,000	+16,373,000

Mr. McCLELLAN. I urge adoption of the conference report.

Mr. YOUNG. Mr. President, I have nothing to add, except that we did have a strong difference of opinion on the National Oceanic and Atmospheric Administration appropriation, but that was finally settled, and every member of the conference signed the report; I think that should be stated.

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

Mr. YOUNG. I yield to the distinguished majority leader.

Mr. MANSFIELD. I would like to ask the distinguished ranking Republican member of the Appropriations Committee, the sum of $5 million for MHD research and development to be used at the Montana College of Mineral Science and Technology and other units of the university system, is it still intact?

Mr. YOUNG. It is my understanding that it is.

Mr. MANSFIELD. I thank the Senator.

Mr. McCLELLAN. Mr. President, I move that the conference report be agreed to.

The report was agreed to.

Mr. McCLELLAN. I ask that the Chair lay before the Senate the amendment in disagreement numbered 17.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

In lieu of the matter proposed by the said amendment, insert

CHAPTER V. DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

For necessary expenses of the National Oceanic and Atmospheric Administration to reactivate, equip, and operate certain oceanographic research vessels for the purpose of conducting assessments of energy-related offshore environmental problems associated with energy activities, $6,630,000, to remain available until expended.

Mr. McCLELLAN. Mr. President, I move that the Senate concur in the amendment of the House of Representatives to the amendment of the Senate numbered 17.

The motion was agreed to.

Mr. MANSFIELD. Mr. President, has the conference report been disposed of?

The PRESIDING OFFICER. The conference report has been disposed of.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

RECESS UNTIL 3:15 P.M.

Mr. MANSFIELD. I ask unanimous consent that the Senate stand in recess until the hour of 3:15 p.m.

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

Thereupon at the hour of 2:59 p.m. the Senate took a recess until 3:15 p.m.

The Senate reassembled at 3:15 p.m., when called to order by the Presiding Officer (Mr. McCLURE).

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

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

EMERGENCY FINANCING FOR LIVESTOCK PRODUCERS

The PRESIDING OFFICER. Under the previous order, the hour of 3:20 p.m. having arrived, the Senate will proceed to vote on final passage of S. 3679, which will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 3679) to provide emergency financing for livestock producers.

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. McINTYRE (when his name was called). Mr. President, on this vote I have a pair with the Senator from North Dakota (Mr. BURDICK). If he were present and voting he would vote "Yea." If I were permitted to vote, I would vote "Nay." Therefore, I withhold my vote.

Mr. PASTORE (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Idaho (Mr. CHURCH). If he were present and voting he would vote "Yea." I already have voted "Nay." I withdraw my vote.

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

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from North Dakota (Mr. BURDICK), and the Senator from Arkansas (Mr. FULBRIGHT) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. JAVITS), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I also announce that the Senator from Connecticut (Mr. WEICKER) is absent on official business.

The result was announced—yeas 82, nays 9, as follows:

[No. 273 Leg.]

YEAS—82

Abourezk	Fannin	Metcalf
Aiken	Fong	Mondale
Allen	Goldwater	Montoya
Baker	Gravel	Moss
Bartlett	Gurney	Muskie
Bayh	Hansen	Nelson
Beall	Hart	Packwood
Bellmon	Hartke	Pearson
Bennett	Haskell	Proxmire
Bentsen	Hatfield	Randolph
Bible	Hathaway	Roth
Brock	Hollings	Schweiker
Brooke	Hruska	Scott, Hugh
Byrd, Harry F., Jr.	Huddleston	Scott, William L.
Byrd, Robert C.	Hughes	Sparkman
Cannon	Humphrey	Stafford
Case	Inouye	Stennis
Clark	Jackson	Stevens
Cook	Johnston	Stevenson
Cotton	Kennedy	Symington
Cranston	Long	Taft
Curtis	Magnuson	Talmadge
Dole	Mansfield	Thurmond
Domenici	Mathias	Tower
Dominick	McClellan	Tunney
Eagleton	McClure	Williams
Eastland	McGee	Young
	McGovern	

NAYS—9

Biden	Ervin	Metzenbaum
Buckley	Griffin	Pell
Chiles	Helms	Ribicoff

ANSWERED "PRESENT"—1

Nunn

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

McIntyre, against.
Pastore, against.

NOT VOTING—6

Burdick	Fulbright	Percy
Church	Javits	Weicker

So the bill (S. 3679) was passed, as follows:

S. 3679

An act to provide emergency financing for livestock producers

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 "Emergency Livestock Credit Act of 1974".

SEC. 2. (a) The Secretary of Agriculture is authorized and directed to provide financial assistance to bona fide farmers and ranchers, including operators of feedlots, who are primarily engaged in agricultural production for the purpose of breeding, raising, fattening, or marketing livestock. For purposes of this Act, the term "livestock" shall mean beef cattle, dairy cattle, swine, chickens, turkeys, or the products thereof.

(b) The Secretary shall provide such assistance by guaranteeing loans made by any Federal or State chartered bank, savings and loan association, cooperative lending agency, or other approved lender.

(c) No contract guaranteeing any such loans by an approved lender shall require the Secretary to participate in more than 90 per centum of any loss sustained thereon.

SEC. 3. As a condition of the Secretary's guaranteeing any loan under this Act—

(a) The approved lender shall certify that—

(1) the lender will be unable to provide credit to the farmer or rancher in the absence of the guarantee authorized by this Act;

(2) the farmer or rancher is primarily engaged in agricultural production, and the financing to be furnished the farmer or rancher is to be used for purposes related to the breeding, raising, fattening, or marketing of livestock;

(3) the loan is for the purpose of maintaining the operations of the farmer or rancher, and the total loans made to the farmer or rancher do not exceed the amount necessary to permit the continuation of his livestock operations at a level equal to its highest level during the eighteen months immediately preceding the date of enactment of this Act: *Provided,* That the total loans guaranteed under this Act for any farmer or rancher shall not exceed $350,000;

(4) in the case of any loan to refinance the livestock operations of a farmer or ranchers, the loan and refinancing are absolutely essential in order for the farmer or rancher to remain in business.

(b) The farmer or rancher shall certify that he will be unable to obtain financing in the absence of the guarantee authorized by this Act.

SEC. 4. Loans guaranteed under this Act shall be secured by the personal obligation and available security of the farmer or rancher, and in the case of loans to corporations or other business organizations, by the personal obligation and available security of each person holding as much as 10 per centum of the stock or other interest in the corporation or organization. The loans shall be payable in not more than seven years, but may be renewed for not more than five additional years. Loans guaranteed under this Act shall bear interest at a rate to be agreed upon by the lender and borrower.

SEC. 5. Subject to the provisions of section 2(c) of this Act, the Secretary shall use the fund created by section 309 of the Consolidated Farm and Rural Development Act to pay to the holder of any note in default, upon assignment of the note to the Secretary, at the Secretary's request the balance due on the loan.

SEC. 6. The Secretary shall not guarantee loans by a single lender in excess of the highest amount of agricultural loans the lender had outstanding during the eighteen months immediately preceding the date of enactment of this Act or, in the case of lenders who had no agricultural loans outstanding during such period, not in excess of ten times the capital and surplus of such lender.

SEC. 7. Guarantees under this Act shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States.

SEC. 8. The provisions of this Act shall become effective upon enactment, and the authority to make new guarantees under this Act shall terminate one year from the date of enactment of this Act, except that the Secretary of Agriculture may extend the guarantee authority provided in this Act for a period not to exceed six months if he (1) determines that such guarantees are necessary to the welfare of livestock producers and that adequate credit cannot be obtained without such guarantee by the Secretary, and (2) notifies the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives at least thirty days prior to the date on which he elects to extend the guarantee authority provided in this Act.

SEC. 9. (a) The provisions of section 310B (d)(6) of the Consolidated Farm and Rural Development Act shall apply to loans guaranteed under this Act.

(b) Contracts of guarantee executed pursuant to the provisions of this Act shall be fully assignable.

SEC. 10. The Secretary is authorized to issue such regulations as he determines necessary to carry out this Act. The regulations shall be issued not later than ten days from the date of enactment of this Act.

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

Mr. MANSFIELD and Mr. CURTIS moved to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. BARTLETT. Mr. President, I voted today in support of S. 3679, the emergency livestock credit bill, to provide Government guaranteed loans to livestock producers. It passed 82 to 9 and 1 voting present.

Because I am a cattle raiser, my vote could be interpreted to create a conflict of interest.

However, I concluded that not to vote would have denied full representation to the thousands of farmers, ranchers, and feedlot operators in Oklahoma who so badly needed this legislation.

I do want it a part of the public record that I will not participate in any of the benefits accruing to livestock raisers if in fact the bill becomes law.

As I said when elected, I will, to the best of my ability, avoid using this office, or even appearing to use this office, for my own personal interest or gain.

But also I will, to the best of my ability, represent all Oklahomans, and certainly this includes agriculture, which is Oklahoma's most important industry.

ADDITIONAL COSPONSOR

Mr. BARTLETT. I ask unanimous consent I be made a cosponsor of the bill S. 3679 just passed.

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

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The PRESIDING OFFICER. Under the previous order, the Senate will resume the consideration of the unfinished business, H.R. 14832, which the clerk will state.

The second 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.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Mr. President, who has control of the time?

The PRESIDING OFFICER. There is no specification.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be divided equally between the distinguished Senator from Alabama (Mr. ALLEN) and the chairman of the committee, the distinguished Senator from Louisiana (Mr. LONG).

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

The pending question is on agreeing to the amendment of the Senator from Montana for himself and other Senators.

Mr. ALLEN. Mr. President, I ask unanimous consent that there be a quorum call, the time to be equally charged against both sides.

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

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. ALLEN. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senate will be in order.

Mr. ALLEN. Mr. President, we have before us a piece of must legislation. It must be passed this month, or else within a few days the entire Government will cease to operate.

An attempt is being made to amend the bill by the distinguished Senator from Massachusetts (Mr. KENNEDY) and the distinguished Senator from Minnesota (Mr. HUMPHREY) and his conferee (Mr. MONDALE), who seek to add a highly inflationary amendment, a nongermane amendment, that has no reference whatsoever to the debt ceiling; that is, to a revenue-raising measure which, under the Constitution, must originate in the House of Representatives.

It is ironic, Mr. President, that it is the big spenders in the Senate who are advocating this package measure—the big spenders. It is not the conservative Members of the Senate who are advocating this budget-busting amendment, because that is what it is.

Mr. President, there is a growing trend in the Senate to pounce on this debt limit legislation and to seek to add nongermane amendments to the bill, to play brinkmanship, Mr. President, with the economic well-being of the entire Nation and of the operation of the Government.

Mr. President, the distinguished Senator from Massachusetts (Mr. KENNEDY) said last week that he wanted the Senate to have an opportunity to express itself on his package. Well, that is the vote that we are going to have in just a few moments, starting at 4 o'clock. This is the amendment that is supported by the distinguished Senator from Massachusetts and other big spenders here in the Senate, so we are going to get an up or down vote on this package.

It is a package that will increase the Government deficit; it is highly inflationary. The small benefits that would come to the taxpayers would be more than eaten up by the increase in the rate of inflation, in the opinion of the Senator from Alabama.

So this is merely a little exercise in politics, an exercise in futility, actually, because the package will not become law. But the Senator has asked for an expression by the Senate on his package, and unanimous consent has been given that that expression be given.

I hope that we can pass a clean bill. I will say to the Senate now that I have no pride of authorship in the amendment that I have submitted, which would reduce the authorized national debt by $5 billion; and if the Kennedy budget-busting proposal is defeated, I will ask the Senate to vote down the amendment that I have filed in order that we can have a clean bill, send it on to the President, get it signed, and go on with the business of the Senate.

Mr. BROOKE. Mr. President, will the Senator yield for a question?

Mr. ALLEN. My time has expired, and I have no further statements.

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

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. KENNEDY. How much time remains to the supporters of the amendment?

The PRESIDING OFFICER. The Senator from Louisiana has 9 minutes.

Mr. LONG. Mr. President, I yield time in support of the amendment to the Senator from Massachusetts or whomever he would like to designate.

Mr. KENNEDY. Mr. President, I yield 2 minutes to my colleague from Massachusetts.

Mr. BROOKE. Mr. President, I wish to ask the distinguished Senator from Alabama this question: He has said several times that the amendment is inflationary. Could he speak or address himself to the specific question as to why this amendment is inflationary.

Mr. ALLEN. Because even the most rosy claims of the advocates of the package state that it would result in a large revenue loss of from $2 to $6 billion, depending on how many other proposals contained in the package are adopted.

I call attention to the fact that literally scores of additional budget-busting amendments are waiting in the wings for the determination of this amendment, and they will be before the Senate, to create still greater deficits in the operation of the National Government.

Mr. BROOKE. The Senator's point is not to this specific amendment but to other amendments the Senator fears will be brought up following this amendment that will be inflationary.

Mr. ALLEN. Yes, that is right; in addition to the package itself.

Mr. BROOKE. Mr. President, I thank the Senator.

Mr. KENNEDY. Mr. President, I yield myself 4 minutes. In listening to the Senator from Alabama opposing amendments to the Debt Ceiling Act, it is evident that he disagrees about its social value and purpose. He has not been opposed in the past to using the Debt Ceiling Act for amendments he supports. All we have to do is to think back to the social security amendment in 1972. The Senator from Alabama supported an amendment to the Debt Ceiling Act at that time to provide a 20-percent increase in social security benefits for the elderly. That amendment passed the Senate and was signed into law. The next year, in 1973, a majority of the Senate voted to approve an amendment to the Debt Ceiling Act to end the war in Cambodia.

The Senate thought it was sufficiently important to use the Debt Ceiling Act to raise the benefits for senior citizens.

We thought it was sufficiently important to end the war in Southeast Asia, so we added an amendment to the debt ceiling bill to accomplish that purpose.

Therefore, let us not fool ourselves. The question this afternoon is whether we are interested enough in tax reform. Tax reform is the issue here.

The Senator from Alabama uses misleading figures in defining our amendment and talking about the loss of revenue. More revenues will be obtained by this amendment in the long run than will be lost, let us not make any mistake about it. In the meantime, what we are doing is not only closing the most notorious tax loopholes. We are also trying to provide some degree of tax relief and tax equity to those who have been paying too much in taxes for too long—the middle income, the low income, the working poor people.

Mr. President, we have now gone through 1 week of parliamentary devices to prevent Senators from voting on the issue of tax reform. Now, 1 week after we have brought up the debt ceiling, we are forced to a single vote or take the whole package of tax reform and tax relief. Under the strait-jacket the Senator from Alabama has imposed, every Senator is forced to vote in an all-or-nothing situation. I certainly do not expect the amendment to prevail in this situation, but at least today's vote will clear the deck for a responsible debate and vote on the separate parts of the amendment, which we plan to offer next.

Many Senators support various provisions of the amendment. But they want, and they deserve, a chance to debate and vote on each provision separately. So far, we have been denied that opportunity by the parliamentary maneuvers of the Senator from Alabama and the other parliamentary maneuvers that have been supported by the administration.

As I have indicated, Mr. President, the central issue in today's vote on the tax reform and tax relief package is whether the Senate and the Congress are going to face up to their responsibility to deal with the Nation's tax laws in a way that reflects the interests of all the citizens of this country, or whether we are going to continue the present tax structure that treats the average citizen unfairly.

The lines are clearly drawn in today's debate. The amendment to be voted on this afternoon contains two essential parts:

First, we propose to raise $4 billion in Federal revenues, by closing loopholes in four of the most notorious sections of the Internal Revenue Code—the percentage depletion allowance for oil, the accelerated depreciation for plant and equipment spending, the DISC tax subsidy for exports, and the loophole-ridden minimum tax on income that now escapes from tax.

Second, we propose to grant $6.5 billion in tax relief to 80 million hard-pressed average American taxpayers and their families. The purpose of the tax relief is twofold—to provide relief against the worst peacetime inflation America has ever known, and to provide a stimulus to the economy to stop the current economic slide that is now taking us deeper into recession. The relief will be provided by raising the personal exemption from

$750 to $825, by allowing an optional $190 tax credit in lieu of the $825 exemption, and by including Senator RUSSELL LONG's work bonus, a refundable tax credit to low-income workers and their families equal to 10 percent of their social security payroll tax.

The arguments for tax relief and tax reform are well known. The issues have been exhaustively debated. The Senate is ready to vote on these measures as part of the Debt Ceiling Act.

The only new development in the debate is the weekend leak by Kenneth Rush, the President's new economic adviser, of the Commerce Department's current informal estimate on second quarter GNP. Apart from the embarrassment Mr. Rush's leak must cause to others in the administration who are so vigorously opposing leaks on Capitol Hill, apart from the peculiar position Mr. Rush finds himself in as an administration adviser willing to talk on the record to reporters but not to Congress, the reliability of the leaked GNP figures themselves is so dubious that the leak hardly marks an auspicious debut for the President's new economic czar.

Clearly, Mr. Rush is casting himself in the role of rose-colored interpreter of economic data, a role that has marred the credibility of virtually every other economic adviser in the administration, whose predictions have had to be revised downward so many times in the past.

We will not know for several weeks, and perhaps not for several months, whether the economy will actually fulfill the so-called "official" definition of recession—two successive quarters of negative growth. We do know three things, however:

First, we have already had one quarter of badly negative growth. First quarter GNP showed a precipitous 6.3 percent decline, the worst drop in 16 years, the worst since the recession of 1958.

Second, the early administration predictions of the first quarter GNP were far too optimistic. First, they projected a mild drop of 2 to 3 percent. Then, in the official preliminary estimate, they predicted a more serious drop of 5.8 percent. Later, when better data came in, they published the revised estimate showing the even more precipitous drop of 6.3 percent. Clearly, the track record of early administration predictions of GNP gives little confidence in the estimate of slightly positive growth for this quarter.

Third, the estimate of about 1 percent positive growth in GNP for the second quarter is itself vulnerable in at least three major areas on the merits. Apparently, it relies heavily on the April dip in the rate of inflation to 7 percent, when the May figures for the Consumer Price Index shows inflation at 13 percent, back again at double-digit levels; the figures for corporate profits must be regarded as extremely tentative, in light of the obvious current decline in consumer buying power; and, as today's cattle crisis demonstrates, the figures on farm income are obviously subject to substantial downward revision when the final farm data are received.

In all, Mr. Rush's contribution is best seen as a transparent attempt to influence today's vote on tax relief by denying the recessionary situation in which the economy finds itself.

But even if Mr. Rush is right, even if the economy manages to struggle through the current quarter without negative growth, the prospect is still for economic growth that is much too low and much too sluggish for the remainder of the year, a long period of stagnation that the country simply cannot afford.

Tax relief is the best and most effective weapon in our arsenal against recession and stagnation, and it will not interfere in any significant way with the fight against inflation.

I yield to no one in my desire to find the answer to inflation, but inflation is not our only economic problem. We also have a recession on our hands, and those who look at the economy today and see only the issues of inflation are missing half the problem.

I do not agree with the old time religion that is being hawked by the administration as the answer to inflation. Drastic budget cuts and balanced budgets will only make the problem worse. That's a recipe for old time recessions and depressions. The President is getting very bad economic advice from those who say that the way to stop inflation is to lean on the economy hard enough and long enough to make inflation disappear.

That could mean letting the patient die to cure the disease. It could mean years and years of slow growth, weak output, and serious unemployment. That would not be good for business, and it would not be good for labor either.

At least, a partial and better answer to our current economic problems is tax reform and tax relief, and I hope the Senate will approve the measure we are offering today.

Mr. President, I ask unanimous consent that a summary of the pending tax reform-tax relief package and a collection of comments by distinguished economists on the need for tax relief may be printed in the RECORD.

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

AMENDMENT 1495 TO THE DEBT CEILING ACT

TAX REFORM

Total Revenue Gain—$4 billion in 1st year; $7 billion in 5th year.

(1) Repeal the 22% depletion allowance for oil, effective January 1, 1974 ($1.9 billion revenue gain in the 1st year; $2.6 billion in the 3rd year; $3.3 billion in the 5th year).

(2) Repeal the Asset Depreciation Range (ADR) system of accelerated depreciation, effective for plant and equipment placed in service as of the date of enactment; $250 million revenue gain in the 1st year; $1.5 billion in the 3rd year; $2.0 billion in the 5th year).

(3) Repeal the Domestic International Sales Corporation (DISC) system of tax deferral for 50% of export income, effective January 1, 1974 ($815 million revenue gain in 1st year).

(4) Strengthening the 10% minimum tax on income from tax loopholes, by reducing the exclusion from $30,000 to $10,000 in tax preference income, and by eliminating the provision allowing the amount of regular income taxes paid to be deducted from preference income before the minimum tax is calculated; effective January 1, 1974. An identical reform in the minimum tax was approved 47–32 by the Senate last January. ($924 million revenue gain in 1st year).

TAX RELIEF

Total Annual Revenue Loss—$6.5 billion; $5.9 billion from exemption/credit; $600 million from Work Bonus.

(1) Provide across-the-board relief for all taxpayers by raising the personal exemption for individuals in the Federal income tax from its current level of $750 to a new level of $825. The most recent increase in the exemption came in 1972 when Congress raised it from $675 to $750. An increase to $825 for 1974 would be an increase of 10%. Between January 1972 and May 1974, the Consumer Price Index rose 22.5%.

(2) Target the relief on low and middle income taxpayers by providing the option for every taxpayer to take a $190 tax *credit* in lieu of the $825 personal exemption. In general, since the exemption is taken as a deduction, the credit will be worth more than the exemption for taxpayers whose marginal tax bracket is less than 24%.

(3) Provide additional relief for the lowest income groups by refunding a portion of the Social Security payroll tax paid by low-income workers with children, through a tax credit Senator Russell Long's "Work Bonus" equal to 10% of wages up to $4,000 in income. For incomes over $4,000, the credit is phased out at the rate of 25¢ per dollar, so that the credit disappears when income reaches $5,600. The credit is refundable—that is, it is paid as an income tax refund, even if the recipient has no income tax liability.

SUPPORT OF ECONOMISTS FOR ANTIRECESSION TAX RELIEF

Once again, the battle between the anti-recessionists and anti-inflationists is joined.

First, a 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.

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 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 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 ease them a bit. A well-tempered tax cut can help relieve cost-push pressure by redressing labor's cost-of-living grievances in part through tax relief, rather than wage escalation.

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 the Council of Economic Advisers, whose report states that the budget "continues the policy of fiscal restraint as part of a continuing anti-inflation program."

In short, the proposed tax would be socially, economically, and fiscally responsible.

WALTER W. HELLER,
Chairman of the Council of Economic Advisers under Presidents Kennedy and Johnson.

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 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 insure 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.

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.

ARTHUR M. OKUN,
Chairman of the Council of Economic Advisers under President Johnson.

The problems arising out of recessions, low economic growth and poverty and income maldistribution didn't start with the so-called energy crisis. Because of the thinking of our scarcity school of economics and because of a lack of long-term planning, the problem is due mostly to our serious shortages of plant, serious shortages of pipeline and so forth. We knew we were having shortages, but we were not developing our resources to the requirements of a healthy and growing economy.

The whole problem today is distributional. The main way to cure the profit shortages and the investment shortage is to increase the volume of business. That would come by getting more spending power, by getting more income into the hands of the middle and lower income consumers.

How do you get the money in their hands? Well, you can do it in several ways. One is tax reduction for those people—for which there is still plenty of room. This could be recouped by closing some of the loopholes.

I am not talking about robbing Peter to pay Paul. I am not saying that by putting more into the hands of these people that it would be taken from others in the same amount. If the growth rate were raised, everybody would be better off, rich and poor.

Because of higher interest payments, money is being transferred from those who borrow to those who lend. Who borrows and for what? The average American family—and not the poor families—borrow to buy the car to go to work, they borrow to pay for their homes and for consumer durables, they borrow to educate their children.

The fantastically high interest rate policy is deliberately transferring $100 billion a year now from those whose incomes should be increased to those whose incomes don't need to be increased. Who's getting the money? The banks, financial institutions and others who are very substantially engaged in lending money.

The policies which have distributed income in the wrong directions, creating social injustices, are not just a matter of being unfair. They have also raised havoc with the economy.

Because of the declining rate of the Gross National Product we are in a recession now. And this is a big one, and it is going to get worse before it gets better.

LEON H. KEYSERLING,
Chairman of the Council of Economic Advisers under President Truman.

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.

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.

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 adjustment.

I believe that a majority of mainstream American economists would favor this proposal on the basis of a broad nonpartisan consensus.

PAUL A. SAMUELSON,
Nobel Prize Winner for Economics, 1970.

Mr. KENNEDY. Mr. President, I yield 3 minutes to the Senator from Minnesota.

Mr. MONDALE. Mr. President, it has been suggested that this is a spending amendment. In fact, this amendment would produce more in revenue than it would divert in the form of tax relief. We are not talking about spending as such; we are talking about who is going to spend the money, or, in other words, who needs the money the most. The major multinational oil companies that are in the midst of the most fantastic profits of any corporation in the history of American society and industry, which profits today, in terms of the multinational corporations, are virtually tax free. They pay 1, 2, or 3 percent in taxes in an industry that is so embarrassed by its accumulation of wealth that it is having difficulty finding places to invest its money; so much so that 2 months ago one oil company tried to buy the Barnum & Bailey and Ringling Brothers Circus, and last week another oil company, it was announced, was going to buy Montgomery Ward. That is what they are doing with their fantastic earnings.

Do they need that money—all of it—or can we not take a little bit of it and send it to families of modest and low incomes, so that they can use the money to buy food, to buy clothing, to buy shoes, to pay for health and housing costs, and to deal with the fantastic inflation which is not merely hurting them, but is torturing them, in finding the means to pay the costs of supporting their families? That is the issue: whether we believe there ought to be some fair burden of sharing in this country.

Never before in this society have we had a situation of fantastic wealth virtually untaxed side by side with millions of families being tortured by inflation.

This amendment is a modest step forward, to shift a small part of that burden from corporations that clearly can afford it and bring some modest relief to families that desperately need it. If ever there was a time for equity, it is now.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. Mr. President, inasmuch as the Senator from Louisiana is controlling the time in favor of the amendment, I yield him 2 minutes to speak in opposition to the amendment.

Mr. LONG. Mr. President, in 1969 we passed a Tax Reform Act which was supposed to reduce taxes by $9.1 billion and raise $6.6 billion by so-called tax reforms.

Mr. President, the so-called reforms in that bill—reducing the allowances for depreciation of nonresidential real estate properties being one of the principal ones, the major one of them being the repeal of the investment tax credit—the $6.6 billion of so-called reforms set back the investments and the efforts of businesses to expand and hire more people that the Nation was in a recession within 6 months. The President asked us, in August 1971, because of the continuing seriousness of the recession, to restore the investment tax credit and add ADR and DISC, without which there is doubt that we would have been able to recover from that recession.

Here we have about the same revenue balance: an amendment that would apparently lose more revenue than it would raise, a so-called reform package that repeals the asset depreciation range (ADR), repeals the oil depletion allowance, and repeals the DISC provision that encourages U.S. firms to keep their plants at home and avoid increasing unemployment by opening plants in other countries.

Mr. President, that package, in all probability, will put the Nation into a recession, according to all the testimony we have had before our committee. I have indicated that I would be willing to vote for a tax credit, and I will if this amendment should be rejected, and I shall vote to reject it.

Mr. President, if no one else offers it, I will offer a proposed tax cut, because I said I was going to vote for one, and I will do so.

I do not favor the acceptance of this proposal, because in my opinion, at a time when our economy already is in the doldrums, to reduce the incentive people have to make investments and provide more job opportunities would be a great mistake.

The PRESIDING OFFICER. The Senator's 2 minutes have expired. Who yields time?

Mr. KENNEDY. Mr. President, how much time remains?

The PRESIDING OFFICER. Each side has 2 minutes remaining.

Mr. KENNEDY. I yield my 2 minutes to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I am glad to pick up where my distinguished colleague, the senior Senator from Minnesota (Mr. MONDALE) left off.

Maybe it would be well for the Senate to take a look at what happened to the oil industry, for example. In 1973, profiting from the oil shortage, the companies—that is, the major oil companies—raked in $16 billion before taxes, and still paid only 6.5 percent in U.S. income taxes. They had a 57-percent increase over 1972, when they raked in $11.4 billion. Not bad.

When someone says we should not take away the depletion allowance—which, by the way, some of the oil companies themselves have recommended—we are told we should not do it, first of all, because if we have a tax cut that would be bad economics; it would be inflationary. Then when we came along and said it was not a tax cut, but structural reform in the tax laws, to compensate for the tax cut, they said, "That will retard investment."

What it really boils down to is doing nothing. Mr. President, if there is one thing Congress cannot afford to have said about it, it is that we are doing nothing.

There is only one way to give the average person relief from inflation. There is no economic policy on the part of the administration to do it. The only way is to cut some of the tax burden for the low- and middle-income groups. That is what we propose to do—to the tune of $6 billion.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. HUMPHREY. Well, let us just vote for the tax cut.

Mr. ALLEN. Mr. President, none of these amendments has had any consideration by the House Ways and Means Committee or the Senate Finance and Taxation Committee. At this time, a bill is being marked up in the Ways and Means Committee of the House of Representatives. I do not know why these three distinguished Senators are trying to jump the gun on the duly accredited committees of the two Houses. Why do they feel that this tax expertise is better than the expertise of the Ways and Means Committee of the House of Representatives and the Finance Committee of the Senate?

Here are these big-spending Senators, who spend every dollar in sight and many dollars that are not in sight. They come forward riding white horses and say, "We are in favor of cutting taxes." They are the very Senators who vote for every spending measure that comes along; yet they are in favor of cutting taxes.

That is the most inflationary step we could take, and I hope the Senate will give an answer to the distinguished Senator from Massachusetts, not the answer that he has requested, but the answer that he deserves on this tax package that is dumped on the Senate at the last minute, trying to legislate at gunpoint on a piece of must legislation. I hope the Senate will defeat this tax package and will not have any more legislation of this sort brought forward on a debt ceiling measure.

Mr. BAYH. Mr. President, as an original cosponsor of this comprehensive amendment to achieve a greater measure of tax equity for the average American family, I urge its adoption.

For many months, since the early days of the first session of the 93d Congress, we have been hopeful that even broader tax reform could be achieved through major tax legislation. However, for a combination of reasons, that legislation has yet to come to the Senate from the House—where it must originate—and it is essential that we take action now to begin the important job of making our tax structure more equitable.

One part of this amendment will reduce taxes for American families by raising the personal exemption to $825 and giving taxpayers the option of taking a $190 tax credit in lieu of the personal exemption. The tax credit option is specifically designed to provide desperately needed tax relief to low- and middle-income families.

By this device 82 percent of the $5.9 billion in tax relief will go to families where the income is below $15,000 a year. The tax relief is concentrated in the $10,000 to $12,000 range to provide the greatest relief to the average American family that has been the greatest victim of the soaring cost-of-living in recent months.

This tax cut provides greater tax equity for our citizens, helping those who need help the most. It also will be a valuable assist to our lagging economy. With the gross national product of goods and services down at a rate of 6.3 percent in the first quarter of 1974, and with unemployment 5 percent or higher since the first of the year, it is clear our economy is in desperate trouble. The reduction in individual taxes is the best vehicle available to us to stimulate the economy in a noninflationary fashion.

Wisely, this amendment couples the tax cut with a four-part tax reform measure to close costly, special interest tax loopholes and raise much of the revenue that will be lost by the tax cut. Included in the tax reform package are:

A repeal of the percentage depletion allowance for oil production, a glaring tax loophole that has been exploited by the oil industry. The major oil companies pay an average of about 6 percent of their income in U.S. taxes—far less than most individuals—they are enjoying huge profit increases while fuel prices soar, and it is about time we ended the tax preferences enjoyed by the major oil companies. As much as $2 billion in additional revenue can be realized by repealing percentage depletion for oil effective immediately.

A repeal of asset depreciation range—ARD—a complicated tax gimmick that enables big business to write off the depreciation on its equipment quickly, thereby reducing its Federal tax bill. This is a classic example of a big business loophole that is raiding the Treasury to the tune of $1.4 billion this year alone. Three years ago the Senate came within one vote of adopting my amendment to end ADR, and our failure to repeal ADR at that time has since cost taxpayers $2.4 billion.

A repeal of the Domestic International Sales Corporation provision which subsidizes investment abroad by large U.S. companies. While there is no evidence that DISC has helped our trade balance, we do know it is a favorite tax loophole for big business and its repeal will raise close to a billion dollars this year alone.

Revisions in the inadequate minimum tax provisions enacted in 1969. At the time we enacted the minimum tax provision—to make sure individuals with the highest incomes pay their fair share of taxes—a loophole was written into the law that destroyed the effectiveness of the minimum tax. By shutting the loophole in the minimum tax we can raise close to a billion dollars a year. Also, quite importantly, an effective minimum tax on those with extremely high personal incomes would be a clear message to the American people that we are committed to tax equity as a matter of national policy.

Mr. President, as I said at the outset, this is a comprehensive amendment. It embodies specific provisions that have been offered separately at different times by me and a number of my colleagues. It may be the closest we will come to a single, basic vote for or against tax reform in this Congress. All aspects of this amendment have been debated before on the floor of the Senate and have been the subject of intensive hearings over the years. There is an ample body of knowledge on the different parts of this amendment. As one who has long argued that tax reform is essential to demonstrate to the American people our concern for placing the public interest ahead of special interests and to restore to our tax structure the kind of equity it should have, I urge adoption of this amendment.

At the same time, Mr. President, I feel constrained to note that because this is such a comprehensive amendment, and since it is a second degree amendment not subject to amending itself, there are two aspects of the amendments which cause me some concern. Both relate to repeal of percentage depletion.

First, I think highly persuasive testimony has been presented to suggest that independent oil producers should not be treated the same as the major oil companies as regards the repeal of percentage depletion. Independent producers do not have the kind of investment capital which the huge oil companies have generated by virtue of record profits in the past year.

In order to attract sufficient investment capital for new exploration and

drilling, independent oil producers may well need some continuation of percentage depletion. That, after all, was one of the historical arguments for percentage depletion, and just because it is no longer relevant in the case of the biggest and wealthiest oil companies, that does not mean it is no longer relevant to independent oil producers. Thus, I would have preferred it had we the opportunity to give special attention to the need of these independent oil producers—something that is not possible under the circumstances in which this amendment is presented. I intend to support such a measure assisting the independent producers at an appropriate time in the future.

Second, I have reservations regarding the manner in which the amendment deals with the repeal of percentage depletion on natural gas. I agree fully with the repeal of the depletion on gas sold intrastate since that gas is sold at unregulated prices. However, natural gas sold into interstate markets is a very different situation. Here the price of the gas is controlled by the Federal Power Commission, which establishes a price based on reasonable profitability and which currently takes into account the benefits of percentage depletion. The amendment recognizes this by postponing the effective date for the repeal of percentage depletion on interstate gas. But the arbitrary selection of a date 18 months from now for repeal of the allowance for interstate gas strikes me as unwise policy. If the FPC did not make the necessary price adjustments, or if Congress did not act on the reregulation of natural gas by that arbitrary date, natural gas producer would suffer severe economic losses. This in turn would mean sharp reductions in interstate gas shipments, further constricting the supply of an important fuel already in short supply.

It would make far more sense to specify that the depletion allowance be removed from gas shipped into interstate markets at such time as the wellhead price for natural gas is actually adjusted upward to allow for the impact of depletion repeal. The price of natural gas is strictly regulated at every step of the process from wellhead to consumer. So there is no need for repeal of the depletion allowance for natural gas until such time as a price adjustment is actually realized. And, looked at from the other direction, repeal of percentage depletion on interstate gas without price adjustments would work a severe and unnecessary hardship on the American economy by curtaling significantly the amount of natural gas available to American consumers and industry.

Once again—as in the case of the independent oil producers—I wish there were a way to correct this part of the amendment before our vote. I will support such a measure at the first opportunity. But the opportunity does not exist now and I feel that the many strong points in the amendment argue forcefully for its adoption despite the reservations I have expressed.

Finally, Mr. President, let me emphasize that I regard adoption of this amendment as the most significant opportunity we have had for some time to achieve the kind of basic tax reform we so desperately need. Through this combination of tax relief for individuals and tax equity to be achieved by closing tax loopholes, we can begin to restore to our tax structure the fairness which should be inherent in our tax system. And, at the same time, by reducing the tax burden on the average American family we can help make up for the loss of real purchasing power which has been the result of recent uncontrolled inflation and, in this way, stimulate our lagging economy without further flaming the fires of inflation.

Failure to adopt this amendment would be a severe blow to the American people. On the other hand, its adoption would be a clear and welcome signal to the average American family that the Senate is sensitive to and bent on solving the economic problems that beset our country.

Mr. TAFT. Mr. President, despite the obvious attractiveness of a large tax cut to relieve the burden of inflation for low- and moderate-income citizens, I must oppose the tax cut-tax reform proposal offered by Senators KENNEDY, MANSFIELD, and others.

The Kennedy amendment would revamp major portions of our tax laws with no detailed prior committee consideration and only minimal floor debate. The defects in the Kennedy proposal illustrate clearly the treacherousness of attempting comprehensive tax reform on the basis of fine sounding rhetorical representations on the Senate floor rather than the normal, painstaking but necessary legislative process.

While I have stated before that a tax cut for low-income taxpayers would be desirable if compensating revenue could be raised or Federal spending reduced in a responsible manner, we should not be stampeded into voting for undesirable tax changes which could have a profoundly adverse or inequitable effect just so that we can tell our constituents we voted for a tax cut.

There are several aspects of the Kennedy amendment which I find undesirable. Repeal of asset depreciation range is premature at best and extremely damaging to the economy at worst. Although ADR has not been in effect for long it appears to be helping to enable businesses to expand their investment in increased productive capacity and jobs, and thus to combat inflation and unemployment in the long run. In many cases this is accomplished simply by providing an element of tax certainly rather than leaving allowable depreciation up to individual Internal Revenue assessors, and by allowing for erosion of the value of investments through inflation.

The Kennedy minimum tax provisions are a good example of legislation which needs much more detailed work. I voted for those provisions last January when they were proposed to a bill going nowhere, as an indication that the House Ways and Means Committee should move on tax reform and look for justifiable sources of increased revenue in these times of excessive inflation. However, they should not be a part of serious tax reform. These provisions are not a minimum tax at all but instead weigh most heavily upon a class of taxpayers who are already paying the most income tax. In addition, the tax is only applicable to a selective and far from all-inclusive list of preference income items. Therefore, the amendment does not plug tax loopholes, nor does it force millionaires now escaping taxes to pay them.

If we are really interested in effective reform of minimum tax provisions, we ought to give much more detailed consideration to the administration's minimum tax proposal. That proposal basically requires that taxable income not be reduced through loopholes to less than one-half its original amount and tightens up allowable writeoffs of artificial business losses. Such provisions would appear to accomplish the ends of today's tax reformers in a much more sensible and effective manner than the provisions they are proposing.

I do believe that the proposed repeal of DISC—Domestic International Sales Corporations—may have considerable merit. Although I am still studying the matter, at this point I am not convinced that the benefits in terms of increased exports outweigh the magnitude of the subsidy.

With respect to oil taxes, I believe that unjustifiably high oil profits should be taxed accordingly. However, investment incentives must be written in so that the tax changes do not undermine the effort to meet our tremendous oil exploration and development needs.

I hope that the tax reform legislation which is now moving in a normal manner through the House of Representatives will incorporate the soundest of these ideas, but will exclude the misdirected ones. Through this means, rather than today's debate, we are much more likely to achieve necessary, well-balanced tax reform.

Mr. CRANSTON. Mr. President, I will vote for the Kennedy amendment to the debt ceiling bill.

This is not a perfect amendment in my judgment.

But the American people and the people of California have made overwhelmingly clear that they want tax reform.

But we do not have an opportunity to vote on the amendment item by item. Overall, the amendment provides a balanced prescription, which is correct in my judgment, for the double ills of recession and inflation, which are afflicting our economy today.

The amendment will increase purchasing power by $6.5 billion in tax relief for low- and middle-income families, together with offsetting anti-inflationary tax reform measures.

Although the economy is being hit with inflation, it also is sagging badly. There are numerous signs of a deepening recession.

The latest monthly economic report of the First National City Bank of New York predicts that the worst is yet to come in unemployment. The bank's economic forecast projects a rise in unemployment to 6 percent by the end of the year.

In California the unemployment rate already is 7.6 percent. The State is pay-

ing unemployment compensation to 48,000 jobless Californians who have exhausted their regular 26 weeks of unemployment insurance. Another quarter of a million workers during this year will run out of unemployment benefits in California. Yet they are being told by some to "tighten your belts." We are being told by some that the working family man, the breadwinner, is going to have to go without a job and his family must go hungry, because our Government cannot figure out any way to stop inflation except to put him out of a job.

That is wrong. It does not make sense.

And it does not make sense to allow small businesses to go under because some financial wizard thinks that people should not buy goods.

The real world is not made up of charts and graphs.

When a small business goes under because customers have no money to spend, a chain reaction occurs of missed payments, bad debts, bankruptcies, and general business failures which ends in recession or worse.

I will vote for the Kennedy amendment for these reasons basically because it is an amendment that is for the people, not against the people. It is for tax justice and equity, not for special interests and favoritism for the most wealthy and most powerful.

I was one of the cosponsors of the proposal to raise the personal exemption from $750 to $825, to establish a tax credit of $190 which may be taken in lieu of the personal exemption, and to provide a tax credit for social security payroll taxes paid by low-income workers.

Many critics of this proposal to ease tax burdens on individual taxpayers have overlooked two important reforms in it which do justice to working people.

First. The personal tax credit will enable the low-income family to get the maximum benefit of the personal exemption which is intended to take account of the burden the taxpayer carries to support himself and his dependents. It is unfair that the personal tax exemption presently does not benefit the low- and moderate-income wage earner and retired person to the extent that it should. This inequity should be corrected.

Second. The social security payroll tax credit against income taxes provide meaningful tax relief to the lowest-paid workers who pay far more in social security payroll taxes than they do in income taxes. This proposal encourages and rewards work. It gives to the low-income worker a financial incentive to earn an income with all its benefits, including social security insurance, without forcing the worker to consider that welfare might be financially more attractive because of the lower taxes paid. This reform is a modest one, but is fair and I support it.

I would have preferred, like a great many Senators, to have had an opportunity to consider and vote on each proposal in the Kennedy amendment separately. I did not cosponsor the entire package amendment, since I have grave reservations about certain of its provisions. I question the wisdom of repealing the asset depreciation range system. I would vote against it if it were offered separately. In my judgment, industry needs incentives to encourage greater capital investment in job-producing equipment and machinery. Our industrial productivity must be increased—with new technology which requires investment of capital—if we are to cope successfully with the effects of inflation on our economy.

I presently believe the oil depletion allowance should be phased out of our tax laws rather than wiped out all at once. I think it is unfair to apply this repeal retroactively. But I support the principle of eliminating the depletion allowance.

On the other hand, I am convinced the DISC subsidy is not necessary now to support and increase our export trade. The dollar devaluation accomplished that. The Treasury has not been able to come up with hard evidence to justify continuation of this billion dollar tax subsidy to exporters.

And surely all Americans should pay some tax on their income regardless of source. The minimum tax has not accomplished this purpose, and I support action being taken in this measure to close loopholes in the minimum tax.

All in all, these reforms will recapture for the Treasury over $6 billion in lost revenue. This amount of money will offset dollar for dollar the alleged costs of the increase in the personal exemption and the establishment of a tax credit in lieu of the personal exemption. The benefits of this reduction in individual taxes will be returned to the Treasury in increased revenues earned by businesses and service personnel. It will not increase the Federal deficit, but rather will promote a healthy economy.

Tax equity will strengthen the Nation in its fight to stabilize the economy. We cannot ask the people to make sacrifices if it comes to that unless we take steps to assure that all pay their fair share, no more, but no less.

Mr. BUCKLEY. Mr. President, the present package of amendments before us amounts to a far-reaching tax reform proposal that the appropriate committee has not had an opportunity to examine or discuss in any real detail. Mr. President, I do not think it extreme to consider the present Internal Revenue Code the most complex piece of legislation in force today. Superficially, simple changes in the code often have the profoundest effect on the behavior of millions of Americans and, conseqeuntly, on our total economy. I think most of us appreciate this and must, therefore, recognize the dangers inherent in hastily composed proposals in this area.

I am not saying that we do not have the right to modify the code on the floor of the Senate, but it seems to me that we should exercise that right only after the appropriate tax-writing committees of both Houses have had a chance to hold hearings and examine the consequences of proposed changes.

This haste to change legislation thrust upon us without giving us a chance to really examine it raises another question that we should also keep in mind as we move to a vote on these amendments. I am profoundly concerned that the effect of an affirmative vote on these amendments could amount to an unconstitutional exercise of power delegated specifically to the House of Representatives.

I know that there are some Senators who have contended on the floor of the Senate that such considerations should be dismissed as overly technical. To them I would merely say that adherence to the law is usually a relatively technical enterprise.

Therefore, the idea that we should ignore legal and constitutional "technicalities" strikes me as bordering on the irresponsible. A select committee of this body has for some time been investigating the activities of certain individuals during the 1972 campaign, and the newspapers have been full of stories of "technical" violations of our election laws. Indeed, men have been indicted for what I am sure they regarded as "technical" violations of the law.

Mr. President, the law is the law, and the Constitution should not be ignored simply because we feel that our actions would amount to a minor rather than a major violation of the strictures of that document. We are sworn to uphold the Constitution, and to dismiss unconstitutional activities as "technicalities" is to treat our oath rather lightly.

Tax legislation of this kind is supposed to be initiated in the House. If we send to conference an amended version of H.R. 14832 which limits the right of the House of Representatives to act in this area, we will be short circuiting the Constitution.

Prudence and principle would seem to me to dictate the rejection of these amendments on this ground as well as because they are not germane to the legislation under discussion.

Therefore, as I have said before, I will vote against these amendments and against the bill if any of them pass. I urge Senators to do the same.

Mr. EAGLETON. Mr. President, I am in favor of tax reform. I want to see the oil depletion allowance eliminated and many of the other reforms in this amendment enacted. I also want to provide relief for the individual taxpayer who has been hurt by inflation. But I cannot vote for a measure that would serve to exacerbate an already ruinous inflation. I am not satisfied that the proposal we have before us would avoid this problem.

In the first place, it provides for only $4 billion in revenues to offset $6.5 billion in tax cuts. This could increase the Federal deficit, and that is something I believe we should strive to avoid. In the second place, we have been given every assurance by the administration and the oil companies that they will pass on any tax increase in the form of higher prices to consumers.

Thus, I cannot vote for a package that is out of balance by some $2.5 billion, and a package that in its present form is not able to be prefected by my anti-pass-through amendment, as introduced earlier today, or any other amendment.

I would, however, support many of these measures under different circumstances.

Mr. HUMPHREY. Mr. President, will the Senator from Alabama yield?

Mr. ALLEN. Out of my deep respect for the distinguished Senator from Minnesota, I am glad to yield to him.

The PRESIDING OFFICER (Mr. McCLURE). All time has expired.

Mr. ALLEN. My time has expired.

Mr. HUMPHREY. I thank the Senator very much, and I want to thank the Senator for my reply. [Laughter.]

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the Mansfield amendment No. 1495.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Illinois (Mr. PERCY) is necessarily absent.

I also announce that the Senator from Connecticut (Mr. WEICKER) is absent on official business.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY) would vote "nay."

The result was announced—yeas 33, nays 64, as follows:

[No. 274 Leg.]

YEAS—33

Abourezk	Huddleston	Moss
Bayh	Hughes	Muskie
Biden	Humphrey	Nelson
Cannon	Jackson	Packwood
Case	Kennedy	Pastore
Clark	Magnuson	Pell
Cranston	Mansfield	Ribicoff
Hart	McIntyre	Schweiker
Hartke	Metcalf	Stevenson
Haskell	Metzenbaum	Symington
Hathaway	Mondale	Williams

NAYS—64

Aiken	Dominick	McClure
Allen	Eagleton	McGee
Baker	Eastland	McGovern
Bartlett	Ervin	Montoya
Beall	Fannin	Nunn
Bellmon	Fong	Pearson
Bennett	Fulbright	Proxmire
Bentsen	Goldwater	Randolph
Bible	Gravel	Roth
Brock	Griffin	Scott, Hugh
Brooke	Gurney	Scott, William L.
Buckley	Hansen	Sparkman
Burdick	Hatfield	Stafford
Byrd, Harry F., Jr.	Helms	Stennis
Byrd, Robert C.	Hollings	Stevens
Chiles	Hruska	Taft
Cook	Inouye	Talmadge
Cotton	Javits	Thurmond
Curtis	Johnston	Tower
Dole	Long	Tunney
Domenici	Mathias	Young
	McClellan	

NOT VOTING—3

Church	Percy	Weicker

So Mr. MANSFIELD's amendment (No. 1495) was rejected.

The PRESIDING OFFICER. Under the previous order, the pending business is the Allen amendment, No. 1460, on which there is a 30-minute limitation.

Mr. LONG. Mr. President, let me explain briefly why the Allen amendment should not be agreed to.

First, I ask unanimous consent that Mr. Howard Marlowe may have the privilege of the floor.

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

Mr. LONG. Mr. President, if, for some reason, tax collections are not as good as we expect them to be between now and the end of the year, it is possible that we might have to pass still another debt limit bill before this session of Congress is over, if the Allen amendment is agreed to.

If receipts were to come in about the way we anticipate, if the Allen amendment were to become the law, we would still have to pass another debt limit bill before we adjourn this year. If the Finance Committee bill is passed, and if receipts come in as we anticipate, we would expect to pass another debt limit bill by the end of March, if the Allen amendment is not adopted.

Mr. President, if we assume that everything goes better than we expect now then the Allen amendment would compel us to pass another debt limit bill by the middle of February before we could get the new Congress organized and conduct hearings. We would have to open the next session of Congress in a great hurry in order to pass another debt limit bill, if the Allen amendment were to become law.

Mr. President, that is just holding the reins too tightly, especially if, for some reason, receipts should not be as good as we hope they will be or if an emergency should require us to spend more than we anticipate. We probably will have to pass another debt limit bill by November, if that amendment should become law.

That being the case, Mr. President, unless Senators just want to pass a debt limit bill every couple of months, it seems to me that we should not agree to the Allen amendment. Under the best of circumstances, assuming that things go as anticipated, we would be required to pass another debt limit bill and go through the same exercise we are engaged in now before the end of next March.

I would hope, Mr. President, that we may dispose of this matter for about 8 months and decline to agree to the Allen amendment at this time, because I think it is needlessly spending a great deal of additional time on the debt limit bill when we should be working on other matters.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I agree with the distinguished Senator from Louisiana but for a different reason. The $90 billion authorization for a temporary debt through March 31 of next year would be ample because I believe the committee report showed that it was anticipated that in the entire fiscal year—next year—there will be a deficit of only about $11.7 billion. Right now the indebtedness is under $475 billion because that is the limit, and obviously the debt is below that. So that would leave ample funds for 9 months, which is all the debt limit would be extended for.

However, I feel the amendment would be defeated, and I would be willing to ask unanimous consent that it be withdrawn. The reason I say that it should be defeated is that it seems likely, based on the last vote, which was 33 votes for the package and 65 against, that there will be no amendments added to the debt ceiling bill.

This amendment is the only germane amendment which has been presented, as far as the Senator from Alabama knows, all the rest having been nongermane. If it should be agreed to, there would have to be a conference committee; and since the House approved this debt limit bill by only 1 vote earlier this month, it would be dangerous to send it back to the House, and certainly it would be dangerous to send it back loaded down with all sorts of amendments.

Therefore, I feel that this amendment should not be agreed to at this time. If amendments are adopted, then it would be possible to come back with a similar amendment to this bill, if this is going to be the only amendment adopted, and such a conference would certainly be against the public interest.

I certainly would be agreeable to seeing the amendment defeated or, in order to get on to other amendments that possibly would be offered, I would be willing to ask unanimous consent that the amendment be withdrawn.

Mr. GRIFFIN. Mr. President, will the Senator yield for an observation?

The PRESIDING OFFICER (Mr. McCLURE). Before the Senator proceeds, Mr. Fay, staff assistant of the Senator from Idaho (Mr. McCLURE), will be accorded the privilege of the floor.

Mr. ALLEN. I yield to the Senator from Michigan.

Mr. GRIFFIN. Mr. President, would the Senator from Alabama agree that the argument made by the distinguished chairman of the Committee on Finance, relating his concern about the need for passage of another debt ceiling bill earlier than otherwise would be necessary, applies, of course, with equal force to any tax cutting amendments that are not accompanied by revenue-raising measures?

We had before us a few moments ago an amendment which included at least some revenue-raising provisions, even though the revenue raised under that amendment, as I understand it, would have been only $4 billion and still would have been short.

The PRESIDING OFFICER. The Senator's 4 minutes have expired.

Mr. ALLEN. I yield an additional 5 minutes to the Senator from Michigan.

Mr. GRIFFIN. Of course, the argument the chairman of the Committee on Finance makes would certainly preclude the adoption of any simple tax-cutting, revenue-losing amendment. Does the Senator from Alabama agree?

Mr. ALLEN. Yes, I would definitely agree. If this package had been adopted it would speed up the time during which we would have had to increase the temporary debt and to come in more quickly with a time extension, as well.

I may say to the distinguished Senator from Michigan, also, that the vote

of the Senate on the package illustrates the point that there will be no replacement of the revenue that is lost by the so-called tax credit provisions. So the tax cut, if it is put in the bill, would not be relieved by revenue measures as indicated by the Senator.

Mr. GRIFFIN. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. Mr. President, if it is agreeable to the distinguished Senator from Massachusetts, in order to get onto amendments I understand he plans to offer, I am willing to ask unanimous that my amendment, which has not yet been able to come to a vote, be withdrawn.

Mr. KENNEDY. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. Who yields time?

Mr. LONG. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, actually the budget picture, so far as the debt limit is concerned, is not as good as the Senator from Alabama estimated, because he was thinking in terms of an $11.4 billion deficit on a unified budget basis; but it is the Federal funds deficit that one must look to, and the Federal funds deficit for 1975 is estimated at $19.9 billion, or roughly $20 billion.

Looking at the Federal funds deficit we anticipate, I believe the prediction I made would be nearly correct that if this amendment were agreed to we would then be compelled to act again before the middle of February under the best of budgetary developments; and if they do not go well, we can expect to be faced with another debt limit bill by November that would attract all sorts of amendments, because it is a veto-proof type bill.

I do not think the Senate wants to go through this exercise again quite that soon. I hope not.

Mr. BAYH. Mr. President, as one who has sought to curb excess Federal spending I shall vote for the amendment of the Senator from Alabama (Mr. ALLEN) to lower the proposed ceiling on the national debt from $495 billion to $490 billion.

Less than 2 weeks ago, on June 17, I joined with an overwhelming majority of my colleagues in voting for an amendment to cut $9.5 billion from the President's proposed spending for the fiscal year which begins a week from today. That amendment would limit Federal expenditures in fiscal 1975 to $295 billion, rather than the $304.5 billion which the President wants to spend.

The pending amendment is totally consistent with our earlier effort to reduce Federal spending. By lowering the ceiling on the national debt we can insure that spending is reduced, since this will prevent another huge budget deficit which would raise the national debt above this lower ceiling. It is important to bear in mind that fully 25 percent of the estimated national debt is directly attributable to the huge budget deficits incurred by the Nixon administration since it took office.

One need not comb through the fiscal year 1975 budget which is in excess of $304 billion to recognize that there is much room to reduce Federal spending. An extensive foreign aid program, including substantial military assistance to Indochina, can be reduced without cutting vital humanitarian aid. A record peacetime military budget can be reduced without sacrificing one iota of national security, something I would never advocate. Based on our success in cutting the budget last year, I am confident substantial fat can be found elsewhere in next year's budget, in such areas as overappropriations—as was the case with welfare funds in the past—or even such wasteful spending as public relations personnel in the executive branch.

Federal spending must be curbed, lest we condone the continuation of excessive inflation which daily robs millions of Americans of actual purchasing power. The income of the average American family simply has failed to keep pace with the sharp rise in the cost-of-living in recent months. Reducing Federal spending is a logical and responsible way to help slow the inflation that reached an annual rate of 14 percent in the first quarter of the year and which is not likely to be much better this quarter what with the 1.1 percent 1 month rise in the Consumer Price Index during May.

Finally, for those of us who are committed to reducing Federal spending, it is logical and consistent to make certain the national debt limit is set at a level which will prohibit the kind of runaway spending we have faced in recent years. I hope sincerely the Senate will adopt the amendment offered by the Senator from Alabama (Mr. ALLEN) and in doing so strike a blow against high inflation.

The PRESIDING OFFICER. Who yields time?

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

Mr. ALLEN. I yield back the remainder of my time.

Mr. HARTKE. Mr. President, I have an amendment at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

Mr. ALLEN. Mr. President, a point of order.

Mr. ROBERT C. BYRD. Mr. President, what are the "following changes"? The clerk did not read all of the amendment.

Mr. ALLEN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLEN. The next order of business would be the vote on the amendment, inasmuch as it is not allowed to be withdrawn.

The PRESIDING OFFICER. The clerk will read the amendment.

The assistant legislative clerk read as follows:

Strike "$90,000,000,000, and insert in lieu thereof "$93,000,000,000, provided that the following changes are made in the Internal Revenue Code of 1954:

1. (a) (1) Section 3101(a) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of old-age, survivors and disability insurance) is amended by striking out paragraphs (5) and (6) and inserting in lieu thereof:

"(5) with respect to wages received after June 30, 1974, and before January 1, 1975, the rate shall be 4.20 percent;

"(6) with respect to wages received during the calendar years 1975 through 2010, the rate shall be 4.20 percent;

"(7) with respect to wages received after December 31, 2010, the rate shall be 5.20 percent.

(2) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age survivors and disability insurance) is amended—

(A) by inserting "and before July 1, 1974," after "1972," in paragraph (4);

(B) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon; and

(C) by adding at the end thereof the following new paragraphs;

"(5) with respect to self-employment income received after June 30, 1974, and before January 1, 1975, the tax shall be equal to of the amount of self-employment income for such period;

"(6) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 5.95 percent of the amount of the self-employment income for such taxable year.

(c) (1) Section 1401 (b) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended—

(A) by striking out "and before January 1, 1978" in paragraph (3) and inserting in lieu thereof: and before July 1, 1974"; and

(B) by striking out paragraphs (4), (5), and (6) and inserting in lieu therefor the following:

"(4) with respect to self-employment income received after June 30, 1974, and before January 1, 1975, the tax shall be equal to 0.80 percent of the amount of the self-employment income for such period;

"(5) in the case of any taxable year beginning after December 31, 1974, and before January 1, 1978, the tax shall be equal to .80 percent of the amount of the self-employment income for such taxable year;

"(6) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.0 percent of the amount of self-employment income for such taxable year;

"(7) in the case of any taxable year beginning after December 31, 1980, and before January 31, 1986, the tax shall be equal to 1.15 percent of the amount of the self-employment income for such taxable year;

"(8) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.25 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101 (b) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of hospital insurance) is amended—

(A) by striking out paragraphs (3) through (6) and inserting in lieu thereof the following:

"(3) with respect to wages received after December 31, 1973, and before July 1, 1974, the rate shall be 0.90 percent;

"(4) with respect to wages received after June 30, 1974, and before January 1, 1975, the rate shall be 0.80 percent;

"(5) with respect to wages received during the calendar years 1975 through 1977, the rate shall be 0.80 percent;

"(6) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.0 percent;

"(7) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.15 percent;

"(8) with respect to wages received after December 31, 1985, the rate shall be 1.25 percent."

2. The Internal Revenue Code is further amended to add the following provision:

(a) The Secretary of the Treasury shall cause to be transferred, out of any moneys in the Treasury not otherwise appropriated, to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund amounts (as determined by the Secretary of the Treasury) equal to losses of revenues to such trust funds resulting from the reductions in tax rates made in Section 3 of this Act. The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the respective trust funds on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the amounts which should have been transferred.

Mr. MUSKIE. Mr. President, the amendment of the Senator from Indiana attacks one of the most regressive aspects of our tax system: The social security payroll tax. In the past, I have proposed reforming the payroll tax by instituting a low-income allowance, by allowing personal exemptions, and by raising the income ceiling—all changes which would spread the burden of social security more fairly according to ability to pay.

Senator HARTKE's proposal seeks to achieve the same goal—progressively in the social security tax system—by casting the whole burden of reform on the general revenues of the Treasury, with no clear provision for raising the funds to pay for reform. While we may eventually decide to take that course, we have made no legislative study of the revenues necessary to offset the reduction in revenues from the social security tax. I must accordingly vote to table Senator HARTKE's amendment.

Mr. LONG. Mr. President, I move that the Allen amendment be laid on the table.

Mr. HARTKE. The Senator from California wanted to be added as a cosponsor. Will the Senator consent to that?

Mr. LONG. I have no objection.

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

Mr. ALLEN. What is the motion?

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. LONG. I move that the Allen amendment, which would take with it the other amendment, be laid on the table.

Mr. ALLEN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLEN. My recollection is that an agreement was made that these votes would be up-or-down votes rather than motions to table. Am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARTKE. Mr. President——

The PRESIDING OFFICER. On both the Allen and the Mansfield amendments.

Mr. ALLEN. That would not apply to the amendment of the distinguished Senator from Indiana.

The PRESIDING OFFICER. That is correct.

Mr. LONG. I move to lay that amendment on the table.

The PRESIDING OFFICER. The question is agreeing to the motion to table.

Mr. HARTKE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Illinois (Mr. PERCY) is necessarily absent.

I also announce that the Senator from Connecticut (Mr. WEICKER) is absent on official business.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY) would vote "yea."

The result was announced—yeas 82, nays 15, as follows:

[No. 275 Leg.]

YEAS—82

Aiken	Ervin	Metzenbaum
Allen	Fannin	Mondale
Baker	Fong	Moss
Bartlett	Fulbright	Muskie
Beall	Goldwater	Nunn
Bellmon	Gravel	Packwood
Bennett	Griffin	Pastore
Bentsen	Gurney	Pearson
Bible	Hansen	Pell
Biden	Hart	Proxmire
Brock	Haskell	Randolph
Brooke	Hatfield	Roth
Buckley	Helms	Schweiker
Burdick	Hollings	Scott, Hugh
Byrd, Harry F., Jr.	Hruska	Scott, William L.
Byrd, Robert C.	Humphrey	Sparkman
Cannon	Inouye	Stafford
Case	Jackson	Stennis
Chiles	Javits	Stevens
Cook	Johnston	Stevenson
Cotton	Kennedy	Symington
Curtis	Long	Taft
Dole	Magnuson	Talmadge
Domenici	Mansfield	Thurmond
Dominick	Mathias	Tower
Eagleton	McClellan	Tunney
Eastland	McClure	Young
	McGee	

NAYS—15

Abourezk	Hathaway	Metcalf
Bayh	Huddleston	Montoya
Clark	Hughes	Nelson
Cranston	McGovern	Ribicoff
Hartke	McIntyre	Williams

NOT VOTING—3

Church	Percy	Weicker

So Mr. LONG's motion to lay Mr. HARTKE's amendment on the table was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment (No. 1460) of the Senator from Alabama (Mr. ALLEN).

Mr. MANSFIELD. Mr. President, have not the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. MANSFIELD. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. MCCLURE). The question is on agreeing to the amendment (No. 1460) of the Senator from Alabama (Mr. ALLEN). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Illinois (Mr. PERCY) is necessarily absent.

I also announce that the Senator from Connecticut (Mr. WEICKER) is absent on official business.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY) would vote "nay."

The result was announced—yeas 32, nays 63, as follows:

[No. 276 Leg.]

YEAS—32

Bayh	Hartke	Pastore
Biden	Hollings	Pell
Byrd, Harry F., Jr.	Jackson	Proxmire
Byrd, Robert C.	Kennedy	Randolph
Clark	Magnuson	Roth
Cranston	Mansfield	Schweiker
Dole	McClellan	Scott, William L.
Dominick	McClure	Symington
Eagleton	Montoya	Tunney
Ervin	Muskie	
Gurney	Nunn	
	Packwood	

NAYS—63

Abourezk	Eastland	McGee
Aiken	Fannin	McGovern
Allen	Fong	McIntyre
Baker	Goldwater	Metcalf
Bartlett	Gravel	Metzenbaum
Beall	Griffin	Mondale
Bellmon	Hansen	Moss
Bennett	Hart	Nelson
Bentsen	Haskell	Pearson
Bible	Hatfield	Ribicoff
Brock	Hathaway	Scott, Hugh
Brooke	Helms	Sparkman
Buckley	Hruska	Stafford
Burdick	Huddleston	Stevens
Cannon	Hughes	Stevenson
Case	Humphrey	Taft
Chiles	Inouye	Talmadge
Cook	Javits	Thurmond
Cotton	Johnston	Tower
Curtis	Long	Williams
Domenici	Mathias	Young

NOT VOTING—5

Church	Percy	Weicker
Fulbright	Stennis	

So Mr. ALLEN's amendment (No. 1460) was rejected.

The PRESIDING OFFICER (Mr. BURDICK). Pursuant to the previous order, the Senate will now proceed to the consideration of House Joint Resolution 1062, on which the pending question is on agreeing to the amendment of the Senator from New York (Mr. JAVITS).

AMENDMENT NO. 1522

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. HUMPHREY. We have, as I understand it, an amendment on the continuing resolution and then a final vote. In order for us to proceed tomorrow on the consideration of H.R. 14832, I ask unanimous consent that I may send to the desk an amendment which we would have as the pending business for tomorrow but not act on it or to speak on it tonight in any way.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

Mr. GRIFFIN. Mr. President, reserv-

ing the right to object, the bill number, I would ask the Senator, is what?

Mr. HUMPHREY. This is an amendment to H.R. 14832, the debt ceiling bill. It is just a procedural matter which we can take up tomorrow.

Mr. GRIFFIN. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and the clerk will state the amendment.

The second assistant legislative clerk read as follows:

AMENDMENT NO. 1522

SEC. 3. REPEAL OF PERCENTAGE DEPLETION FOR OIL AND GAS PRODUCTION.

(a) REPEAL OF OIL AND GAS DEPLETION.—(1) Section 613(b)(1)(A) of the Internal Revenue Code of 1954 is amended by deleting the words "oil and gas wells" and by inserting in lieu thereof the words "gas wells described in subsection (e)."

(2) Section 613(b)(7) of such Code is amended by—

(A) deleting "or" at the end of subparagraph (A) thereof;

(B) by deleting the period at the end of subparagraph (B) thereof and by inserting in lieu thereof "; or"; and

(C) by inserting the following new subparagraph after such subparagraph (B): "(C) oil and gas wells."

(b) CERTAIN GAS WELLS.—Section 613 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(e) SPECIAL RULE FOR CERTAIN GAS WELLS.—

"(1) The gas wells referred to in subsection (b)(1)(A) are—

"(A) wells producing regulated natural gas, to the extent of such gas production, and

"(B) wells producing natural gas sold under a fixed contract to the extent of such gas production.

"(2)(A) The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on April 10, 1974, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this section by reason of the repeal of percentage depletion. Price increases subsequent to April 10, 1974, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(B) The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) The term 'domestic' refers to petroleum from an oil or gas well located in the United States or in a possession of the United States.

"(D) The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(E) The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to January 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to April 10, 1974, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.".

(c) EFFECTIVE DATES.—The amendment made by subsections (a) and (b) of this setcion shall apply to oil and gas produced on or after January 1, 1974.

SEC. 4. INCREASE IN AMOUNT OF PERSONAL EXEMPTIONS.

(a) Section 151 of the Internal Revenue Code of 1954 (relating to personal exemptions) is amended by striking out "$750" wherever it appears and inserting in lieu thereof "$800".

(b) Section 6012(a)(1) of such Code (relating to persons required to make returns of income) is amended by striking out "$750" wherever it appears and inserting in lieu thereof "$800", by striking out "$2,050" wherever it appears and inserting in lieu "$2,100" and by striking out "$2,800" wherever it appears and inserting in lieu thereof "$2,900."

(c) Section 6013(b)(3)(A) of such Code (relating to assessment and collection in the case of certain returns of husband and wife) is amended by striking out "$750" wherever it appears and inserting in lieu thereof "$800" and by striking out "$1,500" wherever it appears and inserting in lieu thereof "$1,600".

(d) The table contained in section 3402(b)(1) of such Code (relating to percentage method of withholding) is amended to read as follows:

"Percentage Method Withholding Table

"Payroll period	Amount of one withholding exemption:
Weekly	$15.40
Biweekly	30.80
Semimonthly	33.30
Monthly	66.70
Quarterly	200.00
Semiannual	450.00
Annual	800.00
Daily or miscellaneous (per day of such period)	2.20".

(e) The amendments made by this section (other than by subsection (d)) shall apply to taxable years beginning after December 31, 1973. The amendment made by subsection (d) shall apply with respect to wages paid on or after the 30th day after the date of enactment of this Act.

SEC. 5. OPTIONAL CREDIT AGAINST TAX FOR PERSONAL EXEMPTIONS; TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES.

(a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 42 as section 44 and by inserting after section 41 the following new sections:

"SEC. 42. PERSONAL EXEMPTIONS.

"(a) GENERAL RULE.—At the election of the taxpayer, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to $190 multiplied by the number of exemptions to which the taxpayer is entitled under section 151. Such credit shall not exceed the tax imposed by this chapter for the taxable year.

"(b) ELECTION.—An election under subsection (a) for a taxable year may be made at any time before the expiration of the period for filing a claim for a refund or credit of an overpayment of tax for such taxable year and shall be made in such form and manner as the Secretary or his delegate prescribes by regulations.

"(c) DENIAL OF DEDUCTION.—If a taxpayer elects the credit provided by subsection (a) for a taxable year, no deduction shall be allowed under section 151 for an exemption to which he is entitled under such section.

"SEC. 43. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES.

"(a) IN GENERAL.—

"(1) ALLOWANCE OF CREDIT.—There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his employer with respect to wages received by the taxpayer during that year. In the case of a taxpayer who is married (as determined under section 143) and who files a joint return of tax with his spouse under section 6013 for the taxable year, the amount of the credit allowable by this subsection shall be an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his spouse, and their employers, with respect to wages received by the taxpayer and his spouse during that year.

"(2) APPLICABLE PERCENTAGE.—The percentage under paragraph (1) applicable to the social security taxes is—

"(A) 86 percent for calendar years 1974 through 1977,

"(B) 83 percent for calendar years 1978 through 1980,

"(C) 80 percent for calendar years 1981 through 1985,

"(D) 78 percent for calendar years 1986 through 2010, and

"(E) 68 percent for calendar years beginning after December 31, 2010.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year under subsection (a) shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3121(a)) as does not exceed $4,000 received by that individual (or by that individual and his spouse in the case of a joint return of tax) during that year with respect to employment (as defined in section 3121(b) without regard to the exclusion set forth in paragraph (9) of that section).

"(2) REDUCTION FOR ADDITIONAL INCOME.—The amount of the credit allowable under subsection (a) for any taxable year (after the application of paragraph (1)) shall be reduced by one-fourth of the amount by which a taxpayer's income, or, if he is married (as determined under section 143), the total of his income and his spouse's income, for the taxable year exceeds $4,000. For purposes of this paragraph, the term 'income' means adjusted gross income (as defined in section 62 but without regard to paragraph (3) (relating to long-term capital gains)) plus—

"(A) any amount described in section 71(b) (relating to payments to support minor children), 71(c) (relating to alimony and separate maintenance payments paid as a principal sum paid in installments), or 74(b) (relating to certain prizes and awards),

"(B) any amount excluded from income under section 101 (relating to certain death benefits), 102 (relating to gifts and inheritances), 103 (relating to interest on certain governmental obligations), 105(d) (relating to amounts received under wage continuation accident and health plans), 107 (relating to rental value of parsonages), 112 (relating to certain combat pay of members of the Armed Forces), 113 (relating to mustering-out payments for members of the Armed Forces), 116 (relating to partial exclusion of dividends received by individuals), 117 (relating to scholarships and fellowship grants), 119 (relating to meals or lodging furnished for the convenience of the employer), 121 (relating to gain from sale or exchange of residence by individual who has attained age 65), 911 (relating to earned income from sources without the United States), or 931 (relating to income from sources within possessions of the United States).

"(C) any amount received as a payment from a public agency based upon need, age, blindness, or disability, or as a payment from a public agency for the general support of the taxpayer and his family (as determined by the Secretary or his delegate), other than

any payment for the purchase of prosthetic devices or medical services, and

"(D) any amount received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance payments under title II of the Social Security Act, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law).

"(3) APPLICATION WITH SECTION 6428.—The amount allowable to a taxpayer, or to a taxpayer and his spouse, as a credit under subsection (a) for any taxable year (after the application of paragraphs (1) and (2)) shall be reduced by the sum of any amounts received under section 6428 during that year.

"(c) DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151 (e)(1)(B) (relating to additional exemption for dependents).

"(2) SOCIAL SECURITY TAXES.—The term 'social security taxes' means the aggregate amount of taxes imposed by section 3101 (relating to rate of tax on employees under the Federal Insurance Contributions Act) and 3111 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(a)) received by an individual and his spouse with respect to employment (as defined in section 3121(b)), or which would be imposed with respect to such wages by such sections if the definition of the term 'employment' (as defined in section 3121(b)) did not contain the exclusion set forth in paragraph (9) of such section.".

(b) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Personal exemptions.
"Sec. 43. Tax credit for low-income workers with families.
"Sec. 44. Overpayments of tax.".

(c) Section 41(b)(2) of such Code (relating to contributions to candidates for public office) is amended by striking out "and" before "section 38" and by inserting before the period at the end thereof ", and section 42 (relating to personal exemptions)".

(d) Section 46(a)(3) of such Code (relating to the investment credit) is amended—

(1) by striking out "and" at the end of subparagraph (B),

(2) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", and", and

(3) by inserting after subparagraph (C) the following new subparagraph:

"(D) section 42 (relating to personal exemptions)."

(e) Section 50A(a)(3) of such Code (relating to credit for expenses of work incentive programs) is amended—

(1) by striking out "and" at the end of subparagraph (D),

(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof ", and", and

(3) by inserting after subparagraph (E) the following new subparagraph:

"(F) section 42 (relating to personal exemptions).".

(f) Section 3402 of such Code (relating to income tax collected at source) is amended by adding at the end thereof the following new subsection:

"(q) WITHHOLDING BASED ON CREDITS IN LIEU OF EXEMPTIONS.—

"(1) ELECTION.—At the election of an employee, made in such form and manner as the Secretary or his delegate prescribes by regulations, the amount of tax deducted and withheld under subsection (a) or (c) with respect to wages paid to him by his employer shall be determined by applying the provisions of this subsection. An election made by an employee under this paragraph shall be effective with respect to wages paid to him, after the date of such election, during the calendar year in which such election is made. An election may be made by an employee under this paragraph with respect to wages paid to him only if, for his taxable year which ends in such calendar year, he expects to elect the credit allowed by section 42 (relating to personal exemptions).

"(2) DETERMINATION OF TAX.—During the period during which an election made by an employee under paragraph (1) is in effect, the amount of tax deducted and withheld from the wages of such employee under subsection (a) shall be determined in accordance with the tables set forth in such subsection, except that—

"(A) for purposes of applying such tables, the amount of wages shall not be reduced on account of any withholding exemptions claimed, and

"(B) the amount of income tax to be withheld shall be reduced by the number of withholding credits of the employee, multiplied by the amount of one such credit as shown in the table in paragraph (3).

For purposes of this paragraph, an employee shall have a number of withholding credits equal to the number of withholding exemptions claimed.

"(3) AMOUNT OF WITHHOLDING CREDIT.—The table referred to in paragraph (2) is as follows:

"Percentage Method Withholding Credit Table

"Payroll period	Amount of one withholding exemption:
Weekly	3.40
Biweekly	6.80
Semimonthly	7.30
Monthly	14.60
Quarterly	43.80
Semiannual	87.50
Annual	175.00
Daily or miscellaneous (per day of such period)	.50

"(4) WAGE BRACKET WITHHOLDING.—In the case of an employer who elects to deduct and withhold tax under subsection (d) (in lieu of the tax required to be deducted and withheld under subsection (a)) with respect to an employee who has made an election under paragraph (1), the amount of tax to be deducted and withheld shall be determined in accordance with tables prescribed by the Secretary or his delegate which shall apply the provisions of paragraphs (2) and (3)."

(g) Section 6401(b) of such Code (relating to excessive credits) is amended by—

(1) inserting after "lubricating oil)" the following: ", 43 (relating to tax credit for low-income workers with families),"; and

(2) striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 43".

(h) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(1) inserting "OR 43" after "SECTION 39" in the caption of such section; and

(2) striking out "oil)," and inserting in lieu thereof "oil) or section 43 (relating to tax credit for low-income workers with families),".

(i)(1) Subchapter B of chapter 65 of such Code (relating to rules of special application) is amended by adding at the end thereof the following new section:

"SEC. 6428. ADVANCE REFUND OF SECTION 43 CREDIT.

"(a) IN GENERAL.—A taxpayer may receive an advance refund of the credit allowable to him under section 43 (relating to tax credit for low-income workers with families) not more frequently than quarterly by filing an election for such refund with the Secretary or his delegate at such time and in such form as the Secretary or his delegate may prescribe. If the taxpayer elects to base his claim for refund on social security taxes imposed on him, his spouse, and their employers, the election shall be a joint election signed by the taxpayer and his spouse. An election may not be made under this subsection with respect to the last quarter of the calendar year, and any other election shall specify the quarter or quarters to which it relates and shall be made not later than the fifteenth day of the eleventh month of the taxable year to which it relates. The Secretary or his delegate shall pay any advance refund for which a proper election is made without regard to any liability, or potential liability, for tax under chapter 1 which has accrued, or may be expected to accrue, to the taxpayer for the taxable year to which the election relates.

"(b) LIMITATIONS.—

"(1) AMOUNT OF REFUND.—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the amount of the credit allowable under section 43 with respect to social security taxes payable with respect to that taxpayer (or, in the case of a joint election, social security taxes payable with respect to that taxpayer and his spouse) for the quarter or quarters to which the election relates.

"(2) INELIGIBLE FOR CREDIT.—No advance refund may be made under this section for any quarter to a taxpayer who, on the basis of the income the taxpayer and his spouse reasonably may expect to receive during the taxable year, will not be entitled to claim any amount as a credit under section 43 for that year.

"(3) MINIMUM PAYMENT.—No payment may be made under this section in an amount less than $30.

"(c) COLLECTION OF EXCESS PAYMENTS.—In addition to any other method of collection available to him, if the Secretary or his delegate determines that any part of any amount paid to a taxpayer for any quarter under this section was in excess of the amount to which that taxpayer was entitled for that quarter, the Secretary or his delegate shall notify that taxpayer of the excess payment and may withhold from any amounts which that taxpayer elects to receive under this section in any subsequent quarter, amounts totaling not more than the amount of that excess.".

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6428. Advance refund of section 43 credit.".

(j) Section 6011(d) of such Code (relating to interest equalization returns, etc.) is amended by adding at the end thereof the following new paragraph:

"(4) RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUND OF SECTION 43 CREDIT.—Every taxpayer who elects to receive an advance refund of the credit allowed by section 43 (relating to tax credit for low-income workers with families) during the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require.".

(k)(1) The Secretary of the Treasury shall develop simple and expedient application forms and procedures for use by taxpayers who wish to receive an advance refund under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 43 credit), arrange for distributing such forms and making them easily available to taxpayers, and prescribe such regulations as may be necessary to carry out the provisions of sections 43 and 6428 of such Code. Each such application form shall contain a warning that the making of a false or fraudulent statement thereon is a Federal crime.

(2) The Secretary of the Treasury is authorized to obtain from any agency or department of the United States Government or of any State or political subdivision thereof such information with respect to any taxpayer applying for or receiving benefits under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 43 credit), or his spouse, as may be necessary for the proper administration of section 43 of the Internal Revenue Code of 1954 (relating to tax credit for low-income workers with families) and of section 6428 of such Code (relating to advance refund of section 43 credit). Notwithstanding any other provision of law, each agency and department of the United States Government is authorized and directed to furnish to the Secretary such information upon request.

(l) Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "(including any amounts derived from application of the tax credit established by section 43 of the Internal Revenue Code of 1954)".

(m) The amendments made by this section (other than by subsection (f)) shall apply with respect to taxable years beginning after December 31, 1973. The amendment made by subsection (f) shall apply with respect to wages paid on or after the 30th day after the date of the enactment of this Act. No advance refund payments under section 6428 of the Internal Revenue Code of 1954 shall be made before October 1, 1974.

Mr. HUMPHREY. Mr. President, the amendment relates to the debt ceiling and the tax proposal. I ask unanimous consent that the names of the cosponsors of this amendment be printed in the RECORD.

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

The list of cosponsors is as follows:

Mr. Magnuson, Mr. Ribicoff, Mr. Clark, Mr. Hart, Mr. Kennedy, Mr. Mondale, and Mr. Muskie.

Mr. MAGNUSON. Mr. President, reserving the right to object, is this the amendment that was in——

Mr. HUMPHREY. Yes, indeed—the depletion amendment is what it is.

Mr. MAGNUSON. The same amendment that the Senator from Connecticut (Mr. RIBICOFF) and I had on oil depletion?

Mr. HUMPHREY. The Senator is correct.

Mr. MAGNUSON. I think the Senator.

Mr. HUMPHREY. The Senator from Connecticut (Mr. RIBICOFF) and the Senator from Washington (Mr. JACKSON) are cosponsors.

Mr. MAGNUSON. Then we can be expected tomorrow, when we meet, to take up some discussion of that amendment. Is that correct?

Mr. MANSFIELD. That is correct.

Mr. MAGNUSON. I thank the Senator from Montana.

CLOTURE MOTION

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

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 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 to the bill, H.R. 14832, to provide a temporary increase in the public debt limit through March 31, 1975.

Mike Mansfield, Edward M. Kennedy, Thomas F. Eagleton, Alan Cranston, Frank Moss, Daniel K. Inouye, Henry M. Jackson, Jennings Randolph, William Proxmire, Walter F. Mondale, Gaylord Nelson, William D. Hathaway, Hubert H. Humphrey, Philip A. Hart, Harold E. Hughes, George McGovern, Lee Metcalf, James Abourezk, Abraham Ribicoff.

Mr. MANSFIELD. Mr. President, is it in order to submit the cloture motion at this time with the amendment pending?

The PRESIDING OFFICER. It was submitted without objection.

CONTINUING APPROPRIATIONS, 1975

Mr. JAVITS. Mr. President, in my absence this morning, and with the gracious cooperation of my colleague, the Senator from New Jersey (Mr. CASE), an amendment was offered.

Mr. MANSFIELD. Mr. President, will the Senator yield, without any time being charged to anyone?

Mr. JAVITS. I yield.

Mr. MANSFIELD. Mr. President, how much time is there on this amendment?

The PRESIDING OFFICER. Thirty minutes, equally divided. Who yields time?

Mr. JAVITS. Mr. President, I yield myself 5 minutes.

As I said, Mr. President, through the courtesy of Senator CASE, this amendment was submitted, and through the courtesy of the leadership on both sides of the aisle and the courtesy of the manager of the bill, the matter was held over for me until I could get here late this afternoon.

What it concerns is what should take place within the next intervening period, until September 30, 1974, respecting elementary and secondary education, H.R. 69 having passed the House and the Senate and now being in conference.

Mr. President, my concern was that the matter in conference, assuming that we pass this bill, would be the House formula and the Senate formula as they were passed, without regard to what may be worked out in the conference between the Houses.

As I am the ranking member of the Senate committee on this subject, I am obviously very deeply involved in the conference.

The House of Representatives formula was very, very sharply disadvantageous to the heavily settled areas of the country with very large groups and concentrations of underprivileged children.

The Senate, after a struggle, while it also was very strongly against what had been the pattern in respect of this particular proposition in the past year, without even including a hold-harmless clause for the various educational agencies that paralleled the last one that we had dealt with ourselves in Congress under the Labor-HEW appropriations bill, at least sought by certain special provisions—generally speaking, I would say three in number, dealing with very heavy concentrations of underprivileged children, dealing with excellence in terms of the educational opportunity that was afforded, and dealing with the special impact standing of children in public housing, and so forth—sought somewhat to ameliorate the rigors which were imposed upon these areas, one of which I represent—the State of New York—under the House formula.

So while we lost the battle in terms of the struggle here, in which Senator MCCLELLAN prevailed, at least there was some effort to take cognizance of and to somewhat ameliorate the very draconian impact of the House formula.

Therefore, when we saw that this matter would be thrown into conference between the House and the Senate, and without any knowledge as to whether the Senate would take a strong, firm, and dug-in position respecting at least the slight amelioration which occurs in the Senate formulation, I asked my staff and asked the leadership here to accommodate me, over the phone, by at least putting in some amendment of a hold-harmless character, which is the amendment which has been submitted, in an effort to stem the tide which would just inundate us in the major cities of the country. It is not only true of my State; it is true of every other central metropolitan city which is suffering and hurting in the same way.

So, Mr. President, I really would like to turn now to the Chairman of the Appropriations Committee, who, without question, as is usually the situation in these continuing resolutions, has undoubtedly had the opportunity to test the temper of our colleagues in the House, to give us any feeling he can as to what is going to be the formula on this continuing resolution.

I bear in mind fully the fact that I fought and lost here, but not nearly so badly as they lost in the House.

Mr. President, that is the thrust of my question.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MCCLELLAN. I yield myself 3 minutes.

Mr. President, the Senate Appropriations Committee, in considering this section of the bill, was of the view—possibly the unanimous view—that the Senate version of the bill was better than the House version of the bill, and felt that the Senate version should prevail with respect to moneys expended under a continuing resolution.

As I recall, not a dissenting vote or view was expressed with respect to the Senate version being a better provision than that contained in the House version. The House-passed version of H.R. 69 proposed to repeal part B, the special incentive grants. The part B program is provided for in the Senate version of the new authorizing legislation. Therefore, the committee recommendation to substitute the Senate-passed version of H.R. 69 in lieu of the House-passed version would continue the part B program until such time as Congress has reached agreement on this legislation.

In addition, the Senate version would provide for higher payments to the institutionalized handicapped, institutionalized neglected and delinquent, and migrant children.

Mr. President, because the House version did not have these increased or higher payments for these purposes, the Senate Appropriations Committee felt that the Senate version of the legislative bill was better than the House version.

I think it was adopted unanimously. I do not recall a single objection or comment raised in opposition to it.

For that reason, Mr. President, we recommended the bill be amended.

I may say to the distinguished Senator that I think I can say that I am a joint author of the amendment adopted in the Senate. The Senator from Florida (Mr. CHILES) offered it. We had discussed it before. I think I can claim to be a joint author of this provision in the bill.

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

Mr. McCLELLAN. I yield to the distinguished Senator from Washington, who is the chairman of the Labor-HEW Subcommittee.

Mr. MAGNUSON. Mr. President, with respect to the Senator's statement——

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. McCLELLAN. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator may proceed.

Mr. MAGNUSON. Mr. President, what the distinguished Senator from Arkansas has said is correct. Both Houses have agreed to a new and more equitable formula. The authorizing committees are sitting in conference right now. This is an amendment that would be a step backward until they make a decision.

The committee bill has fashioned a remedy to the title I problem by going with the new formula. We are providing the States and local districts with a smooth transition to the new bill, when it becomes law. If we do not close the door now, we will end up putting the school districts on a roller coaster. The school administrators will not be able to plan effectively, their budgets will go up and down with every new formula someone comes up with.

We want to stabilize the situation and that is why the committee agreed to use the formula of the Senator from Arkansas. It is not really his formula but it is everyone's formula.

Mr. McCLELLAN. It is the formula of Congress.

Mr. MAGNUSON. The Senator is correct. This has been a problem. Let us not upset it now. In the meantime, under the continuing resolution it will remain stable.

Mr. JAVITS. Mr. President, the thing that I wanted to get from the Senator from Arkansas and the Senator from Washington, the two principal Senators involved, is that we are purposely going to insist on the Senate version. It will help us somewhat and that is what I was trying to ascertain. I gather that that answer is distinctly in the affirmative.

Mr. McCLELLAN. The Senator from Washington (Mr. MAGNUSON) surely would be one of the conferees; possibly the Senator from Florida (Mr. CHILES), the joint author of the amendment; I think the Senator from North Dakota (Mr. YOUNG) will be one of the conferees; and the Senator from New Hampshire (Mr. COTTON), who is the ranking minority member of the Labor-HEW Appropriations Subcommittee. All of us will be conferees and each of us can assure the Senator we will insist on the Senate version of this bill. I am willing to do that.

Mr. YOUNG. I think all the Senate conferees are willing to do that, and I certainly will. I feel very strongly about it. I hope the Senator from New York will not press the amendment.

Mr. JAVITS. I thank the Senator.

Mr. COTTON. Mr. President, I have the same sentiment. I am a conferee and we definitely shall hold out for it.

Mr. JAVITS. I thank the Senator. I intend to ask unanimous consent to vacate the order for the yeas and nays and to withdraw the amendment.

I have one other question, if I may have the attention of the Senator from Arkansas (Mr. McCLELLAN).

Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the bill provides in its section on foreign assistance, at page 5, lines 1 and 2, that expenditures under this continuing resolution shall be the "current rate or the rate provided for in the budget estimate, whichever is lower."

The question has arisen in certain types of aid—in this case, foreign assistance to Israel—that there may not be a budget estimate on that item. The question is whether it is the intent of the committee, whether the budget estimate to which it refers is meant the budget estimate of the whole category for support and military assistance rather than a particular item that has to be named in order to qualify under that clause.

Mr. McCLELLAN. The Senator from Hawaii (Mr. INOUYE) is the chairman of that subcommittee, but I am advised by the staff of the subcommittee that the item applies to the whole appropriation act for ongoing programs.

Mr. JAVITS. It is an overall category rather than for each specific item.

Mr. McCLELLAN. That is correct.

Mr. JAVITS. Mr. President, I ask unanimous consent to vacate the order for the yeas and nays and to withdraw my amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS. Mr. President, I regret to find myself in the position of voting alone—even a protest vote—on a measure of this kind. I do so simply in hopes that I may make a point which, I think, deserves consideration.

As I said earlier today, this continuing resolution is legislating the continued existence of the Office of Economic Opportunity, instead of following the customary procedure of voting separately on an authorization for OEO's continuation.

Mr. President, just for the record, let me review once again the action which Congress took in 1972.

At that time, Congress extended the Economic Opportunity Act to June 30, 1975. At the same time, Congress extended the authority for funding activities under the Economic Opportunity Act only until June 30, 1974. In other words, the act itself expires in 1975, but the authority for funding expires in 1974. Congress did this so that the extension of funding authority would get close scrutiny.

Since that time, Congress has taken no action to extend the funding authority under the Economic Opportunity Act of 1964, as amended. Neither House has acted to extend the authority. And in fact, the President has indicated many times that he will veto any extension of funding authority for the Office of Economic Opportunity. I know of no bill which has even been introduced to extend funding authority for OEO. The only relevant action whatsoever was the action of the House in H.R. 14449 repealing the whole Economic Opportunity Act.

Mr. President, I therefore wish to call the attention of Senators to a highly unusual departure from standard procedure reflected in House Joint Resolution 1062. As I have pointed out, House Joint Resolution 1062 seeks to provide continuing appropriations for programs of the OEO, the authorization for which expires June 30. Thus, Congress, via a continuing resolution, is legislating OEO's continued existence through September 30, instead of following the customary procedure of voting separately on an authorization for its continuation. I repeat that the only action in either body of Congress with respect to the continuation of OEO came on May 29, when the House passed H.R. 14449 to shift many OEO programs to HEW. Many Members of the House have indicated that they would not have supported that measure, except for the fact that it specifically abolished OEO. Because of the present parliamentary situation, where the House has already passed H.R. 1062, a point of order will not stand against this unusual procedure. Nevertheless, because I believe strongly that Congress should not act in haste to appropriate funds for unauthorized programs, I must vote against the continuing resolution, H.R. 1062, and I urge the President to send it back to Congress so that this provision may be eliminated from the legislation.

Mr. McCLELLAN. Mr. President, I suggest that we vote on the passage of the continuing resolution.

The PRESIDING OFFICER. Do Senators yield back their time?

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

Mr. YOUNG. I yield back the remainder of my time.

Mr. JAVITS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the resolution. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), and the Senator from Arkansas (Mr. FULBRIGHT) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Illinois (Mr. PERCY), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

I also announce that the Senator from Connecticut (Mr. WEICKER) is absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea".

The result was announced—yeas 94, nays 1, as follows:

[No. 277 Leg.]

YEAS—94

Abourezk	Ervin	Metcalf
Aiken	Fannin	Metzenbaum
Allen	Fong	Mondale
Baker	Goldwater	Montoya
Bartlett	Gravel	Moss
Bayh	Griffin	Muskie
Beall	Gurney	Nelson
Bellmon	Hansen	Nunn
Bennett	Hart	Packwood
Bentsen	Hartke	Pastore
Bible	Haskell	Pearson
Biden	Hatfield	Pell
Brock	Hathaway	Proxmire
Brooke	Hollings	Randolph
Buckley	Hruska	Ribicoff
Burdick	Huddleston	Roth
Byrd, Harry F., Jr.	Hughes	Schweiker
	Humphrey	Scott, Hugh
Byrd, Robert C.	Inouye	Scott, William L.
Cannon	Jackson	
Case	Javits	Sparkman
Chiles	Johnston	Stafford
Clark	Kennedy	Stennis
Cook	Long	Stevens
Cotton	Magnuson	Stevenson
Cranston	Mansfield	Symington
Curtis	Mathias	Talmadge
Dole	McClellan	Thurmond
Domenici	McClure	Tower
Dominick	McGee	Tunney
Eagleton	McGovern	Williams
Eastland	McIntyre	Young

NAYS—1

Helms

NOT VOTING—5

Church	Percy	Weicker
Fulbright	Taft	

So the joint resolution (H.J. Res. 1062) was passed.

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

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

The motion to lay on the table was agreed to.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of the Senate amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McCLELLAN. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon, 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. McCLELLAN, Mr. MAGNUSON, Mr. BIBLE, Mr. PASTORE, Mr. MONTOYA, Mr. INOUYE, Mr. HOLLINGS, Mr. BAYH, Mr. CHILES, Mr. YOUNG, Mr. COTTON, Mr. CASE, Mr. BROOKE, Mr. HATFIELD, Mr. MATHIAS, and Mr. BELLMON conferees on the part of the Senate.

ORDER FOR ADJOURNMENT TO 10 A.M.

The PRESIDING OFFICER. Who seeks recognition?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 10 o'clock a.m. tomorrow.

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

ORDER FOR RECOGNITION OF SENATORS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order tomorrow, the following Senators be recognized, each for not to exceed 15 minutes, and in the order stated: Mr. HARRY F. BYRD, Jr., Mr. BUCKLEY, Mr. HELMS, Mr. HANSEN, Mr. TOWER, Mr. McCLURE, and Mr. ROBERT C. BYRD.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the order previously entered into for the recognition of Senators, there be a period for the transaction of routine morning business tomorrow of not to exceed 15 minutes, with statements limited therein to 5 minutes.

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

CONSIDERATION OF UNFINISHED BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of routine morning business tomorrow the Senate resume the consideration of the unfinished business.

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

ORDER FOR RECOGNITION OF MR. PROXMIRE ON WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from Wisconsin (Mr. PROXMIRE) be recognized for not to exceed 15 minutes on Wednesday, after the two leaders or their designees have been recognized.

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

TIME AGREEMENT ON H.R. 14833

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that in connection with the time agreement on H.R. 14833, the Renegotiation Act extension, Senators RIBICOFF and MONDALE may each call up one amendment notwithstanding the requirement of germaneness in connection with the agreement previously entered.

It is my understanding that Mr. RIBICOFF's amendment deals with unemployment compensation, and that Mr. MONDALE's amendment deals with supplemental security income. I make this request on behalf of Mr. LONG.

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

Mr. GRIFFIN. Mr. President, reserving the right to object, I have not been able to discuss this matter with the chairman of the Finance Committee, but the Renegotiation Act is reported by the Banking, Housing and Urban Affairs Committee. Is that correct?

Mr. ROBERT C. BYRD. I believe it was reported by the Finance Committee, was it not? Mr. LONG would handle the bill.

May I say to the distinguished assistant Republican leader that exception was made for an amendment by Mr. TAFT, which would not be germane, and the chairman, Mr. LONG, indicated earlier to me today that he was committed to allow Mr. RIBICOFF and Mr. MONDALE to bring it up.

Mr. GRIFFIN. Under the unanimous-consent agreement which was entered into when the junior Senator from Michigan was not in the Chamber but, I know, with approval, what would be the time arrangement for those amendments?

Mr. ROBERT C. BYRD. I believe it is 1 hour on each amendment, under the order. There are 3 hours on the amendment by Mr. TAFT, but I believe on any other amendment there would be 1 hour.

The PRESIDING OFFICER. On other amendments it is 30 minutes.

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

Mr. GRIFFIN. I wonder if, to be on the safe side, we might want to make the limit 1 hour on those amendments?

Mr. ROBERT C. BYRD. Yes, very well.

Mr. President, I modify my request to provide that there be 1 hour each on the Mondale and Ribicoff amendments, which will not be germane amendments.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 10 o'clock tomorrow morning.

After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes, and in the order stated: Mr. HARRY F. BYRD, JR., Mr. BUCKLEY, Mr. HELMS, Mr. HANSEN, Mr. TOWER, Mr. McCLURE, and Mr. ROBERT C. BYRD.

There will then ensue a period for the transaction of routine morning business of not to exceed 15 minutes with statements limited therein to 5 minutes each.

At the conclusion of routine morning business, the Senate will resume the consideration of the unfinished business, the debt limit bill. The pending question at that time will be on the adoption of the amendment by Mr. HUMPHREY.

Yea and nay votes may occur on amendments to the debt limit bill tomorrow.

Other measures which may be called up at any time during the remainder of this week, including tomorrow, are as follows, but not necessarily confined to these that I enumerate, and not necessarily in the order that I state them:

H.R. 14833, Renegotiation Act extension; S. 424, dealing with natural resource lands; S. 3355, dealing with drug abuse; S. 1566, providing for normal flow of ocean commerce; S. 3164, real estate settlement services; S. 3511, dealing with mortgage credit; S. 3500, amateur athletics; H.R. 8660, to assist Federal employees in meeting tax obligations; H.R. 9281, retirement of law enforcement personnel; S. 3006, loans to small business concerns; H.R. 11537, conservation and rehabilitation programs.

In addition thereto, conference reports may be called up at any time. Other calendar measures cleared for action may be called up at any time.

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

Mr. ROBERT C. BYRD. Yes.

Mr. ALLEN. Are these measures that may come up rather than measures that will certainly come up?

Mr. ROBERT C. BYRD. Yes.

Mr. ALLEN. I thank the Senator.

Mr. ROBERT C. BYRD. Yes, they may come up.

I may say this to the distinguished Senator: I have named a few in the list that I seriously doubt whether the Senate would possibly have time to consider. But in order to protect the leadership and to assure that the Senate might fully and best utilize its time, I set them forth so that no Senator will be caught by surprise if they come up, but I would be surprised if some of them did come up.

Mr. ALLEN. I thank the Senator.

ADJOURMENT 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 10 o'clock a.m. tomorrow.

The motion was agreed to; and at 5:50 p.m. the Senate adjourned until tomorrow, Tuesday, June 25, 1974, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate June 24, 1974:

DEPARTMENT OF STATE

James B. Engle, of the District of Columbia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Dahomey.

DEPARTMENT OF DEFENSE

David Samuel Potter, of Virginia, to be Under Secretary of the Navy, vice J. William Middendorf II, elevated.

IN THE NAVY

The following-named officers of the U.S. Navy and Naval Reserve for temporary promotion to the grades indicated in the staff corps, as indicated, subject to qualification therefor as provided by law:

MEDICAL CORPS

Captain

Curry, Norvelle.
Elam, William N., Jr.

DENTAL CORPS

Lieutenant commander

Altaras, David E. — Barton, Thomas P.
Deangelis, Henry J. — Sherman, Robert L.

JUDGE ADVOCATE GENERAL'S CORPS

Lieutenant

Allen, James S., Jr.
Stearns, Richard C.
Metter, Joel J.

Lt. Stephen B. Laxton, Judge Advocate General's Corps, U.S. Navy, for transfer to and appointment in the line of the Navy, in the permanent grade of lieutenant (junior grade) and temporary grade of lieutenant.

The following lieutenants (junior grade), of the line, of the U.S. Navy, for transfer to and appointment in the Judge Advocate General's Corps in the permanent grade of lieutenant (junior grade):

Lallas, Lisalee.
Martin, Thomas L.

Lieutenant (junior grade) Michael E. Skinner, of the line of the U.S. Navy, for transfer to and appointment in the Supply Corps in the permanent grade of ensign and temporary grade of lieutenant (junior grade).

The following-named ensigns of the line, of the U.S. Navy, for transfer to and appointment in the Supply Corps in the permanent grade of ensign:

Chalker, Brad A.
Martin, Robert J.
Murray, Alexander H.

IN THE AIR FORCE

The following-named Air Force officer for reappointment to the active list of the Regular Air Force, in the grade indicated, under the provisions of sections 1210 and 1211, title 10, United States Code:

LINE OF THE AIR FORCE

To be major

Story, Alfred F., [redacted]

The following-named Air Force officer for reappointment to the active list of the Regular Air Force, in the grade of colonel, Regular Air Force, under the provisions of sections 1210 and 1211, title 10, United States Code, with active duty grade of temporary brigadier general, in accordance with sections 8442 and 8447, title 10, United States Code:

LINE OF THE AIR FORCE

Cabas, Victor N., [redacted]

The following-named officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

DENTAL CORPS

To be captain

Stoffers, Kenneth W., [redacted]

To be first lieutenant

Hott, Wayne E., [redacted]
Sykes, Norman J., Jr., [redacted]
Williams, Leslie F., [redacted]

MEDICAL CORPS

To be first lieutanant

Farrow, James G., [redacted]
Maso, Eugene C., [redacted]

JUDGE ADVOCATE

To be first lieutenant

Parry, Alan J., [redacted]

The following-named Air Force officers for promotion in the Air Force Reserve, under the provisions of sections 8376 and 593, Title 10, United States Code:

MEDICAL CORPS

Lieutenant colonel to colonel

Schechter, Eliot, [redacted]

LINE OF THE AIR FORCE

Major to lieutenant colonel

Darley, Reed M., [redacted]
Jensen, Jay R., [redacted]

DENTAL CORPS

Abbott, George G., [redacted]
Freedman, Irving, [redacted]
Osborne, Harold W., [redacted]
Wong, Shannon, [redacted]

NURSE CORPS

Hardin, Doris A., [redacted]

BIOMEDICAL SCIENCES CORPS

Ramirez, Jose B., [redacted]

MEDICAL CORPS

Plager, Stephan D., [redacted]
Snyder, Richard D., [redacted]
Yrizarryyunque, Jose M., [redacted]

The following-named persons for appointment as Reserves of the Air Force, in the grade indicated, under the provisions of section 593, title 10, United States Code, with a view to designation as medical officers, under the provisions of section 1067, title 10, United States Code:

MEDICAL CORPS

To be colonel

Cohn, Gerald H., [redacted]
De Treville, Robert T. P., [redacted]
Flamm, Melvin D., Jr., [redacted]
Harris, William B., [redacted]
Huber, Gerald N., [redacted]
Parapid, Nicholas V., [redacted]
Posnikoff, Jack, [redacted]

To be lieutenant colonel

Johnson, Wayne A., [redacted]
McLelland, Claude A., [redacted]
Perez-Guerra, Francisco, [redacted]
Pumarejo, Ramon A., [redacted]
Talbot, John M., [redacted]

The following-named persons for appointment as Reserves of the Air Force, in the grade indicated, under the provisions of section 593, Title 10, United States Code:

LINE OF THE AIR FORCE

To be lieutenant colonel

Mahler, William S., [redacted]
Wilson, Herbert G., [redacted]

The following-named officer for appointment as a Reserve of the Air Force, in the grade indicated, under the provisions of sections 593 and 1211, Title 10, United States Code:

LINE OF THE AIR FORCE

To be lieutenant colonel

Dahn, Hugh C., [redacted]

The following-named person for appointment as a Reserve of the Air Force, in the grade indicated, under the provisions of sections 593 and 8351, title 10, United States Code, with a view to designation as a medical officer under the provisions of section 8067, title 10, United States Code:

MEDICAL CORPS

To be lieutenant colonel

Nielsen, John R., [redacted]

The following-named persons for appointment as temporary officers in the U.S. Air Force, in the grade indicated, under the provisions of section 8444 and 8447, title 10, United States Code, with a view to designation as medical officers under the provisions of section 8067, title 10, United States Code:

MEDICAL CORPS

To be lieutenant colonel

Brown, Thomas E., [redacted]
Chambers, Gary R., [redacted]
Etienne, Harry B., [redacted]
Laurel, Santiago, [redacted]
Pumarejo, Ramon A., [redacted]
Todd, David S., [redacted]

In the Air Force

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

To be lieutenant general

Lt. Gen. Carlo M. Talbott, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

To be lieutenant general

Lt. Gen. James C. Sherrill, [redacted] FR (major general, Regular Air Force), U.S. Air Force.

EXTENSIONS OF REMARKS

MARIANO LUCCA RECEIVES SPAIN'S HIGHEST CIVILIAN HONOR: LA CROCE DE ISABELLA LA CATOLICA

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 24, 1974

Mr. KEMP. Mr. Speaker, each citizen of the Nation is aware of the historical significance of Christopher Columbus. When in the 15th century, King Ferdinand and Queen Isabella finally acquiesced to the pleas of Columbus to embark on a voyage to the edge of the world, no one could have known the profound effect the trip would have on this land and the entire world.

It was only in 1968 that the United States finally accorded Genoa's Christopher Columbus, who sailed under the Spanish flag, his due and established Columbus Day.

The man who chaired and founded the National Columbus Day Committee was Mr. Mariano A. Lucca of Buffalo, N.Y. On Sunday, June 23, 1974, Mr. Lucca received one of the Spanish Government's highest civilian decorations—La Croce de Isabella la Catolica. The tribute was particularly timely because Mr. Lucca and his lovely wife simultaneously celebrated their 50th wedding anniversary.

On behalf of all western New Yorkers, it is a privilege to salute Mr. and Mrs. Mariano Lucca and their wonderful family.

The Buffalo Courier-Express carried a timely article on Mr. Lucca's achievements which I share with my colleagues as one means by which we can say thanks Mariano for your lifetime of dedicated service to our community, our country and our Italian American heritage. I believe a museum in Washington, D.C., dedicated to Columbus would be a great and fitting tribute to all those Americans of Italian descent who contributed so much to our Nation. The article follows:

SPAIN TO CITE BUFFALONIAN M. A. LUCCA

Mariano A. Lucca of Buffalo will receive one of the Spanish government's highest civilian decorations when he and his wife celebrate their 50th wedding anniversary Sunday evening at the Hotel Statler Hilton.

Ramon Cercos, information officer at the Spanish Embassy in Washington, D.C., will present "La Croce de Isabella La Catolica," or the Cross of Queen Isabella the Catholic, to Lucca for his efforts to make Columbus Day a U.S. national holiday.

Lucca is chairman and founder of the National Columbus Day Committee, which helped institute the national holiday in 1968. He is now active in establishing a museum in Washington devoted to Columbus.

Lucca married the former Clara L. Gugino on June 24, 1924, in Holy Cross Church on Maryland St. The ceremony was performed by the Rev. Donato G. Valante, who will officate at a 5:30 Mass Sunday evening as the Luccas repeat their wedding vows in St. Anthony of Padua Church on Court St., where both were baptized.

The dinner will be given at 7:30 p.m. by their son, Francis S. Lucca of Buffalo. The Luccas have nine grandchildren and seven great-grandchildren.

THE MANY TALENTS OF CORA HARRIS

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 24, 1974

Mr. TEAGUE. Mr. Speaker, in a recent issue of the Pictorial Press of Bryan, Tex., there was a photo article about a friend of mine, Mrs. John Harris. Mrs. Cora Harris has been blind since birth, but her disability has never dampened her spirits. She is the most delightful person I have ever met.

I only wish that every Member of Congress had the opportunity to meet this wonderful woman and her fine husband, John. I commend the article to you and my fellow Members of Congress and I only regret that the photographs that accompanied it in the Pictorial Press can not be reproduced here.

The article follows:

THE MANY TALENTS OF CORA HARRIS

(By Kandy Rose)

Cora Harris is the kind of person who makes you ashamed for ever feeling gloomy or depressed, or out of sorts with your fellow man.

Blind since birth, Cora and her husband John live in modest surroundings on West 19th street in Bryan.

When she was 11 Cora was admitted to the State School for the Blind in Austin, and finished her education at age 22. While at the school, she showed an aptitude for music and learned to play the piano with proficiency.

When she returned to Bryan members of the congregation at College Hills Baptist Church heard her play and asked her to provide the music for their Sunday services on a regular basis, and she did so for 16 years.

Roan's Chapel also asked her to play sacred music for them, and she obliged for many years.

She says she's retired from playing the piano now. Her hearing is not what it used to be, so she just plays for friends on days when her hearing is better than normal.

Cora keeps her hands busy by weaving beautifully colored hot dish mats. The mats are 10 strands of rug yarn thick, and are hand tied to provide a quilted effect. She has made many mats for gifts and has sent them to public officials including Representative Olin Teague, who was so taken with them he asked her to make him 12 additional sets to present as gifts.

Cora's looms are getting worn now, and she's been trying to find someone who could make her some new ones. The new "store-bought" types are more expensive than she can afford right now.

Cora and her husband John's courtship is a story in itself. John's first wife died, and after a period of loneliness he thought he'd like someone to write to. He applied to the same group Cora had for a "correspondence friend."

Cora and John began writing, and after a year of this courtship by letter John came to Bryan from Virginia for a visit. His impression of Cora's personality by letter was confirmed, and the two were married in 1953.

John has been employed as sexton by St. Andrew's Church for many years, and has been retained as an administrator while a younger man does the more physical work.

Cora also works with the Retired Senior Volunteer Program as a volunteer, and is an enthusiastic member of the program. But then, if you know Cora you wouldn't expect anything any different. She bubbles over with love for others.

NUCLEAR TESTING: TIME FOR A HALT

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 24, 1974

Mr. RANGEL. Mr. Speaker, the urgency of the question concerning a comprehensive test ban treaty—CTBT—was accentuated by the recent nuclear explosion by India. A CTBT would end a major phase of the qualitative development of nuclear arms. Perhaps even more significant would be the effects of a CTBT in reducing international tension and increasing the chances of worldwide acceptance of the Nonproliferation Treaty.

There is a critical dependence of the development of new nuclear weapons on continued testing. A ban on such testing would inhibit qualitative improvements in nuclear weapons systems that are beyond the calculated margin of safety. A CTBT would help stabilize the nuclear arms race and encourage further agreement on other qualitative and quantitative arms control measures.

Many countries have not signed the Nonproliferation Treaty that was established in 1970. The reason given by the nonsignatory countries vary, but some are directly linked to the failure of the United States and U.S.S.R. to achieve a CTBT. For instance, in 1965 India said that it would not sign the Nonprolifera-